TRIAL COURT FINANCIAL *Policies & Procedures* MANUAL

JUDICIAL COUNCIL OF CALIFORNIA
BRANCH ACCOUNTING &
PROCUREMENT

11

ELEVENTH EDITION
JUNE 2020

Judicial Council of California

Trial Court Financial Policies and Procedures

To the managers and staff of California's trial courts:

The Lockyer-Isenberg Trial Court Funding Act of 1997 (Assem. Bill 233; Stats. 1997, ch. 850), relieved California's county governments of responsibility for funding trial court operations, shifting that responsibility to the state.

This momentous change had far-reaching effects for the trial courts, which had previously relied on their respective counties for funding, operations, and administrative support for over 40 years. Most importantly, the shift to state funding ushered in a new era of financial stability. The trial courts are assured they will receive the resources needed to provide public access to justice in their communities.

AB 233 required the trial courts to assume new responsibilities for fiscal management and to be accountable for their use of public resources. It calls for the Judicial Council of California to:

> adopt appropriate rules for budget submission, budget management, and reporting of revenues and expenditures by each court. [T]he Judicial Council … shall maintain appropriate regulations for recordkeeping and accounting by the courts, in order to determine all moneys collected by the courts, including filing fees, fines, forfeitures, and penalties, and all revenues and expenditures relating to court operations.

In compliance with rule 10.804 of the California Rules of Court, which requires the Judicial Council of California to adopt financial policies and procedures, this manual has been developed to establish the financial and accounting policies for California's 58 trial courts. The manual is intended to assist the trial courts in complying with statutory requirements and administrative policies and procedures for trial court fiscal management.

Between editions of the manual, Finance Memos will communicate new or enhanced financial policies and procedures to the trial courts. These Finance Memos will serve as interim guidelines. They must be incorporated into your local manual and distributed to court personnel as appropriate.

The manual sets out a system of fundamental internal controls that will enable the trial courts to monitor their use of public funds. To provide flexibility to trial court managers, the manual does not prescribe highly detailed procedures. Rather, it defines the guidelines and boundaries within which the courts will conduct their fiscal operations. The Judicial Council of California recognizes that adhering to some of the procedures may not be efficient for smaller-sized courts due to reliance on county systems and practices. In these instances, alternative procedures must be documented, incorporated into your local manual, and distributed to court personnel.

Unless otherwise noted, alternative procedures to those included in the *Trial Court Financial Policies and Procedures Manual* or your county's policy documents must be approved by the Judicial Council of California. **Undocumented procedures or those not approved by the Judicial Council of California will not be considered valid for audit purposes.**

It is imperative that local trial court operations and fiscal managers review their current practices, policies, and procedures to be sure that they are acting within the guidelines established by this manual. The Judicial Council of California is available to provide guidance and to assist the trial courts in their efforts to improve fiscal operations and increase accountability for public funds.

For ease of use, this manual is divided into sections. Each section includes policies and procedures on specific business operations topics. A table of contents is included in each section to aid users in locating information on specific subjects.

The topics covered in this manual include:

- Trial Court Organization
- Fiscal Management
- Fund Accounting
- Budgets
- Accounting Practices
- Procurement
- Contracts
- Accounts Payable
- Fixed Assets
- Collections
- Audits
- Record Retention
- Banking and Treasury
- Security
- Miscellaneous

You are encouraged to submit suggestions for improving trial court business operations. If you have specific questions related to the manual, please send them to:

Judicial Council Branch Accounting and Procurement Director
Re: Trial Court Financial Policies and Procedures Manual
2850 Gateway Oaks Drive, Suite 300
Sacramento, CA 95833-4348

Email: TCFin@jud.ca.gov or Robert Downs at robert.downs@jud.ca.gov

Judicial Council of California

Trial Court Financial Policies and Procedures Manual—11th Edition (2020)

Section No. Policy No.	**Name of Policy**
	Manual Organization and Structure Method of Citation Associated Documents Use of "Shall," "Must," "Will," "May," and "Should"
Section 1 FIN 1.01 FIN 1.02 FIN 1.03	**Organization** Trial Court Organization Responsibilities and Authority Internal Controls
Section 2 FIN 2.01	**Fiscal Management** Financial Management
Section 3 FIN 3.01	**Fund Accounting** Fund Accounting
Section 4 FIN 4.01 FIN 4.02 FIN 4.03	**Budgets** Budget Development Budget Monitoring and Reporting Position Management
Section 5 FIN 5.01 FIN 5.02 FIN 5.03	**Accounting Practices** Accounting Principles General Ledger Grant Accounting and Administration
Section 6 FIN 6.01	**Procurement** Procurement (Trial Court Construction)
Section 7 FIN 7.01 FIN 7.02 FIN 7.03	**Contracts** Contracts (Trial Court Construction) *FIN 7.02 and FIN 7.03 superseded by Judicial Branch Contracting Manual*

Section No. Policy No.	**Name of Policy**
Section 8 FIN 8.01 FIN 8.02 FIN 8.03 FIN 8.04 FIN 8.05	**Accounts Payable** Vendor Invoice Processing Claim Processing Travel Expense Reimbursement for Trial Court Judges and Employees Petty Cash Business Meal Expense Guidelines
Section 9 FIN 9.01	**Fixed Assets** Fixed Asset Management
Section 10 FIN 10.01 FIN 10.02	**Collections** Uniform Civil Fees (UCF) and Criminal and Traffic Fines and Fees Collections and Distribution Cash Handling
Section 11 FIN 11.01	**Audits** Audits
Section 12 FIN 12.01	**Record Retention** Record Retention
Section 13 FIN 13.01	**Banking and Treasury** Banking Services
Section 14 FIN 14.01	**Security** Court Security *[Under Revision]*
Section 15 FIN 15.01 FIN 15.02 FIN 15.03 FIN 15.04 FIN 15.05 FIN 15.06 FIN 15.07 FIN 15.08 FIN 15.09	**Miscellaneous** Gifts of Personal Property Indirect Cost Rate Proposal (ICRP) Escheat Change of Venue Trial Court Trust Fund Funds Held on Behalf of the Trial Courts Assembly Bill 2695–Service of Process Reimbursement Reimbursement of Costs Related to State Prisons Reimbursement of Extraordinary Costs Associated With Homicide Trials Reimbursement of Elder/Dependent Abuse Petitions
	Glossary

MANUAL ORGANIZATION AND STRUCTURE

The *Trial Court Financial Policies and Procedures Manual* is an integrated set of financial policies and procedures designed to promote consistency and standardization in the business practices of California's trial courts.

Each policy addresses a major topic that is discussed in a common structure and format, and includes the purpose of the procedure, a policy statement, table of contents, application statement, relevant key terms, and the specific guiding procedures intended to implement the policy topic.

Structure of Financial Policies

Policy Title

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy
4.0 Application
5.0 Definitions
6.0 Text
6.1
6.2
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to …

3.0 Policy

The trial court shall …

4.0 Application

This policy applies to all trial court officers and employees.

5.0 Definitions

6.0 Text

6.1 Section

6.1.1 Subsection

1. Paragraph

a. Item

i. Sub-item

7.0 Associated Documents

To facilitate manual configuration and revisions, each procedure has a cover sheet that states the procedure name and number, the effective date of the procedure, and the most recent procedure revision date. The procedure number and title are repeated on the header of each page of the manual.

This manual is organized to allow the trial courts flexibility to conduct normal operations within the parameters of applicable federal, state, and Judicial Council of California requirements. Particular emphasis has been placed on certain aspects of financial practices where warranted by the subject matter.

Method of Citation

Using common terminology when referring to specific parts of this manual will avoid confusion and help others find citations quickly and easily. For example, a reference to one of the organizational requirements for handling cash would be written *FIN 10.02, 6.3.2(1)(a)(i)* and would be read *Policy Number FIN 10.02, subsection 6.3.2, paragraph 1, item a, sub-item i*.

Associated Documents

Following each policy section are sample documents for court reference. Many of the associated documents have been developed into fillable PDF documents and can be located on the Judicial Resources Network at *https://jrn.courts.ca.gov/jc/tcfp/index.htm*.

Use of "Shall," "Must," "Will," "May," and "Should"

In this manual, words recur with their intended meaning for consistency. As a result, the terms "shall" and "should" are often replaced with the term "will" when appropriate.

- **Shall.** The term "shall" is properly used only when the intended meaning is "a duty to"; for example, "According to federal law, the court *shall* impose the maximum sentence." In contract and legal drafting, the term is most often replaced with the term "will," "may," or "should," as appropriate.
- **Must.** The term "must" is considered inappropriately "bossy" in everyday language and may be considered more important than other words such as "will" when both terms are used in a document. The word "will" is an appropriate replacement when it is used consistently throughout the document. If both words ("shall" and "will") are used when the drafter intends the same level of commitment, it may be confusing and should be avoided.
- **Will.** The term "will" ought to bear a consistent meaning within a document. It may express the obligations of both parties when the relationship is more or less between equals or it may express one party's obligations in an adhesion contract when it is used with the term "must" for the other party. The term may also be used to express a future contingency, although this is not the common usage in modern drafting.
- **May.** The term "may" means "has discretion to" or "is permitted." It should be the only term to denote these senses.

- **Should.** The term “should” denotes a direct provision.

Judicial Council of California

Trial Court Financial Policies and Procedures

TRIAL COURT ORGANIZATION

POLICY NUMBER: FIN 1.01

Revised September 2020

Back to Main TOC

Trial Court Organization

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 The Judicial Council of California
6.1.1 Organization of the Judicial Council of California
6.1.2 Duties and Responsibilities of the Judicial Council of California
6.1.3 Rules of Court
6.2 Judicial Council of California Staff
6.2.1 Organization of Judicial Council of California Staff
6.2.2 Duties and Responsibilities of Judicial Council of California Staff
6.3 The Trial Court
6.3.1 Organization of the Trial Court
6.3.2 Duties and Responsibilities of the Trial Court
6.4 Trial Court Operating Standards
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to describe the organizational structure, duties and responsibilities, and authority of the major governmental organizations that make up or have an administrative or policymaking role for the State of California trial court system.

3.0 Policy Statement

The Judicial Council of California is the governing body of the California court system, including the trial courts. Consistent with its constitutional authority, the requirements of the Lockyer-Isenberg Trial Court Funding Act of 1997 (AB 233) and other legislation, the Judicial Council of California has established financial rules that allow and require the trial courts to operate responsibly.

4.0 Application

This procedure applies to all trial court officials and employees.

5.0 Definitions

Refer to the Glossary for the following key term used in this policy.

Lockyer-Isenberg Trial Court Funding Act of 1997 (AB 233)

6.0 Text

The trial court is subject to the policies and rules established by the Judicial Council of California and the policies and procedures established by Judicial Council of California Staff, under delegation from the Judicial Council of California, as shown in the figure below.

State of California Trial Court Organization

6.1 The Judicial Council of California

6.1.1 Organization of the Judicial Council of California

1. The Judicial Council of California was established in 1926 by article VI, section 6 of the state Constitution. The council has policy and rule-making authority over the California courts, the nation's largest court system. The California Constitution directs the Judicial Council of California to make recommendations annually to the

Governor and the Legislature and adopt rules of court administration, practice, and procedure.

2. The Judicial Council of California operates by adopting rules, policies, and procedures. The rule-making authority is constitutionally derived. The policy and procedure– making authority stems primarily from statute. The council also establishes advisory committees and task forces to assist it in its decision making.

3. The Judicial Council of California is composed of the following members:

   a. The Chief Justice, who chairs the Judicial Council of California;

   b. One other Supreme Court justice;

   c. Three justices from the courts of appeal;

   d. Ten trial court judges;

   e. Four attorneys appointed by the State Bar's governing body;

   f. One member from each house of the Legislature;

   g. Two nonvoting court administrators; and

   h. Any other nonvoting members as determined by the voting membership of the council.

6.1.2 Duties and Responsibilities of the Judicial Council of California

The Judicial Council of California's duties and responsibilities are defined by the state Constitution and by statute. With respect to the operation and fiscal management of the trial courts, the Judicial Council of California has the responsibility and authority to:

1. Adopt a budget and allocate funding for the trial courts;[1]

2. Adopt policies and procedures governing practices and procedures for budgeting in the trial courts;[2]

[1] Gov. Code, § 68502.5(c).

[2] Gov. Code, § 77202(c)(1).

3. In consultation with the State Controller, must maintain appropriate regulations for recordkeeping and accounting by the courts;[3]

4. Adopt rules ensuring that, upon written request, the trial courts provide, in a timely manner, information relating to the administration of the courts, including financial information;[4]

5. Prepare budget requests for the courts and oversee the allocation and management of the court system's budget;[5]

6. Allocate resources in a manner that enables the trial courts to carry out their functions, and promote the implementation of statewide policies, efficiencies, and cost-saving measures in court operations;[6]

7. Adopt a schedule for allocating funds to individual trial courts;[7]

8. Provide for uniform entry, storage, and retrieval of court data relating to civil cases and court administration;[8]

9. Promulgate rules for the establishment of efficient trial court management;[9] and

10. Regulate the budget and fiscal management of the trial courts.

6.1.3 Rules of Court

1. Under Article VI, section 6 of the Constitution of California, the Judicial Council of California is charged with improving the administration of justice. The Judicial Council of California has constitutional authority to "adopt rules for court administration [and] practice and procedure. The rules adopted shall not be inconsistent with statute." California Rules of Court have the force of law.

2. The state Legislature can also have the Judicial Council of California perform other functions as prescribed by statute.

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[3] Gov. Code, § 77206(a).

[4] Gov. Code, § 77206(f).

[5] Gov. Code, § 68502.5.

[6] Gov. Code, § 68502.5(c).

[7] Gov. Code, § 68502.5(a)(4).

[8] Gov. Code, § 68513.

[9] Gov. Code, § 77206(a).

3. The Judicial Council of California's Standards of Judicial Administration contains recommendations for court practices and procedures. The standards provide guidelines and include goals that courts and judges are urged to attain.

6.2 Judicial Council of California Staff

6.2.1 Organization of Judicial Council of California Staff

1. Judicial Council of California Staff is the staff agency to the Judicial Council and carries out its official actions and other functions delegated by the Judicial Council or the Chief Justice.

2. The Judicial Council of California's mission is to serve the courts for the benefit of all Californians by advancing excellence, leadership, and service in the administration of justice.

3. The Judicial Council of California Staff organization's authority to develop and implement management and administrative programs, rules, policies, and procedures is delegated by the Judicial Council of California, which also sets guidelines for Judicial Council of California Staff to operate within.

4. The Judicial Council of California Staff organization is led by the Administrative Director, who is responsible for:

   a. Implementing the directives of the Judicial Council of California.

   b. Developing policies and procedures for the creation and implementation of a yearly budget for the judiciary.

   c. Presenting the judiciary's budget in negotiations with the Governor and the Legislature.

   d. Ensuring that the fiscal affairs of the trial courts are managed efficiently, effectively, and responsibly.[10]

5. The Judicial Council of California Director of Budget Services, under the direction of the Administrative Director, administers the budget policies and procedures developed by the Administrative Director and approved by the Judicial Council of California. The Judicial Council of California Director of Budget Services:

[10] Gov. Code, § 77206(a).

a. Develops and administers the budget preparation process and ensures the submission of a final budget recommendation for the judiciary to the Department of Finance each year.

b. Develops a manual of procedures for the budget request process, revenues, expenditures, allocations, and payments.

c. Monitors all revenues and expenditures for the judiciary.

d. Develops recommendations for fiscal priorities and the allocation and reallocation of funds.

e. Assists the courts and the Administrative Director in preparing and managing budgets.

6. Judicial Council of California Budget Services provides an integrated program of budget planning to the judicial branch.

6.2.2 Duties and Responsibilities of Judicial Council of California Staff

1. The primary responsibility of Judicial Council of California Staff is to carry out the directives of the Judicial Council of California. With respect to the fiscal management of the trial courts, Judicial Council of California Staff has been granted the authority to:

   a. Establish budget procedures and an annual schedule of budget development and management consistent with Judicial Council of California rules.

   b. Set forth the criteria for the Judicial Council of California's trial court budget request.

   c. Administer the State Trial Court Improvement and Modernization Fund along guidelines set by the Judicial Council of California.

6.3 The Trial Court

6.3.1 Organization of the Trial Court

1. Trial courts are located in each of California's 58 counties.

2. The trial court organization structure is as follows:

   a. Each trial court is headed by a presiding judge, who is ultimately responsible for all the administrative actions of the court.

b. The court executive officer, who reports directly to the presiding judge, is responsible for the management and administration of court operations.

c. The trial court may also employ a court fiscal officer, who is responsible for the detailed management of the court's financial and accounting functions.

d. The trial court operations are typically organized based on the programs that the courts conduct within the county that they reside in. Examples of court programs are General Civil, Family Law, Probate, Small Claims, Traffic, Criminal, Juvenile, and miscellaneous programs.

e. The trial court shall prepare an organizational chart that should be updated at least once per year.

6.3.2 Duties and Responsibilities of the Trial Court

1. Under Government Code section 77001, the Judicial Council of California is required to "adopt rules which establish a decentralized system of trial court management" including:

   a. Local authority and responsibility of the trial courts to manage day-to-day operations.

   b. Countywide administration of the trial courts.

   c. The authority and responsibility of the trial courts to manage all of the following, consistent with statute, rules of court, and standards of judicial administration:

      i. Annual allocation of funding, including policies and procedures about moving funding between functions or line items or programs.

      ii. Local personnel plans, including the promulgation of personnel policies.

      iii. Processes and procedures to improve court operations and responsiveness to the public.

      iv. The trial courts of each county shall establish the means of selecting presiding judges, assistant presiding judges, executive officers or court administrators, clerks of court, and jury commissioners.

   d. Trial court input to the Judicial Council of California budget process.

   e. Equal access to justice throughout California utilizing standard practices and procedures whenever feasible.

6.4 Trial Court Operating Standards

1. The Director of Branch Accounting and Procurement of the Judicial Council of California, under the direction of the Administrative Director, periodically updates this manual for use by the trial courts.

    a. This manual is intended to assist the trial courts in complying with statutory requirements, rules of court, and various industry and professional standards.

    b. Between editions of the manual, Finance Memos may be issued by the Director of Branch Accounting and Procurement and/or the Director of Budget Services to modify, adopt, or repeal financial policies or procedures as appropriate. These Finance Memos are interim policies and procedures and are considered adopted as interim amendments to this manual immediately upon expiration of the 30-day comment period outlined in rule 10.804(b)(1) of the California Rules of Court unless modified within that period. Under rule 10.804(c), superior courts must adhere to these changes within 60 days after adoption of the amendment. This manual supersedes all Finance Memos dated before the current manual revision date, unless specifically noted in the Finance Memo. On rare occasions, a Finance Memo may need to be issued while manual updates are in the final review and approval process.

2. The trial court shall manage its operations within the limits established by the Judicial Council of California's policies, procedures, rules, and programs prepared and adopted by Judicial Council of California Staff.

    a. The trial courts must develop processes to guide staff in the implementation of the policies and procedures contained in this manual, or to perform particular procedures with limited supervision. Local policies and procedures developed and used by the trial court will be documented, incorporated into the local trial court manual, and distributed to court personnel. Local policies and procedures can incorporate portions of this manual and can be worded differently provided the policies and procedures are consistent with the policies and procedures contained in this manual.

    b. To the extent that the trial court continues to rely on county processes, the trial court can continue to follow local county policies and procedures as long as they are consistent with the policies and procedures in this manual.

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

    Judicial Council of California
    Director of Branch Accounting and Procurement
    Attn.: Trial Court Alternative Financial Policies and Procedures

2850 Gateway Oaks Drive, Suite 300
Sacramento, CA 95833-4348
Email: TCFin@jud.ca.gov

A written response to the submission of alternative procedures will be returned to the submitting court within 60 business days of receipt of the document. When a Request for Alternative Procedure has been received by Judicial Council of California Staff, an acknowledgment of receipt will be returned to the submitting court. The 60-business-day response time will begin once the court receives that acknowledgment 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.

7.0 Associated Documents

Request for Alternative Procedure (RAP) Form

Request for Alternative Procedure—Superior Court

Requestor Information
Superior Court:
Name:
Title:

Date Received by Judicial Council of California Staff:

Regarding Judicial Council of California Policy No. FIN #.0#:

1. Extract from current *Trial Court Financial Policies and Procedures Manual* regarding requested alternative procedure.

2. Describe in detail the reason(s) for the alternative procedure and include proposed alternative procedure text.

_____ _____
Name and Title, Superior Court of Date

Judicial Council of California Staff Evaluation of Request

Accepted or Not Accepted

_____ _____
Judicial Council of California Staff Date

Judicial Council of California

Trial Court Financial Policies and Procedures

RESPONSIBILITIES AND AUTHORITY

POLICY NUMBER: FIN 1.02

Revised June 2020

Back to Main TOC

Responsibilities and Authority

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
  6.1 Governance and Accountability
  6.2 Responsibilities
  6.3 Duties
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to establish the general responsibilities and authorities of trial court judges, subordinate judicial officers, management, supervisors, and staff with regard to the financial operations of the court and the preparation of internal and external financial reports.

3.0 Policy Statement

The trial court is subject to the rules and policies established by the Judicial Council of California or its staff under its delegation to promote efficiency and uniformity within a system of trial court management. Within the boundaries established by the Judicial Council of California, each trial court has the authority and is responsible for managing its own operations. All employees are expected to fulfill at least the minimum requirements of their positions and to conduct themselves with honesty, integrity, and professionalism. All employees shall also operate within the specific levels of authority that may be established by the trial court for their positions.

4.0 Application

This procedure applies to all trial court judges, subordinate judicial officers, employees, and other officials who are responsible for the preparation of internal and external financial reports or who participate in the financial operations of the court.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Accountability
California Rules of Court
Fiscal Year-End GAAP Reports
Generally Accepted Accounting Principles (GAAP)
Governmental Accounting Standards Board (GASB)
Quarterly Financial Statement (QFS)

6.0 Text

6.1 Governance and Accountability

1. The judicial branch is a separate branch of government and must demonstrate its capability to exercise strong leadership and to responsibly govern itself. As the courts assume greater responsibility for their governance, they must ensure that they retain the confidence of the public and that of their sister branches of government. The judiciary has established policies and standards with the goal of ensuring the fiscal and administrative accountability from the courts that the public expects.

2. Trial courts play an important role in the overall governance, independence, and accountability of the judicial branch. Accordingly, courts must maintain an appropriate administrative framework through which accountability is achieved at the local level.

3. Trial court administration is based on a framework of rules, relationships, systems and processes within and by which fiscal and administrative accountability is established, exercised, and controlled in a trial court.

6.2 Responsibilities

1. California Rules of Court, rule 10.603(a) details general responsibilities of the presiding judge related to the administration of the court.

2. The presiding judge and court executive officer will establish internal controls over financial reporting to assure that:

    a. Receipts and expenditures are made only as authorized.

    b. Steps are in place to prevent and detect theft.

    c. Any financial report produced accurately and fairly reflects all fund balances, assets liabilities, revenues, and expenditures of the trial court regardless of the source, as applicable.

    d. The trial court is staffed with knowledgeable and trained employees who implement the financial and accounting policies and procedures presented in this manual in conducting trial court fiscal operations.

    e. The trial court has adopted written job descriptions for all positions covered by the policies and procedures contained in this manual. Each job description includes a duty statement and minimum qualifications.

    f. The trial court has established a system of authorization to provide effective management control over its assets, liabilities, revenues and expenditures. Specific levels and scopes of authority must be established for executives, managers, supervisors, and staff, with dollar limits where appropriate, in areas such as

procurement, contract approval, payment authorization, etc. Any dollar limit established must fit within the overall approval framework established by rule of court and this manual.

g. An authorization matrix listing the scope and levels of authority for various trial court employees has been created and maintained by the court. The authorization matrix must be updated as responsibilities change, and no less frequently than annually. The authorization matrix must be reestablished each time a new presiding judge is elected. The matrix must be provided to court, county, and accounting service providers for reference as necessary. This matrix must also be provided to internal and external auditors upon request.

6.3 Duties

1. **Presiding judge.** California Rules of Court, rule 10.603 lists the duties for the presiding judge, including:

   a. Establish a process for consulting with the judges of the court on budget requests, expenditure plans, and other budget or fiscal matters that the presiding judge deems appropriate;

   b. Establish responsible budget priorities and submit budget requests that will best enable the court to achieve its goals; and

   c. Approve procurements, contracts, expenditures, and the allocation of funds in a manner that promotes the implementation of state and local budget priorities and that ensures equal access to justice and the ability of the court to carry out its functions effectively. In a court with an executive officer, the presiding judge may delegate these duties to the court executive officer, but the presiding judge must ensure that the court executive officer performs such delegated duties consistent with the court's established budget.

2. **Court executive officer.** The court executive officer serves under the direction of the presiding judge and has the responsibility to oversee the court's operations. The duties of the court executive officer are specified in California Rules of Court, rule 10.610.

3. **Fiscal officer.** The fiscal officer (the court executive officer may also assume this role, depending on the court's organizational structure) is responsible for managing the court's fiscal operations, accounting, and financial reporting. The fiscal officer is generally responsible for performing the following duties:

   a. Establishes, maintains and enforces all financial policies and procedures, whether they are developed internally or prescribed by statute or the Judicial Council of California.

   b. Maintains the court's accounting processes and financial records.

c. Assures the implementation of a system of financial internal controls.

d. Assures the court has an efficient and effective system to record and report employee time and attendance, accrue leave, and distribute the court payroll.

e. Plays a critical role in developing the court's annual budget.

f. If applicable, assures that all cash collected by the court is handled securely, properly accounted for and deposited, and accurately distributed and reported.

g. Monitors the trial court budget and actual expenditures to identify variances, determine their cause, and implement measures to reduce or eliminate future variances.

h. Assumes responsibility for the court's financial statements whether they are prepared internally or by the Judicial Council of California.

i. Monitors cash flow and projects future cash flow needs to assure that the court can meet its financial obligations.

j. Serves as the primary point of contact for the court in the event of an audit of the court's financial records.

k. Maintains an inventory of the court's fixed assets and inventory items.

l. Performs other fiscal duties that may be delegated by the court executive officer.

4. **Managers/supervisors.** All managers and supervisors are responsible for ensuring that all fiscal operations and staff under their direction comply with this manual as well as Judicial Council of California Finance Memos and the local policies and procedures established by the trial court.

5. **Staff.** Each trial court staff member is responsible for observing the court's rules for ethical behavior and for complying with this manual as well as Judicial Council of California Finance Memos and the local policies and procedures established by the trial court.

7.0 Associated Documents

None

Judicial Council of California

Trial Court Financial Policies and Procedures

INTERNAL CONTROLS

POLICY NUMBER: FIN 1.03

Revised June 2020

Back to Main TOC

Internal Controls

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 Internal Control Concepts
6.2 Benefits of an Effective System of Internal Control
6.3 Key Elements of an Effective System of Internal Control
6.3.1 Control Environment
6.3.2 Risk Assessment
6.3.3 Control Activities
6.3.4 Information and Communication Systems
6.3.5 Monitoring
6.4 Effective System of Internal Review
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to provide the trial courts with a broad-based understanding of internal control and establish the minimum standards for trial courts to use when forming organization plans, implementing operational and financial procedures, and controlling financial records.

3.0 Policy Statement

1. It is the policy of the trial court to maintain effective internal control systems as an integral part of its management practices. The trial court will continuously monitor and evaluate internal control systems for the purpose of strengthening existing operational, administrative, and financial controls.

2. This policy recognizes that the objective of an internal control system is to minimize the court's financial, administrative, and operational risks, provide reasonable, but not absolute, assurance that court assets are properly safeguarded, and help the court comply with applicable law and accounting requirements.

4.0 Application

This procedure applies to all trial courts of California including their judges, subordinate judicial officers, employees, and agents.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Accountability
Accounting System
Control Environment
Fiscal Officer
Internal Controls

6.0 Text

6.1 Internal Control Concepts

1. Internal control is a process, effected by the trial court's management, designed to provide *reasonable assurance* (but not absolute assurance) regarding the achievement of objectives relating to operations, reporting, and compliance.[1]

2. Trial court objectives subject to internal control include:

   a. Operations Objectives—These pertain to the effectiveness and efficiency of the trial court's operations, including operational and financial performance goals, and safeguarding assets against loss. Such objectives may include, but are not limited to, ensuring that a trial court's spending is consistent with its own spending plan and that its receipt of public funds is reasonably protected from loss or theft.

   b. Reporting Objectives—These pertain to internal and external financial and nonfinancial reporting, and may encompass reliability, timeliness, transparency, or other terms as set forth by recognized standard setters (such as the Judicial Council) or the trial court's own policies. Such objectives may include, but are not limited to, ensuring that year-end financial information is reported accurately to the Judicial Council and that case filing data reported to the Judicial Branch Statistical Information System (JBSIS) is both accurate and complete.

   c. Compliance Objectives—These pertain to adherence to laws, regulations, and policies to which the trial court is subject. Examples include, but are not limited to, requirements originating from grant awards (such as the AB 1058 program) or state law regarding the calculation and distribution of penalty assessment revenue.

3. Various other sections of this manual prescribe both mandatory and suggested internal controls for certain high-risk areas (such as cash handling and procurement). However, no single manual can fully prescribe a set of internal controls covering all significant operational, reporting, or compliance objectives. Instead, each trial court shall periodically identify its significant objectives and (based on risk and the court's available resources) design, implement, and monitor a system of internal controls that provides reasonable assurance that important trial court objectives will be met.

[1] *Internal Control—Integrated Framework* (May 2013), Committee of Sponsoring Organizations of the Treadway Commission (COSO).

4. All 58 trial courts have varying amounts of financial resources and personnel, and further vary in terms of their reliance on complex information systems to achieve operational, reporting, and compliance objectives. A "reasonable" set of internal controls considers both the level of risk that an important objective will not be achieved, and the trial court's available resources to reasonably reduce such risk through internal controls. While all trial courts shall address all significant objectives through its system of internal controls, the nature, extent, and complexity of such controls will vary.

5. The design of particular internal controls (such as a particular court policy or procedure) is generally either preventative or detective in nature.

    a. Preventative controls attempt to deter activities or events that risk the trial court's ability to achieve its objectives. Preventative controls generally focus on segregation of duties, such as requiring multiple employees to play a role in requesting, verifying, and authorizing a trial court's procurement and spending activity.

    b. Detective controls attempt to detect undesirable activities once they have occurred and can serve to alert court management that additional preventative controls may be needed. Examples of detective controls include periodic deposit reconciliations, surprise cash counts, audits, and recurring review of the court's case management system transactions for unusual activity.

6.2 Benefits of an Effective System of Internal Control

1. As a public institution, the trial court must maintain the highest standard of ethics and level of integrity to inspire public confidence and trust in the court system. Negative public perception about a trial court erodes public confidence in the fairness of the court system. An effective system of internal controls reduces the trial court's risk that important operational, reporting, or compliance objectives will not be met.

2. An effective system of internal control not only protects the trial court, but also trial court judges and staff. A properly designed, implemented, and continuously monitored system of internal control protects court resources, in part by reducing or eliminating opportunities for individuals to conceal errors or other inappropriate acts.

3. Specific examples of benefits that can be derived from an effective system of internal control include:

    a. Execution of transactions according to management's authorization.

    b. Proper accounting for and maintenance of court assets.

    c. Accurate and timely court financial and statistical records and reports.

    d. Court compliance with all applicable laws, rules, regulations, and internal policies and procedures.

e. Court accountability for public resources.

f. Passing internal or external audits conducted by trial court staff, federal/state/county/public agencies, and other entities (or their contractors).

6.3 Key Elements of an Effective System of Internal Control

Effective internal control systems consist of five interrelated components:[2]

1. Control Environment—The control environment starts with the "tone at the top" from senior trial court management regarding the importance of internal control, including expected standards of conduct for trial court staff. The trial court's control environment encompasses the integrity and ethical values of the organization. Trial court management and employees can have a pervasive impact on the court's overall system of internal control based on their attitudes regarding statutory and regulatory requirements, prudent business practices, and overall desire to demonstrate good governance as a public entity.

2. Risk Assessment—Every trial court faces a variety of risks from external and internal sources. Risk is defined as the possibility that an event will occur and adversely affect the achievement of important objectives. Risk assessment is a dynamic and iterative process that forms the basis for how a trial court chooses to respond to significant risks. Events that are likely or reasonably likely to occur, and that will have a significant effect on achieving an important objective, require mitigation through one or more control activities.

3. Control Activities—These are the trial court's responses, as established through policies and procedures, that help ensure significant risks are reasonably mitigated. Control activities may be preventative or detective in nature, and a trial court may choose to manage certain significant risks with a combination of different controls based on its available resources. Several sections of this manual establish mandatory control activities designed to mitigate certain risks (such as in the area of cash handling and vendor invoice processing), while other sections provide courts with suggestive guidance based on their resources. Regardless, trial courts are responsible for designing and implementing controls to mitigate significant risks to achieving important objectives.

4. Information and Communication—The trial court's system of internal control depends on court management obtaining information on how well control activities are being carried out in practice. Further, new information that may affect the trial court's objectives and risks (such as those initiated by changes to statutes or Judicial Council policies) are shared with trial court management and throughout the organization. Finally, adequate

[2] *Internal Control—Integrated Framework* (May 2013), Committee of Sponsoring Organizations of the Treadway Commission (COSO). See also Statements on Auditing Standards (SAS) No. 122.

communication ensures that employees are both aware of and understand their roles and responsibilities with respect to carrying out control activities.

5. Monitoring—Trial courts periodically monitor their control activities to ensure they are operating effectively and as intended. Such evaluations will vary in scope and frequency depending on the level of risk and other management considerations. Trial courts also monitor other components of internal control, such as by periodically revisiting its objectives and related risks through the risk assessment process.

6.3.1 Control Environment

1. The control environment reflects the tone set by the presiding judge, court executive officer, and fiscal officer and the overall attitude, awareness, and actions of the trial court and others concerning the importance of internal control and the emphasis placed on the trial court's policies, procedures, methods, and organizational structure. It is the foundation for all other components of internal control, providing discipline and structure.

2. The key components of the control environment include:

    a. The integrity, ethical values, and behavior of the presiding judge, court executive officer, fiscal officer, and other key judicial officers, supervisors, and managers;

    b. The trial court's control consciousness and operating style;

    c. The trial court's commitment to competence;

    d. Participation in governance and oversight by the presiding judge, assistant presiding judge, court executive committee, court executive officer, and chief fiscal officer;

    e. Organizational structure and assignment of authority and responsibility;

    f. Human resources policies and procedures; and

    g. An effective compliance program.

3. Competent Personnel

    a. The court must require a high degree of competency and integrity from all of its employees. A competent staff is able to accomplish its assigned duties, which enables court management to achieve its goals.

    b. Employee competence should be enhanced through a combination of education, experience, and training.

4. Supervision

a. Court management must provide appropriate supervision of court employees to assure that approved procedures are followed.

b. The court must ensure that all employees apply due care and diligence in the daily performance of their duties.

c. Court management must ensure that the reporting hierarchy between employees and supervisors is well defined. Supervisors must be held responsible for their own actions as well as the actions of their subordinates.

5. Organizational Structure

   To build a solid foundation on which trial court management and staff can operate efficiently and be held accountable for their performance, the court must:

   a. Maintain a current organization chart with clear reporting hierarchies.

   b. Maintain current job descriptions to define the duties and responsibilities of court employees.

   c. Define and document the scope and dollar level of authority for all executive officers, managers, supervisors, and staff.

   d. Provide documentation of authority to commit court resources to the court, county, and/or accounting service providers that process transactions for reference.

6. Additionally, a trial court should ensure, where practical, that key functions identified by the trial court performed by an individual employee are performed by a different, sufficiently trained employee for a minimum of 10 consecutive business days each year. This can be accomplished in many ways, including any combination of the following methods:

   a. Having a different employee perform the duties of the regularly assigned employee while the regularly assigned employee is on vacation;

   b. Rotating employees so that they are not performing their regularly assigned job functions for the minimum 10 consecutive business days; and

   c. Utilizing Phoenix Shared Services Center staff to periodically perform certain functions of the regularly assigned employee.

6.3.2 Risk Assessment

1. Risk assessment is the entity's identification and analysis of relevant risks (both internal and external) associated with the achievement of objectives, forming a basis for determining how the risks should be managed.

Risk is defined as the uncertainty of an event occurring that could have an impact on the achievement of objectives. Risk is assessed in terms of consequences and likelihood of occurrence.

At the highest levels, goals and objectives will be presented in a strategic and operational plan that includes a mission statement and broadly defined strategic and operational initiatives. At the department level, goals and objectives will support the organization's strategic plan. Goals and objectives are classified in the following categories:

a. Operational objectives. These objectives pertain to the achievement of the basic missions of a unit or department within a trial court and the effectiveness and efficiency of its operations, including performance standards and safeguarding resources against loss.

b. Financial reporting objectives. These objectives pertain to the preparation of reliable financial reports, including the prevention of financial reporting irregularities.

c. Compliance objectives. These objectives pertain to adherence to applicable laws, rules, regulations, and internal policies and procedures.

6.3.3 Control Activities

1. In implementing appropriate controls, courts must incorporate internal control concepts in establishing policies and procedures that help ensure that management directives are carried out. Control activities can be categorized as the establishment, preparation, completion, or performance of the following:

   a. Authorizations—Transactions must be authorized and executed in accordance with management's intent.

   b. Segregation of duties—Segregation of duties is adequate when no one person is in a position to initiate and conceal errors and/or irregularities in the normal course of their duties.

   c. Record keeping—Adequate record keeping ensures that assets are properly controlled, and transactions are properly recorded as to account, amount, and period.

   d. Safeguarding—Limiting access to and controlling the use of assets and records are ways to safeguard those assets and records.

   e. Reconciliations—A reconciliation is a memo or other signed writing that contains an independent verification of a fact, the preparation of which helps to ensure that the other four control activities are functioning as intended.

2. General computer and application controls are sometimes used to provide an automated and systematic way to address one or more of the above control activities. When this occurs, the general computer and application control must adhere to the policies and procedures outlined in this manual.

3. From an overall perspective, the trial court's control activities are affected by:

    a. The establishment of local desktop policies and procedures that address at a more detailed level each of the trial court's activities and controls.

    b. Clearly written budget and other financial and operating goals that have been communicated throughout the trial court and are actively monitored.

    c. The establishment of planning and reporting systems to identify variances from planned budget and operating goals and communicate any variances to the appropriate level of management within the trial court for investigation and timely corrective action.

    d. Logically divided or segregated duties (whether manually or through appropriately setting up information technology (IT) applications) among different people to reduce the risk of inappropriate actions.

    e. Periodic comparisons of physical assets (e.g., cash, inventory, fixed assets) to the amounts recorded in the accounting system.

    f. The establishment of adequate safeguards to prevent unauthorized access to or destruction of documents, records, and assets.

    g. The establishment of policies for controlling access to programs and data files. If access security software, operating system software, and/or application software is used to control access to system programs and data, an information security function must be in place and responsible for monitoring compliance with information security policies and procedures.

4. Local Policies and Procedures

    a. The trial court will establish, distribute, and maintain certain local policies and procedures (desktop procedures) for trial court staff to follow in performing their duties and functions.

    b. The local desktop procedures must be in sufficient detail for trial court staff to complete a task without assistance. The local desktop procedures should encompass, at minimum, all appropriate internal controls and responsibilities, accountability for court assets, recording and reporting of financial transactions, maintenance of court records, and preparation of reconciliations.

c. As long as the local policies and procedures fall within the requirements and guidelines established in this manual, the court may adopt additional state, county, or internally developed financial policies and procedures that are applicable to its operations. See Policy No. FIN 1.01, section 6.4, paragraph 4 for a discussion of alternative procedures.

5. Proper Authorization and Documentation

a. The court must establish a system of authorization to provide effective management control over its assets, liabilities, revenues, and expenditures. The specific levels and scope of authority of executives, managers, supervisors, and staff, with dollar limits where appropriate, must be established and documented. That documentation will be provided to applicable court, county, and accounting service provider personnel, and to the Judicial Council of California, for reference.

b. When processing transactions, evidence of authorization must be maintained in the accounting files to document that:

i. Proper authorizations are obtained;

ii. Authorizations are issued by court employees acting within the scope of their authority; and

iii. Transactions conform to the terms of the authorizations.

6. Appropriate Segregation of Duties

a. An organization plan should be established that provides for an appropriate segregation of duties; this will help safeguard trial court assets. Segregation of duties is based on the concept that no one individual controls all phases of an activity or transaction.

b. Work must be assigned to court employees in such fashion that no one person is in a position to initiate and conceal errors and/or irregularities in the normal course of his or her duties. The following duties must not be assigned to only one individual:

i. Authorizing expenditure and recording the transaction in the accounting system.

ii. Approving a purchase requisition and performing the purchasing function (choosing the vendor, deciding on the price, and issuing the purchase order). Approving a purchase order and using the purchase card to pay for the transaction.

iii. Performing the purchasing function (choosing the vendor, deciding on the price, issuing the purchase order), performing accounts payable, authorizing vendor payment, or processing accounts payable, and maintaining the vendor master file (establishing new vendors and updating vendor information).

iv. Receiving cash and also establishing or modifying case files without appropriate supervisor review and approval, other than updating cash balance for payments received (case management system or manual records).

v. Receiving and disbursing money.

vi. Receiving money and preparing cash settlement reports.

vii. Receiving money and preparing bank reconciliations.

viii. Receiving payments by mail and also establishing or modifying case files without appropriate supervisor review and approval (case management system or manual records).

ix. Maintaining detailed accounts payable records and reconciling bank statements.

x. Approving or recording time records and preparing payroll.

xi. Processing accounts payable and having any accounts payable check access.

xii. Preparing payroll and updating information in the personnel master files.

xiii. Processing payroll and reconciling bank statements.

c. For tasks associated with bank accounts, the same person should not perform more than one of the following types of duties:

i. Receiving and depositing remittances.

ii. Inputting receipts information.

iii. Authorizing disbursements.[3]

iv. Controlling preprinted check stock.

[3] In computerized systems, the initiation, approval, and input of disbursement information to the system should be performed by different people.

v. Preparing checks.

vi. Operating a check-signing machine or having control over the electronic signature.

vii. Signing checks or comparing machine-signed checks with authorizations and supporting documents.

viii. Reconciling bank accounts and posting the general ledger or any subsidiary ledger affected by cash transactions, and/or reconciling system input to output.

d. If segregation of duties cannot be achieved due to staffing limitations, court management must apply alternative control methods to mitigate the risks.

Work processes should be carefully reviewed to determine the critical points where segregation of duties must be implemented, considering the staff resources that are available.

As an example, if one individual handles all phases of the cash collection process (i.e., collecting cash, preparing bank deposits, and updating the case files), then another employee should be made responsible for depositing the cash in the bank. Additional review and reconciliation of the case files by supervisors or higher levels of management might also be performed on a routine basis.

7. Safeguarding

The court must limit access to its assets to authorized personnel who require these assets to perform their assigned duties. Access includes both direct physical access and indirect access such as preparing and processing documents authorizing transactions that impact court resources.

8. Reconciliation

a. The trial court staff member who prepares a reconciliation of discrepancies must sign and date the reconciliation to evidence when the reconciliation was performed.

b. The trial court supervisor or manager who reviews and approves the reconciliation must sign and date the reconciliation to evidence when the reconciliation was reviewed and approved.

c. Trial court personnel are prohibited from simply adding a fictional amount in order to force reconciliation into balance in cases where they cannot determine why the reconciliation is out of balance; instead, they must add a reconciling item to the reconciliation.

d. The trial court must identify and itemize each reconciling item in a reconciliation by including on the reconciliation:

   i. The "as-of date" of the general ledger, bank statement, or other system-generated reports used by the trial court to perform the reconciliation;

   ii. The dollar amount of the unknown difference; and

   iii. A short description that identifies possible errors that may have resulted in the need to enter a reconciling item.

   In each subsequent reconciliation the trial court must use the original date the reconciling item was identified until the reconciling item is resolved.

   If trial court personnel are unable to resolve the reconciling item for more than 60 calendar days, the reconciling item must be reviewed by the fiscal officer to determine disposition.

e. The trial court must develop local policies and procedures that define:

   i. When an outstanding reconciling item must be escalated to the court executive officer or presiding judge;

   ii. When an outstanding reconciling item must be deemed irresolvable and the steps that trial court personnel must follow to discharge or adjust the outstanding reconciling item; and

   iii. Who may approve any discharges taken by the trial court.

6.3.4 Information and Communication Systems

1. Information and communication systems support the identification, capture, and exchange of information in a form and time frame that enable management and other appropriate trial court personnel to carry out their responsibilities.

2. From an overall perspective, the effectiveness of the trial court's information systems is affected by:

   a. The ability of information systems to provide trial court management with necessary reports on the trial court's performance relative to established objectives, including relevant external and internal information.

   b. The ability of information systems to provide necessary reports to the right people in sufficient detail and on time to enable them to carry out their responsibilities efficiently and effectively.

c. The capability of the information systems to support the overall business strategy and strategic plans of the trial court.

d. The allocation of sufficient human and financial resources to support current information systems as well as necessary enhancements to and/or development of new information systems.

e. The establishment of a business continuity and disaster recovery plan for all primary information systems.

3. From an overall perspective, the effectiveness of the trial court's communications is affected by:

   a. Timely and adequate communications to employees whereby each employee becomes aware of his or her duties and control responsibilities.

   b. The establishment of communication channels for people to report suspected improprieties.

   c. Adequate communication across the organization that enables people to discharge their responsibilities effectively.

   d. Timely and appropriate follow-up action on communications received from customers, vendors, regulators, or other external parties.

6.3.5 Monitoring

1. The quality of internal control performance is monitored over time. The purpose of monitoring is to determine whether internal controls are adequately designed and properly used in connection with all five internal control components: control environment, risk assessment, control activities, information and communication systems, and monitoring.

2. From an overall perspective, the effectiveness of the trial court's monitoring process is affected by:

   a. Periodic evaluations performed by supervisory and management personnel to obtain documented evidence as to whether the system of internal control continues to function.

   b. Management actions to:

      i. Implement internal controls recommended by internal and independent auditors;

      ii. Correct known deficiencies on a timely basis; and

iii. Respond appropriately to reports and recommendations from regulators.

6.4 Effective System of Internal Review

1. The court must establish an effective system of internal review to ensure that all financial transactions are properly and accurately recorded and reported on a timely basis as required.

2. An effective system of internal review includes, but is not limited to, the following:

   a. Transaction balancing such as preparing and comparing batch totals against transaction details.

   b. Verifying system records against original records.

   c. Independent review and approval of transactions by supervising or managing personnel.

   d. Periodic (not less than monthly) reviews of applicable accounting records (relating to budgets, cash flow, timekeeping, payroll, procurement, cash collection, etc.) against original entries for accuracy.

   e. Periodic management review of actual expenditures and revenues against budget items for propriety and reasonableness.

7.0 Associated Documents

None

Judicial Council of California

Trial Court Financial Policies and Procedures

FINANCIAL MANAGEMENT

POLICY NUMBER: FIN 2.01

Revised June 2020

Back to Main TOC

Financial Management

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 Financial Management Responsibilities
6.2 Business Practices
6.3 Accounting System
6.4 Accounting Records
6.5 Financial Reporting
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to establish uniform guidelines for the trial court to monitor and control its fiscal operations and publicly account for its performance in accordance with California Rules of Court, rule 10.804.

3.0 Policy Statement

1. It is the policy of the trial court to employ sound business, financial, and accounting practices to conduct its fiscal operations. The court shall be responsible for monitoring and controlling its fiscal operations and accounting publicly for its financial performance through:

    a. Adherence to high ethical standards;

    b. The development of a long-range strategic plan (see section 6.2; Cal. Rules of Court, rule 10.603(c)(9));

    c. The application of Generally Accepted Accounting Principles (GAAP);

    d. The institution of a system of internal controls;

    e. The retention of financial and accounting records for appropriate periods; and

    f. The issuance of financial reports that account for the court's use of public funds.

4.0 Application

This procedure applies to all trial courts of California including their employees and agents.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Electronic Signature
Generally Accepted Accounting Principles (GAAP)
Governmental Accounting Standards Board (GASB)
Lockyer-Isenberg Trial Court Funding Act of 1997 (AB 233)
Quarterly Financial Statement (QFS)
State Comprehensive Annual Financial Report (CAFR)

6.0 Text

6.1 Financial Management Responsibilities

1. The passage of the Lockyer-Isenberg Trial Court Funding Act of 1997 (AB 233),[1] which established the state's responsibility to fund the trial courts, began a new era of fiscal stability and accountability. The Judicial Council of California is dedicated to providing equal access to justice by fairly allocating funds to every trial court. The trial court is responsible for evaluating its needs and providing relevant workload and cost data so that the Judicial Council of California can establish funding priorities and compete for funds with other state programs. It is also the responsibility of the trial court to develop a long-range strategic plan for the efficient and effective use of resources and technology, and the incorporation of community needs and concerns.

6.2 Business Practices

1. Trial court business practices should be guided by ethical standards befitting the judicial branch of the state's government. Trial court management shall promote compliance with all ethical standards, applicable statutes, and financial and accounting principles when exercising authority over the collection and disbursement of public monies.

2. One of the primary purposes of AB 233 was to make the courts more financially stable. Along with financial stability, the trial court assumes new responsibilities for administrative management, providing better service to the public and financial accountability. The Judicial Council of California has assured that these new challenges will be met by requiring the court to develop and maintain a long-range strategic plan. The plan must provide for the efficient, effective use of resources, the incorporation of new technology into court operations, and must address the needs and concerns of the community.

6.3 Accounting System

1. The trial court shall utilize the Phoenix Financial System to ensure the efficient, organized, and accurate reporting of all transactions. The court is responsible for assuring that the transactions recorded in the Phoenix Financial System are supported by

[1] *Questions and Answers Concerning Implementation of AB 233*, *www.courts.ca.gov/documents/qafinal.pdf*.

documentation and evidential matter that can withstand internal or external financial audits.

2. The key elements of an efficient and organized accounting system include:

   a. An organized and efficient method of accumulating, recording, and reporting all transactions;

   b. An effective assignment of authority and responsibility;

   c. An effective approach to segregation of duties; and

   d. An efficient method of detecting errors and irregularities.

3. Financial transactions shall be executed and accounted for in accordance with GAAP. Trial courts shall also comply with the standards and principles established by the Governmental Accounting Standards Board (GASB), statutory requirements such as the Lockyer-Isenberg Trial Court Funding Act of 1997 (AB 233), rule 10.810 of the California Rules of Court, and administrative policies and procedures that apply to trial court fiscal management.

4. Accounting practices are discussed in more detail in section 5, Accounting Practices, of this manual.

6.4 Accounting Records

1. Each trial court shall document its financial activities and maintain sufficient accounting records to:

   a. Ensure that all transactions are properly and accurately recorded.

   b. Provide sufficient evidence and justification for all transactions.

   c. Maintain accountability for trial court assets and resources.

   d. Document accountability of trial court employees who execute and process financial transactions.

   e. Permit preparation of accurate, informative, and reliable reports that conform to applicable criteria.

   f. Support management during internal reviews and external audits.

2. In 1999 the California Legislature enacted the Uniform Electronic Transactions Act[2] (UETA), which provides that when a law requires a record to be in writing or requires a signature, an electronic record or signature satisfies the law. In 2000, the United States Congress passed the Electronic Signatures in Global and National Commerce Act[3] (ESIGN), which provides for the enforceability of electronic signatures on the federal level. Pertinent provisions of the UETA/ESIGN include:

   a. All parties involved in an electronically executed agreement must have agreed to conduct the transaction by electronic means.

   b. The electronic signature used is an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record.

   c. An electronic record contains information that is inscribed on a tangible medium or that is stored in an electronic medium and is retrievable in perceivable form.

   d. An electronic record or electronic signature must be attributable to a person, which may be shown in any manner, including a showing of the efficacy of any security procedure applied to determine the person to which the electronic record or electronic signature was attributable.

3. Trial courts may use electronic signatures and electronic documents including, but not limited to, agreements, receipts, invoices, and other financial documents if their automated systems meet the requirements of both UETA and ESIGN. Trial courts should ensure the procedures used in any software, online orientation platform, or enterprise resource planning system fully comply with all the statutory requirements of both UETA and ESIGN. Electronic documents may typically be attributed to a person via the identification and validation security procedures within an electronic financial system.

   Furthermore, acceptable technology must be capable of creating signatures that conform to requirements set forth in Government Code section 16.5, specifically:

   a. If the signature is unique to the person using it;

   b. The signature is capable of verification;

   c. It is under the sole control of the person using it;

   d. It is linked to data in such a manner that if the data are changed, the digital signature is invalidated;

[2] Civ. Code, §§ 1633.1–1633.17.
[3] 15 U.S.C. § 7001.

e. It conforms to title 2, division 7, chapter 10 of the California Code of Regulations.

A more detailed discussion of record retention procedures is provided in Policy No. FIN 12.01 Record Retention.

6.5 Financial Reporting

1. The trial court is obligated to account for its use of public funds. To satisfy this obligation, the court prepares and issues periodic financial statements. GASB Concepts Statement No. 1 defines the objectives of financial reporting as follows:

   a. Financial reporting should assist in fulfilling the government's duty to be publicly accountable and should enable users to assess that accountability.

   b. Financial reporting should assist users in evaluating the operational results of the governmental entity for the year.

   c. Financial reporting should assist users in assessing the level of services that can be provided by the governmental entity and its ability to meet its obligations as they become due.

2. Financial reports that are effective and useful exhibit certain common characteristics. As defined in GASB Concepts Statement No. 1, effective financial reports are understandable, reliable, relevant, timely, consistent, and comparable.

3. The primary use of trial court financial reports is to assess the court's accountability in its use of public funds. According to GASB Concepts Statement No. 1, financial reports accomplish this by:

   a. Comparing actual financial results with the legally adopted budget;

   b. Assessing financial condition and results of operations;

   c. Assisting in determining compliance with finance-related laws, rules, and regulations; and

   d. Assisting in evaluating efficiency and effectiveness.

4. The users of financial reports issued by the trial court and other government agencies fall into three groups identified by GASB Concepts Statement No. 1:

   a. Citizens, the media, advocate groups, and public finance researchers.

   b. Legislative and oversight officials.

   c. Investors and creditors.

5. The trial court financial reporting function includes, but is not limited to, preparation of the following reports:

    a. Quarterly Financial Statements (QFS) for submittal to the Judicial Council of California.

    b. Year-end financial reports and other data requested by the Judicial Council of California on behalf of the State Controller's Office (SCO) to facilitate the SCO's preparation of the state's financial statements and accompanying notes for the Comprehensive Annual Financial Report (CAFR).

    c. Monthly cash settlement reports to the county to report revenue collection and distribution.

    d. Schedule 1 for submittal to the Judicial Council of California.

6. In addition, the court should prepare internal reports to assist it in monitoring its financial condition and fiscal operations including, but not limited to:

    a. Monthly summaries of financial activities and review transactions for propriety and reasonableness.

    b. Monthly budgetary reports to compare actual revenues and expenditures to budget items.

    c. Monthly cash flow reports to analyze the current position and project future needs.

    d. Monthly reimbursement claims for grants and other state or federal programs.

7. The trial courts shall apply GAAP, GASB, and other government and public entity standards to prepare financial and other required reports. Exceptions should be disclosed in the form of qualifications or footnotes to the financial statements or reports.

7.0 Associated Documents

None

Judicial Council of California

Trial Court Financial Policies and Procedures

FUND ACCOUNTING

POLICY NUMBER: FIN 3.01

Revised June 2020

Back to Main TOC

Fund Accounting

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
- 6.1 Funds and Fund Types
- 6.2 Basis of Accounting
- 6.3 Trial Court Operations Fund
- 6.4 Special Revenue Funds
- 6.5 Agency Funds
- 6.6 Court Facilities Architectural Revolving Fund
- 6.7 Fund Balance
- 6.8 Fund Balance Carryover

7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to establish uniform guidelines by which the trial court establishes "funds," reports fund balances, and maintains accountability over the public resources used to finance its operations.

3.0 Policy Statement

As a publicly funded entity, the trial court must ensure that the monies allocated to it by the state and other sources are used efficiently. The Judicial Council of California shall establish and maintain separate funds within the accounting system for the court as required by law and sound principles of financial administration to segregate the financial resources and allow for the detailed accounting and accurate reporting of the court's financial operations.

4.0 Application

This procedure applies to all trial court employees and officials who are responsible for or participate in the financial operation of the court, the accounting for court revenues and expenses, and the collection and disbursement of court funds.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Agency Fund
Capital Projects Fund
Debt Service Fund
Enterprise Fund
Fiduciary
Fiduciary Fund

General Fund
Governmental Accounting Standards Board (GASB)
Governmental Fund
Internal Service Fund
Proprietary Funds
Special Revenue Fund
State Trial Court Improvement and Modernization Fund (IMF)
Trial Court Trust Fund (TCTF)
Trust Fund

6.0 Text

6.1 Funds and Fund Types

1. It is a common practice for state and local governments and public agencies to account for their financial resources and report the results of their operations through the use of fund accounting. A "fund" is a complete set of accounting records designed to segregate various financial resources and maintain separate accountability for resources designated for specific uses. The establishment of discrete funds is beneficial in ensuring that public monies are only spent for approved and legitimate purposes.

2. GASB Statement No. 1, concerning the number of funds, states: "Government units should establish and maintain those funds required by law and sound financial administration. Only the minimum number of funds consistent with legal and operating requirements should be established because unnecessary funds result in inflexibility, undue complexity, and inefficient financial administration."[1]

6.2 Basis of Accounting

The basis of accounting is the timing or recognition for financial reporting purposes, that is, when the effects of transactions or events should be recognized in financial statements.

Proprietary funds and fiduciary funds focus on total economic resources. These funds employ the accrual basis of accounting, which recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs. Under accrual accounting, revenues are recognized as soon as they are earned and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash inflows and outflows.

Only governmental funds use the modified accrual basis of accounting, which recognizes increases and decreases in financial resources only to the extent that they reflect near-term inflows or outflows of cash.

[1] GASB Codification Section 1300, Fund Accounting; NCGA (National Council on Governmental Accounting) (NCGA) Statement 1.

Revenues are recognized when earned, only so long as they are collectible within the period or soon enough afterwards to be used to pay liabilities of the current period. Expenditures are recognized when payments are due because it is only at that time that they normally are liquidated with expendable available financial resources.

Classifications of Fund Types Available to Government Agencies

Classification	Fund Type	Purpose	Commonly Used by the Trial Courts	Basis of Accounting	Fund Number
Governmental Funds	General Fund	To account for all financial resources except those required to be accounted for in a separate fund.	Yes—to account for all funds received by the court except those that must be accounted for separately.	Modified Accrual	110001
	Special Revenue Fund	To account for certain revenue sources "earmarked" for specific purposes.	Yes—to account for federal, state, local, and private grants.	Modified Accrual	Various
	Debt Service Fund	To account for the accumulation of resources for and the payment of general long-term debt principal and interest.	No	Modified Accrual	—
	Capital Projects Fund	To account for financial resources used in the acquisition or construction of major capital facilities, other than those financed by proprietary funds and trust funds.	Yes—to account for construction projects jointly funded by the County, court, and Judicial Council.	Modified Accrual	140001
	Permanent Funds	To account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for the purpose that supports the reporting governmental program—that is, for the benefit of the governmental entity.	Yes—to account for endowments that require only earnings and not principal may be used for the purposes set forth in the endowment.	Modified Accrual	Various
Proprietary Funds	Enterprise Fund	To account for operations that are financed and operated in a manner similar to private business enterprises.	No	Accrual	—
	Internal Service Fund	To account for the financing of goods or services provided by one department or agency to other departments or agencies or the governmental unit, or to other governmental units on a cost-reimbursement basis.	Yes—to account for the financing of goods or services provided by the trial court to another governmental entity, such as the county, on a cost reimbursement basis.	Accrual	130001, 130011, 130021
Fiduciary Funds	Trust Fund	To account for funds held in a fiduciary capacity for a third party (nongovernmental), generally under a formal trust agreement.	Yes—to account for court orders requiring monies to be held by the court until such time as a case is	Accrual	320001
	Agency Fund	To account for resources received by one governmental unit on behalf of a secondary governmental unit.	Yes—to account for fines, fees, etc. collected by the court on behalf of others.	Accrual	400000, 450000, 500001
	Pension Trust Funds (and other employee benefits)	To account for resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.	No	Accrual	—

	Treasury	This fund has been established to account for bank activity associated with consolidated bank accounts that is reflected under the treasury business area.	No, only by the Judicial Council of California Treasury Unit	—	910000

6.3 Trial Court Operations Fund

1. The Trial Court Operations Fund is used to account for the financial activities associated with the monies held by and under the control of the court.

2. The Trial Court Operations Fund is treated as a general fund type under the Governmental Funds classification.

3. All state funding, whether out of the Trial Court Trust Fund or Trial Court Improvement and Modernization Fund, shall be recorded in the Trial Court Operations Fund.

4. An accounting structure including elements such as programs, organizations, object, and sub-object accounts and revenue sources has been established to allow the court to account separately for various court programs and activities.

5. Money from the Trial Court Operations Fund must only be used for trial court operations as defined in Government Code section 77003 and for services purchased by the court as set forth in Government Code section 77212(a), (b), and (c).

6. The presiding judge or his or her written designee shall authorize and direct expenditures from the Trial Court Operations Fund. County approval is not required for expenditures from the account.

7. The Trial Court Operations Fund along with all other applicable funds shall be used to report the court's financial activities in the Quarterly Financial Statements (QFS) and the State Comprehensive Annual Financial Report (CAFR) information provided to the state.

6.4 Special Revenue Funds

1. Special Revenue Funds are used to account for the activities related to specific revenue sources and are legally restricted to expenditures for specified purposes. Trial court operations may include activities that are funded by federal, state, local governmental, or private grants. Most grants specifically define the purposes for which grant funds may be used. In many cases, the grants are reimbursement-type agreements that require the court to document its costs to receive payment. These are generally defined as expense-driven grants.

    a. The trial court must establish and maintain Special Revenue Funds to separately account for revenues and expenditures related to grant and other legally restricted activities.

b. Revenues and expenditures under these funds shall not be commingled with the Trial Court Operations Fund.

c. The trial court Special Revenue Funds shall be reported in the Trial Court Operations Fund in the Quarterly Financial Statements (QFS) and the State Comprehensive Annual Financial Report (CAFR) information provided to the state.

d. Additional information and the reporting requirements for grant-funded operations are provided in Judicial Council of California Policy No. FIN 5.03 Grant Accounting and Administration.

6.5 Agency Funds

1. Trial court operations may include activities that the court conducts on behalf of other governmental entities such as the county. Examples of these activities are the collection and holding of bail bond money, permit deposits, fines, fee assessments, etc. In instances where the court is holding money in a fiduciary capacity for another governmental entity:

   a. The trial court must establish and maintain Agency Funds to account for court activities conducted on behalf of other governmental units.

   b. The trial court shall report these activities as balance sheet items in the CAFR.

6.6 Court Facilities Architectural Revolving Fund

1. Court Facilities Architectural Revolving Fund (CFARF) utilization. The court may request to transfer monies from the court's fund balance to the Court Facilities Architectural Revolving Fund for court-responsible costs associated with an approved facilities project, such as an approved capital project, to include moving costs, furniture, IT equipment, etc. If the project will be substantially completed within the next two fiscal years, and a court plans to use current fiscal year funds for part or all of the costs related to the move, the court should submit a request to transfer those funds to the CFARF. The request will be reviewed by the state Department of Finance on a case-by-case basis. Placing the funds with the CFARF will require the Judicial Council of California to become responsible for monitoring and expending the funds on behalf of the court, including entering into contracts. Use of the funds will be restricted to items requested in the CFARF transfer. At the end of the project, any unused court funds will be subject to the 1 percent fund balance calculation in the year the funds were initially deposited into the CFARF.

6.7 Fund Balance

1. As publicly funded entities, and in accordance with good public policy, trial courts must ensure that the funds allocated and received from the state and other sources are used efficiently and accounted for properly and consistently. The trial courts shall account for

and report fund balance in accordance with established standards, utilizing approved classifications. Additionally, a fund balance can never be negative.

2. Beginning with the most binding constraints, fund balance amounts must be reported in the following classifications:

    a. Nonspendable Fund Balance
    b. Restricted Fund Balance
    c. Committed Fund Balance
    d. Assigned Fund Balance
    e. Unassigned Fund Balance (General Fund only)

3. When allocating fund balance to the classifications and categories, allocations must follow the following prioritization:

    a. Nonspendable Fund Balance
    b. Restricted Fund Balance
    c. Contractual commitments to be paid in the next fiscal year
    d. The minimum calculated operating and emergency fund balance
    e. Other Judicial Council mandates to be paid in the next fiscal year
    f. Contractual commitments to be paid in subsequent fiscal years
    g. Assigned Fund Balance designations
    h. Unassigned Fund Balance

4. Nonspendable Fund Balance includes amounts that cannot be spent because they are either (a) not in spendable form (not expected to be converted to cash), or (b) legally or contractually required to be maintained intact. Examples include: Inventories, prepaid amounts, Long-Term Loans and Notes Receivable, and Principal of a Permanent (e.g., endowment) Fund.

5. Restricted Fund Balance includes amounts constrained for a specific purpose by external parties, constitutional provision, or enabling legislation.

    a. Externally imposed—imposed externally by grantors, creditors, contributors, or laws or regulations of other governments (i.e., monies received by a grantor that can only be used for that purpose defined by the grant).

    b. Imposed by Law (Statutory)—restricted fund balance that consists of unspent, receipted revenues whose use is statutorily restricted (e.g., children's waiting room and dispute resolution program funding).

6. Committed Fund Balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Judicial Council. These committed amounts cannot be used for any other purpose unless the Judicial Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed Fund Balance must also include

contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. While the requirement to include contractual commitments is a policy decision of the Judicial Council, the type, number, and execution of contracts is within the express authority of presiding judges or their designee.

7. **[NOTE: The minimum operating and emergency fund requirement discussed here is temporarily suspended until the Judicial Council lifts the suspension.]** The Judicial Council has authorized a stabilization arrangement (Operating and Emergency fund category) to be set aside for use in emergency situations or when revenue shortages or budgetary imbalances might exist. The amount is subject to controls that dictate the circumstances under which the court would spend any of the minimum operating and emergency fund balance. Each court must maintain a minimum operating and emergency fund balance at all times during a fiscal year as determined by the following calculation based upon the prior fiscal year's ending total unrestricted general fund expenditures (excluding special revenue, debt service, permanent proprietary, and fiduciary funds), less any material one-time expenditures (e.g., large one-time contracts).

   Annual General Fund Expenditures
   5 percent of the first $10,000,000
   4 percent of the next $40,000,000
   3 percent of expenditures over $50,000,000

   If a court determines that it is unable to maintain the minimum operating and emergency fund balance level as identified above, the court must immediately notify the Administrative Director, or designee, in writing and provide a plan with a specific time frame to correct the situation.

8. Assigned Fund Balance is constrained by the presiding judge, or designee, with the intent that it be used for specific purposes or designations that are neither unspendable, restricted, nor committed. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed. Assigned amounts are based on estimates, and explanations of the methodology used to compute or determine the designated amount must be provided.

   Assigned Fund Balances include:

   a. All remaining amounts that are reported in governmental funds, other than general funds, that are not classified as nonspendable and are neither restricted nor committed; and

   b. Amounts in the general fund that are intended to be used for a specific purpose in accordance with the provision identified by the presiding judge or designee.

   Assigned Fund Balances will be identified according to the following categories:

a. One-time Facility–Tenant Improvements. Examples include carpet and fixture replacements.

b. One-time Facility–Other Examples include amounts paid by the Judicial Council on behalf of the courts.

c. Statewide Administrative Infrastructure Initiatives. Statewide assessment in support of technology initiatives (e.g., Phoenix) will be identified in this designation.

d. Local Infrastructure (technology and nontechnology needs). Examples include interim case management systems and nonsecurity equipment.

e. One-time Employee Compensation (leave obligation, retirement, etc.). Amounts included in this category are exclusive of employee compensation amounts already included in the court's operating budget and not in a designated fund balance category.

   i. One-time leave payments at separation from employment. If amounts are not already accounted for in a court's operating budget, estimated one-time payouts for vacation or annual leave to employees planning to separate from employment within the next fiscal year should be in this designated fund balance subcategory. This amount could be computed as the average amount paid out with separations or other leave payments during the last three years. Any anticipated non-normal or unusually high payout for an individual or individuals should be added to at the average amount calculated.

   ii. Unfunded pension obligation. If documented by an actuarial report, the amount of unfunded pension obligation should be included as a designated fund balance. Employer retirement plan contributions for the current fiscal year must be accounted for in the court's operating budget.

   iii. Unfunded retiree health care obligation. If documented by an actuarial report, the amount of unfunded retiree health care obligation should be included as a designated fund balance.

   The current year's unfunded retiree health care obligation contains: (i) the current year Annual Required Contribution (ARC) based on a 30-year amortization of retiree health costs as of last fiscal year-end, and (ii) the prior year retiree health care obligation less (iii), the retiree health care employer contributions and any transfers made to an irrevocable trust set up for this purpose. The current year's unfunded retiree health care obligation is to be added to the prior year's obligation.

   iv. Workers' compensation (if managed locally). The amount estimated to be paid out in the next fiscal year.

v. Use of reserve funds for liquidation of outstanding leave balances for employees in a layoff situation, consistent with the requirements of GASB 45; other examples would include reserving funds for the implementation of "enhanced retirement" or "golden handshake" programs in the interest of eliminating salaries at the "high end" or "top step," and thereby generating salary savings or rehires at the low end of a pay scale for position(s), but realizing one-time costs in the interest of longer-term savings for the court.

f. Professional and Consultant Services. Examples include human resources, information technology, and other consultants.

g. Security. Examples include security equipment and pending increases for security service contracts.

h. Bridge Funding. A court may choose to identify specific short or intermediate term funding amounts needed to address future needs that are otherwise not reportable, nor fit the criteria, in either restricted nor committed classifications, that it believes are necessary to identify through specific designations. These designations must be listed with a description in sufficient detail to determine their purpose and requirements.

i. Miscellaneous (required to provide detail). Any other planned commitments that are not appropriately included in one of the above designated fund balance subcategories should be listed here with a description in sufficient detail to determine its purpose and requirements.

9. Unassigned Fund Balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to any other fund balance classification. The general fund is the only fund that shall report a positive unassigned fund balance amount.

6.8 Fund Balance Carryover

1. Prior to June 30, 2014, a trial court may carry over all unexpended funds from the courts operating budget from the prior fiscal year.

2. Commencing June 30, 2014, and concluding June 30, 2019, a trial court may carry over unexpended funds in an amount not to exceed 1 percent of the court's operating budget from the prior fiscal year.

3. Commencing June 30, 2020, a trial court may carry over unexpended funds in an amount not to exceed 3 percent of the court's operating budget from the prior fiscal year. The calculation of the amount authorized to be carried over from the previous fiscal year shall be adjusted to permit a court's subsequent liquidation of its encumbrances (consistent with FIN 5.01, subsection 6.6.1). Calculation of the carryover amount shall also exclude funds received pursuant to the following statutes:

a. Section 470.5 of the Business and Professions Code.

b. Section 116.230 of the Code of Civil Procedure, except for those funds transmitted to the Controller for deposit in the Trial Court Trust Fund pursuant to subdivision (h) of that section.

c. Sections 13963(f), 26731, 66006, 68090.8, 70640, 70678, 76223, 77207.5(b), and 77209(h) of the Government Code.

d. The portion of filing fees collected for automated recordkeeping and conversion to micrographics pursuant to former Government Code section 26863, as that section read immediately before its repeal, and Government Code section 27361.4.

e. Sections 1027 and 1463.007, subdivision (a) of section 1463.22, and sections 4750 and 6005, of the Penal Code.

f. Sections 11205.2 and 40508.6 of the Vehicle Code.

7.0 Associated Documents

None

Judicial Council of California

Trial Court Financial Policies and Procedures

BUDGET DEVELOPMENT

POLICY NUMBER: FIN 4.01

Revised June 2020

Back to Main TOC

Budget Development

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 Sources of Trial Court Funding
6.1.1 Trial Court Trust Fund
6.1.2 State Trial Court Improvement and Modernization Fund
6.2 State Budget Cycle and Timelines
6.2.1 Budget Development Process
6.2.2 Trial Court Budget Development Activities
6.3 Budget Program Structure
6.4 Budget Development
6.4.1 Budget Development—Reporting to the Judicial Council of California
6.4.2 Budget Development—Public Notice and Input
6.5 Budget Implementation
6.5.1 Establishing Budgetary Control
6.5.2 Budget Execution
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to present uniform guidelines for the trial court to use in developing and managing its annual budget.

3.0 Policy Statement

The trial court is responsible for developing and managing its budget so that its resources are utilized efficiently and effectively, in a manner that inspires public confidence in the court. It is the policy of the trial court to comply with applicable legislation and follow the procedures adopted by the Judicial Council of California for budget development and management.

4.0 Application

This procedure applies to all trial court officials and employees.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Budget Act
Budget Change Proposal (BCP)
Cost Information Survey
Fiscal Year
Maintenance of Effort (MOE)

Program, Element, Component, and Task (PECT)
Quarterly Financial Statement (QFS)
State Trial Court Improvement and Modernization Fund (IMF)
Trial Court Trust Fund (TCTF)

6.0 Text

The passage of the Lockyer-Isenberg Trial Court Funding Act of 1997 placed principal responsibility for funding trial court operations on the state. The trial court receives annual allocations from the Judicial Council of California based on appropriations in the state budget for statewide trial court operations. The trial court operates on the state fiscal year.

6.1 Sources of Trial Court Funding

1. The trial court's primary source of state funding is the Trial Court Trust Fund (TCTF). The court may also receive state funding for specific purposes from other sources including, but not limited to, the State Trial Court Improvement and Modernization Fund (IMF), as well as an augmentation from the Judicial Council of California as a result of an approved budget change proposal (BCP). In addition, various grants are received by the Judicial Council of California and passed through to the trial courts. The court may receive direct local revenues as well as revenues from the county depending on the terms of its memorandum of understanding (MOU) with the county.

6.1.1 Trial Court Trust Fund

1. Each year the Budget Act contains an appropriation to the Judicial Council of California for the general operations of the trial courts per Government Code section 77202. Money for trial court operations is appropriated from the TCTF, which is administered by the Judicial Council of California per Government Code section 68085. Per Government Code section 68502.5(c), the Judicial Council of California is responsible for adopting a budget and allocating funds to the individual trial courts in a way that (1) assures the courts' ability to carry out their functions, (2) promotes implementation of statewide policies, and (3) promotes the immediate implementation of efficiencies and cost-saving measures in court operations in order to guarantee equal access to the courts.

2. The TCTF has two main revenue sources. First, over half of the money that flows into the TCTF comes directly from the annual transfer appropriation from the state General Fund. Second, the counties are required to submit maintenance of effort (MOE) payments to the state. The 20 largest counties make expenditure MOE payments based on county funding provided to local courts in 1994–95, as established by the Trial Court Funding Act and subsequent legislation per Government Code section 77201.1. All counties make revenue MOE payments based on fine, fee, and forfeiture collections in 1994–95 per Government Code section 77201.1. Civil filing fees, specified civil assessment revenues, security fee revenue, and other miscellaneous revenues make up the balance of TCTF revenues.

6.1.2 State Trial Court Improvement and Modernization Fund

1. Government Code section 77209 established the State Trial Court Improvement and Modernization Fund to fund automated administrative system improvements in the statewide trial court system. The Judicial Council of California allocates portions of this fund to special projects that benefit the statewide trial court system or to approved projects in individual trial courts.

2. The IMF is continuously appropriated and is supported by two main revenue sources:

   a. Deposit of the first 2 percent of fines, forfeitures, and penalties collected by the court in criminal cases (referred to as 2 Percent Automation Fund revenues).

   b. "Excess revenues," which are equal to one-half of any fee, fine, and forfeiture collections above the level collected in 1994–95 (known as 50-50 split; counties retain the balance).

3. The IMF is also supported by the state General Fund as an expenditure adjustment.

6.2 State Budget Cycle and Timelines

There are two major phases of the state budget cycle, **development** and **implementation**. The development phase includes evaluation of current-year activities and performance and planning for future-year fiscal requirements. The implementation phase includes establishing budgetary controls through appropriation, allocation, and budget execution, or in accounting terms, the recording and management of revenues, expenditures, and encumbrances.

6.2.1 Budget Development Process

1. The Judicial Council of California is ultimately responsible for adopting a budget and allocating funding to the trial courts under Government Code section 68502.5(c)(1).

2. The trial court's right to provide input into the Judicial Council of California budget process is provided for in Government Code section 77001(d).

3. Under Government Code section 77202(c), the Judicial Council of California shall adopt policies and procedures governing practices and procedures for budgeting in the trial courts in a manner that best ensures the ability of the courts to carry out their functions, and may delegate the adoption to its Administrative Director.

6.2.2 Trial Court Budget Development Activities

1. Budget Evaluation. Monitoring budget performance is critical to evaluating the court's success in meeting current-year objectives and is also the first step in planning the budget for next year's operations. The trial court should track revenues and expenditures against its budget to assure that expenditures do not exceed available

funding. The court's monthly internal reports and Quarterly Financial Statements (QFS) are useful budget evaluation tools.

2. Budget Planning. Rule 10.603(c)(9) of the California Rules of Court requires that trial courts prepare a long-range strategic plan that is consistent with the plan and policies of the Judicial Council of California. The strategic plan must address effective operation, management of increased service demands, and improved service delivery. The trial court's budget is a formal statement of how the court will manage its resources to meet objectives in the coming year.

3. The trial court will responsibly evaluate and prioritize the resources it needs to address increases in workload, changes in services mandated by statute, and to improve administration and operation, and enhance services to meet the goals of its strategic plan.

4. It is essential to the success of the trial court that judges and nonjudicial staff give budget development a high priority to prepare an accurate and all-inclusive budget for the court.

6.3 Budget Program Structure

The trial court budget program structure is broken into four levels: program, element, component, and task (PECT). Each successive level provides additional detail that is used to develop, organize, and manage the trial court budget, as follows:

1. **Program:** Trial Court Operations–Program 10 and Court Administration–Program 90.

2. **Element:** This is the second level of budget detail, which breaks down the two programs into the major court operations and administration elements.

3. **Component:** The component level is the third level of budget detail. It further segregates trial court operations expenditures into categories for different types of court cases and other support services.

4. **Task:** The task level is the most detailed budget category. It is used to segregate expenditures within the Criminal and Family and Children components.

6.4 Budget Development

6.4.1 Budget Development—Reporting to the Judicial Council of California

1. Responsibility for developing the budget lies with the trial court. Judicial Council of California Budget Services issues annual schedules that specify the procedures for developing the baseline budget. The trial court must complete the following schedules to establish its baseline budget:

a. **Schedule 7A—Salary and Position Worksheet.** The budget process starts with an estimate of the cost of personal services (salaries and wages), which is the largest component of the trial court budget. Schedule 7A is a listing of all authorized positions, their salaries, and the associated salary and non-salary-driven benefit costs for each position. The Schedule 7A template can be found on the Judicial Resources Network at *http://jrn.courts.ca.gov/programs/finance/*.

b. **Schedule 1—Budget.** The complete operating budget for the trial court based on existing resources makes up the budget presented in Schedule 1. The budget provides a comprehensive financial plan for the trial court and establishes the financial condition of the court through the fund condition statement. The Schedule 1 identifies all resources available to the trial court including fund balances, funding from Judicial Council of California allocations, grant funding, and other local revenue. It also identifies all trial court costs including the position and personal services amounts from the Schedule 7A, operating expenses and equipment, and special items of expense. Schedule 1 is prepared via the Budget Upload Template at the summary object of expenditure level according to the program budget structure used in the state trial court budget process (see section 6.3, Budget Program Structure). The Budget Upload Template can be found on the Judicial Resources Network at *http://jrn.courts.ca.gov/programs/finance/*.

2. The Schedule 1 also incorporates the following supplemental schedules to assist the trial court:

   a. Schedule of Major Equipment.

   b. Schedule of General Consultant and Professional Services.

   c. Schedule of Estimated Constraints on Fund Balance.

6.4.2 Budget Development—Public Notice and Input

1. Government Code section 68511.7 requires each trial court, before adopting a baseline budget plan for the fiscal year, to provide the public notice of, and an opportunity for public input on, the court's proposed budget plan. The opportunity for input may be by submission of written comment or by public hearing, at the court's discretion. The plan must be made available at least three court days before the hearing or, if there is no hearing, three court days before adoption of the plan. The trial courts can provide their uncertified Schedule 1 as the proposed budget plan or a budget document that reflects the proposed baseline budget for the fiscal year.

2. Compliance with the requirements of Government Code section 68511.7 depends on the court's chosen method for public input. If by written comment, the court may establish protocols in a manner similar to the California Rules of Court, rule 10.613(g) (comment period for proposed local rules):

a. At least three court days before adopting the budget plan, the court must distribute for public comment by posting the proposed budget plan on the court's public website and make the plan available at the courthouse, as well as post notice in the courthouse and on the court's public website regarding the opportunity to submit comments;

b. The court may also distribute electronically to individuals and organizations who have subscribed to the court's electronic distribution of such notice (courts may want to include the district attorney, public defender, county counsel, county bar association, and the nearest office of the state Attorney General);

c. The court must establish a contact to receive public comments and process to submit comments to the presiding judge and court executive officer for consideration; and

d. The court must retain comments for the period required for administrative records.

3. If the court opts for a public hearing, in addition to the requirements listed above, established protocols must include:

a. Before conducting a public hearing, the court shall make the proposed baseline budget plan available to the public and provide notice of the hearing date, time, and location, and the opportunity to submit written comments. Notice of the hearing and the opportunity to submit comments shall be by conspicuous posting within or about the court's facilities, on the court's public website, and by electronic distribution to individuals who have subscribed to the court's electronic distribution service. The notice shall be posted not less than 10 court days before the date of the hearing. The baseline budget plan shall be made available to the public and on the court's public website no less than three court days before the hearing;

b. Location of the public hearing (must be at a place reasonably accessible to the residents of the county, but may be held at the courthouse);

c. Security arrangements;

d. Agenda;

e. Parliamentary procedures; and

f. Retain records related to the public hearing (i.e., minutes and comments) for the period required for administrative records.

4. For public hearings, the court should consider establishing protocols regarding attendance (e.g., first come, first seated) or registration before the hearing to address space limitations.

6.5 Budget Implementation

Budget implementation is a two-step process of establishing control over available resources and then executing operations consistent with the adopted budget plan.

1. The trial court is responsible for managing its budget within available resources and in compliance with prescribed rules and regulations. Ultimately this responsibility resides with the presiding judge, who has authority over the general operation of the trial court. The presiding judge may delegate the responsibility for budget matters according to the California Rules of Court.

2. It should be noted that in certain circumstances per Government Code section 13324, "Every person who incurs any expenditure in excess of the allotments or other provisions of the fiscal year budget … is liable both personally and on his official bond for the amount of the excess expenditures."

6.5.1 Establishing Budgetary Control

1. Budget controls are mechanisms to ensure that the trial court's resources are expended in a manner consistent with the court's priorities. The court's budget is the key internal control for effective operations. As the court prepares its Salary and Position Worksheet (Schedule 7A) and allocates its known resources between programs, elements, components, tasks (PECT), and objects of expenditure (Schedule 1), a starting point is created by which the court can measure itself to evaluate its performance.

2. Systemwide budget revision and transfer policies are specified in Policy No. FIN 4.02 Budget Monitoring and Reporting.

3. The trial court is responsible for developing internal policies regarding the internal allocation and transfer of monies between programs, elements, components, tasks, and objects of expenditure. At minimum, the following shall apply:

    a. Money allocated to the trial court by the Judicial Council of California shall be used for "court operations" as defined in Government Code section 77003.

    b. Money allocated to the trial court by the Judicial Council of California from the TCTF as defined by California Rules of Court, rule 10.810 is limited to rule 10.810–allowable expenses. Under no circumstance will these funds be transferred for purposes that are not rule 10.810–allowable.

c. Under no circumstance will grant funds received by the trial court from the Judicial Council of California or any other governmental body be expended for any purpose other than that specifically provided by the grantor.

d. Under no circumstance shall the court incur obligations greater than the expenditure limits imposed by the available resources.

6.5.2 Budget Execution

Once plans, resources, and controls are in place the trial court executes its operating plan, thereby incurring operating expenses and receiving revenues. As part of this process, encumbrances are established to account for contracts and purchase orders. Payments are made and received consistent with the policies set forth in this manual. Expenditure limits based on Judicial Council of California and internal allocations and policies on the movement of funds guide how the court may accommodate necessary modifications to its budget plan.

7.0 Associated Documents

None

Judicial Council of California

Trial Court Financial Policies and Procedures

BUDGET MONITORING AND REPORTING

POLICY NUMBER: FIN 4.02

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Back to Main TOC

Budget Monitoring and Reporting

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 Background
6.2 Budget Monitoring Requirements
6.3 Budget Reporting
6.3.1 Civil Filing and Miscellaneous Collections
6.3.2 Quarterly Financial Statements (QFS)
6.3.3 Report of Revenues (ROR)
6.3.4 Certification and Documentation
6.4 Budget Revisions
6.5 Budget Transfers
6.5.1 Transfers Between Programs
6.5.2 Transfers Between Objects of Expenditure
6.6 Budget Change Proposals
6.7 Emergency Budget Procedures
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to establish uniform guidelines for the trial court to monitor and control its annual budget and help ensure responsible management of available resources.

3.0 Policy Statement

1. The trial court will manage its operations in a fiscally prudent manner. Expenditures may not exceed the amounts established in the court's approved budget. Budgetary control measures are required to assure that expenditures do not exceed allocations for specific funds, programs, elements, components, tasks, or objects of expenditure.

2. The trial court shall monitor actual expenditures against its annual budget. Cash flow also will be monitored to assure that the trial court has sufficient monies to meet its obligations. On a quarterly basis, the trial court shall submit a report of revenues and expenditures to the Judicial Council of California. The Quarterly Financial Statement (QFS) and the supplementary Report of Revenues (ROR) will be in the form and according to the schedule approved by the Judicial Council of California. Annually, the trial court shall submit financial information to the Judicial Council of California for consolidation and submittal to the state for inclusion in the State Comprehensive Annual Financial Report (CAFR).

4.0 Application

This policy applies to all trial court officials and employees.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Approved Budget
Budgetary Control
Budget Revision
Budget Transfer
Cash Flow
Program, Element, Component, and Task (PECT)
Quarterly Financial Statement (QFS)
Report of Revenues (ROR)
State Comprehensive Annual Financial Report (CAFR)
Trial Court Trust Fund (TCTF)

6.0 Text

6.1 Background

After the trial court's annual budget has been approved and funds appropriated in the state Budget Act, the court must operate within the limitations of the available funding under the budget authorized by the Judicial Council of California.

1. Per Government Code section 77206.1(a), the court must establish budgetary control procedures to monitor its budget on an ongoing basis throughout the year to assure that actual expenditures do not exceed budgeted amounts.

2. Regular budget monitoring allows the court to assure that funds are available for court operations and reallocate limited resources in the event of budget shortfalls or surpluses. Monitoring both expenditure and cash flow allows the court to exercise an appropriate level of control over available funds and to take corrective action as necessary.

3. Quarterly budget reporting to the Judicial Council of California is done in the PECT format at the object of expenditure level. The trial court submits the QFS, which is a budgetary control document and financial report that provides the Judicial Council of California and other external reviewers with the assurance that the court's operations are within appropriate limits. The QFS is also the means by which the court reports budget revisions and transfers.

6.2 Budget Monitoring Requirements

1. It is the court's responsibility to monitor its budget on a regular basis. To facilitate management control of financial operations, the court must prepare and review a comparison of actual expenditures with the approved budget that provides the following information for each program element and budget line item of expenditure:

    a. Actual expenditures incurred for the previous month.

b. Expenditures incurred for the fiscal year-to-date.

c. The variance between actual and budgeted expenditures.

d. The remaining balance for each program element and object.

2. In addition, the court should analyze its cash flow needs for the current month and project its cash flow for the remainder of the fiscal year.

3. The court should not limit its budget analysis to a "bottom line" review of the court's fund balance. Individual budget line item review is required to provide a greater degree of budgetary control.

6.3 Budget Reporting

1. The Judicial Council of California is responsible for collecting information and reporting on the financial status of the trial courts. Government Code section 77206(d) through (f) establish that the Judicial Council of California shall:

   a. Provide the State Controller with summary information regarding court revenues and expenditures (via the CAFR).

   b. Adopt rules to provide for reasonable public access to budget allocation and expenditure information at the state and local levels.

   c. Adopt rules ensuring that the trial court provides information relating to court administration including financial information and other information that affects trial court employees, in a timely manner upon written request.

2. Specific requirements for trial court financial reporting are discussed below.

6.3.1 Civil Filing and Miscellaneous Collections

The trial court will report and remit civil filing fees and miscellaneous collections, including civil assessments collected under Penal Code section 1214.1, to the Judicial Council of California as specified in the most current instructions, which can be found on the Judicial Resources Network at *http://jrn.courts.ca.gov/programs/finance/fees.htm*.

6.3.2 Quarterly Financial Statements (QFS)

1. The trial court shall submit a QFS that provides the following PECT information at the object of expenditure level. The Quarterly Financial Statements available in the Phoenix Financial System fulfill this requirement:

   a. Actual expenditures incurred during the previous fiscal quarter.

   b. Cumulative expenditures for the fiscal year-to-date.

c. The variance between actual and budgeted expenditures.

d. The remaining budgeted balance for each object of expenditure.

e. Budget transfers among PECT areas and between expenditure objects, as necessary to support operations. These adjustments are required to net to zero.

f. Budget revisions reflecting changes to the court's available budget, such as additional Judicial Council of California allocations or receipt of new grants.

2. The trial court will designate the fund balance at the end of the fourth quarter into the following categories via the supplemental Schedule of Constraints on Fund Balance, which can be found on the Judicial Resources Network at *https://jrn.courts.ca.gov/programs/finance/*. For information on the fund balance categories, refer to Fund Balance Section 6.7 in Policy No. FIN 3.01 Fund Accounting.

   a. Nonspendable Fund Balance;

   b. Restricted Fund Balance;

   c. Committed Fund Balance;

   d. Assigned Fund Balance; and

   e. Unassigned Fund Balance (General Fund only).

6.3.3 Report of Revenues (ROR)

1. The ROR is used to verify and estimate revenues for various statutory and programmatic areas and to respond to requests for information from the Legislature, the Department of Finance, and other requestors. The trial court shall submit a quarterly ROR as specified in the instructions that are issued annually by Judicial Council of California Budget Services. In the ROR, the trial court is required to report:

   a. Net civil assessment revenue;

   b. Cost of collections related to civil assessment revenue;

   c. Security fee for criminal offenses;

   d. 2 percent automation fund;

   e. Fees and fines related to realignment revenue;

   f. Specified court-related county fines and forfeitures;

g. Specified penalties remitted to the State Penalty Fund;

h. 20 percent state surcharge;

i. Court construction penalty assessments;

j. Surcharges on parking offenses; and

k. Night court assessment.

6.3.4 Certification and Documentation

1. Both the QFS and ROR must be reviewed by the presiding judge or delegated to the court executive officer for review before submission to the Judicial Council of California. The reports and signed QFS certification pages must be sent to the Judicial Council of California by the dates established by Budget Services. Trial courts may send the original certification pages or scanned copies via email.

2. The trial court should retain copies of the original certifications, any electronic versions, and any emails used to submit the QFS and ROR to the Judicial Council of California.

6.4 Budget Revisions

1. During the course of the fiscal year, the trial court may receive additional or amended allocations from the Judicial Council of California local revenues above those originally budgeted or new grants from other governments or private sources.

2. The trial court will revise the budget and report the budget revisions to the Judicial Council of California in the QFS for the quarter in which budget revision is made. The designated trial court fiscal officer will also prepare amended reports for management and the presiding judge reflecting these revisions.

3. Budget revisions are reported in the PECT area and at the object of expenditure level and reflect an overall increase or decrease to the trial court's approved budget.

4. The court must document all budget revisions to account for variances in projected versus actual expenditures.

6.5 Budget Transfers

1. Government Code section 77001(c)(1) establishes the authority of the Judicial Council of California to adopt rules that ensure the trial court's management of the movement of funds between functions, line items, or programs on a basis that is consistent with statute, rules of court, and standards of judicial administration.

2. It is the intent of this manual to provide trial courts the flexibility in transferring funds between individual program areas and objects of expenditure where the transfers are necessary for the efficient and cost-effective operation of the courts or to make technical corrections. Within this framework, the following provisions govern budget transfers.

6.5.1 Transfers Between Programs

1. Trial courts prepare their baseline budgets on Schedule 1 according to the PECT structure. The budgeted amounts in Schedule 1 represent the court's planned operations by program for the fiscal year.

2. The budget transfer process allows courts to transfer unrestricted funds between or among the budgeted programs to reflect changes in the court's planned operations or to correct technical errors. However, budget transfers are subject to the following limitations:

   a. For any fiscal year, a cumulative amount not to exceed $400,000 or 10 percent of the total trial court budget, whichever is greater, may be transferred between or among other program areas. The trial court has the authority to transfer unrestricted funds up to this limitation and must record this information on the appropriate QFS.

   b. Any request exceeding the $400,000 or 10 percent threshold, whichever is greater, of the trial court budget requires written notification to the Judicial Council of California Director of Budget Services and must include a complete explanation for the necessity of the transfer. The Judicial Council of California will review the request and respond with an approval or denial within 30 days of receipt.

3. Transfers are also subject to public notification under California Rules of Court, rule 10.620(d)(1). The rule designates limits under which public notice is required.

4. Grant funds received by the court for specific uses, applications, or purposes shall not be transferred to other court programs if doing so would violate any term or conditions of the grant.

5. The court's presiding judge or written designee shall establish internal review and approval procedures regarding the transfer of funds between programs.

6.5.2 Transfers Between Objects of Expenditure

All transfers between objects of expenditure must be reported in the QFS.

6.6 Budget Change Proposals

1. The Judicial Council of California submits budget change proposals (BCPs) on behalf of the courts to request additional funding through the annual state budget process to address a change in service levels or funding sources, or to propose new programs. Funds

provided to the trial courts through the BCP process must be used for the purpose requested.

2. Augmented funding may be received from the Judicial Council of California based on approved BCPs funded in the Budget Act. Following enactment of the state budget, the court will reflect changes in funding in its subsequent QFS.

3. Funds received under the BCP process should not be transferred between program areas and are not to be included when calculating the amount available for transfer to another program area, as stated in section 6.5, Budget Transfers.

6.7 Emergency Budget Procedures

1. The Judicial Council of California budget allocation to the trial court is intended to adequately fund court operations and staffing, allowing the court to carry out its functions and guarantee citizens' access to justice. In the unlikely event that the trial court projects that its funds will be exhausted before the end of the fiscal year, preventing the court from meeting its financial obligations or continuing normal operations, the court must advise the Judicial Council of California's Director of Budget Services in writing as soon as practicable.

2. The Judicial Council of California will work with the court to help it manage the funding shortfall. Under the most extreme circumstances, if trial court expenditures exceed the budget authorized by the Judicial Council of California, it may appoint another party to manage the fiscal operations of the trial court (Gov. Code, § 77206.1(b)).

3. Supplemental funding options are available for application for unavoidable shortfalls, unforeseen emergencies, or unanticipated expenses for existing programs through the $10 million state-level reserve processes established by the Judicial Council of California per Government Code section 68502.5(c)(2)(B) as either a one-time distribution or loan. Cash advances are also available for application as it relates to anticipated cash flow issues. The most recent criteria information, application, instructions, and templates can be found at *http://jrn.courts.ca.gov/programs/finance/suppfunding.htm*.

4. A loan of trial court funds to any entity, including the county, is not permissible under any circumstance.

7.0 Associated Documents

None

Judicial Council of California

Trial Court Financial Policies and Procedures

POSITION MANAGEMENT

POLICY NUMBER: FIN 4.03

Revised June 2020

Back to Main TOC

Position Management

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
- 6.1 Trial Court Position Management System
- 6.2 Abolishment of Continuously Vacant Positions or Vacant Positions That Are Unfunded or Are No Longer Needed Based on Workload
- 6.3 Written Authorization of New or Reclassified Positions
- 6.4 Reporting of Abolished, New, and Reclassified Positions to the Judicial Council of California

7.0 Associated Documents

2.0 Purpose

The purpose of this policy and procedure is to establish policies for the establishment of new court positions and the abolishment of continuously vacant positions or vacant positions that are unfunded or no longer required on a workload basis; and establish procedures for managing trial court positions. (Note: Policies and procedures related to the creation and reclassification of subordinate judicial officer (SJO) positions are not addressed in this policy.)

3.0 Policy Statement

1. Position Creation/Reclassification

   Each court has the authority and discretion to establish or reclassify nonjudicial positions as needed to meet workload demands, subject to the following conditions:

   a. Permanent positions may be established or reclassified only to the extent that ongoing resources are available. These resources may include any excess ongoing funding as a result of a redirection after ensuring there is sufficient funding for all other ongoing obligations.

   b. Limited-term positions may be established with limited-term funding.

2. Position Abolishment

   Trial courts shall annually review all vacant authorized positions and identify for abolishment vacant positions that meet the following criteria:

   a. Any position that becomes vacant and cannot be filled due to permanently insufficient resources, or for which there is no longer a workload demand.

b. Any position that has been vacant for one entire year and will not be filled in the coming fiscal year. Assignment of new position numbers to a vacant position does not constitute sufficient justification to maintain the vacancy as an authorized position.

Note: If a position is vacant due to circumstances such as leave of absence or any other factors that necessitate a temporary vacancy, and the court has the funding and the intention to fill it, the position should not be abolished.

3. Funding Related to Abolished Positions

The Judicial Council of California will not reduce funding to trial courts as a result of court abolishment of vacant positions in compliance with this policy.

4.0 Application

This policy applies to all trial court employees, excluding SJO positions.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Authorized Positions
Change in Position Authorization Form
Full-Time Equivalent (FTE)
Limited-Term Positions
Position Roster
Quarterly Report of Changes of Authorized Positions (QCAP)
Reclassification
Subordinate Judicial Officer (SJO)

6.0 Text

6.1 Trial Court Position Management System

1. The trial court will establish a position management system that will include, at a minimum, the components listed below:

   a. A position roster. The roster will be kept current and updated as changes occur.

   b. A process for abolishing vacant positions. At least once a year, near the end of a fiscal year, the trial court will abolish vacant positions as specified in section 6.2.

   c. A process and procedures for requesting, evaluating, and approving new positions and reclassified positions.

6.2 Abolishment of Continuously Vacant Positions or Vacant Positions That Are Unfunded or Are No Longer Needed Based on Workload

The following procedures will be followed during the annual process of abolishing vacant positions, to the extent that the court projects a total court position vacancy rate of over five percent in the current and following fiscal year.

1. Review the position roster and identify vacant positions that:

    a. Have been vacant for an entire year and will not be filled during the next fiscal year;

    b. Cannot be filled because of a lack of sufficient funding to support the cost of the position if it were filled; or

    c. Will no longer be needed on a workload basis.

2. Determine if positions identified in the review specified in subsection 6.2.1 should remain on the position roster due to special circumstances, including, but not limited to; positions that are hard to fill due to lack of qualified candidates, positions that are vacant because the incumbent employee is on a leave of absence, delays in recruitment or hiring, and other factors that have precluded the court from filling a position that the court intends to fill on an ongoing basis.

3. Any position identified in the review specified in subsection 6.2.1 and that does not qualify as being vacant due to special circumstances as described in subsection 6.2.2 will be abolished.

6.3 Written Authorization of New or Reclassified Positions

1. A written authorization for the establishment of a new position or the reclassification of a position must be approved and signed by the court presiding judge, or court executive officer, if designated in writing, before recruiting for or filling a new position or an existing position at a new classification level. (A sample Change in Position Authorization form that may be used as a template for developing a form specific to your court is provided in 7.0, Associated Documents.) The form will contain the reason and justification for the position change, including workload need, the current year and ongoing cost impact that will result from the position change and verification from the court fiscal officer that sufficient funding is available or has been identified to support the position. All approved and signed forms will be stored in a single, central location in the court.

6.4 Reporting of Abolished, New, and Reclassified Positions to the Judicial Council of California

1. Authorized positions listed on the position roster as of July 1 in a fiscal year will be reported in the Schedule 7A for the same fiscal year.

2. New positions will be reported in the Quarterly Report of Changes of Authorized Positions (QCAP) of the current fiscal year as an added position and then reported in the Schedule 7A of the subsequent fiscal year.

3. Abolished positions will be reported in the QCAP of the current fiscal year as a deleted position and will not be reported in the Schedule 7A of the subsequent fiscal year.

4. Reclassified positions will be reported in the QCAP of the current fiscal year. The reclassified position will be reported as an added position and the old position will be reported as a deleted position. The net change to total position FTEs should be zero. Only the reclassified positions will be reported in the Schedule 7A of the subsequent fiscal year.

7.0 Associated Documents

Sample Quarterly Report of Changes of Authorized Positions (QCAP)
Sample Position Roster
Sample Change in Position Authorization Form

SAMPLE FY 2004-05 Quarterly Report of Changes of Authorized Positions

Changes to total authorized positions identified in the Schedule 7A Additions, Deletions and Reclassifications Fourth Quarter

Trial Court Position Title (position title used by court)	Trial Court Model Classification Number	Position Number (if applicable)	Positions	Reclass (R)	Quarter	Date of Change	Current Year Total Salary Impact	Ongoing Full Year Salary Impact	Funding Source*	PECT				How Funded?**	Reason/justification for change
Supervising Court Clerk	201c	1234abcd	1.00		2	10/1/2003	60,000	80,000	Trial Court Trust Fund	10	20	020	000	Funded by reduction in other Supervising Court Clerks' overtime and contract savings	Additional supervisor position needed to support growth in clerk positions
Commissioner	214	9876zyxw	-1.00		2	11/1/2003	(66,667)	(100,000)	Trial Court Trust Fund	10	10	000	000		Position was abolished due to budget cuts and decreased workload
Senior Court Clerk	201b	5678efgh	-0.50	R	2	12/1/2003	(14,583)	(25,000)	Non–Trial Court Trust Fund	10	20	010	020	N/A, position downgrade	Position downgraded based upon an evaluation of the level of work performed
Court Clerk	201a	5678abcd	0.50	R	2	12/1/2003	10,208	17,500	Non–Trial Court Trust Fund	10	20	010	020	/A, position downgrade	Position downgraded based upon an evaluation of the level of work performed
Total			0.00				(11,042)	(27,500)							

For reclassification, list previous position with negative FTE and $ impact and then add reclassified position directly below.

*Trial Court Trust Fund, Improvement Fund, Modernization Fund, Grants, etc.

**Indicate whether new funding or specific items reduced to offset the additional costs (e.g., reduction in other positions held vacant or reduction in operating expenses). Applies only to positions being added.

SAMPLE POSITION ROSTER

Agency Code #	Facility Code #	Organizational Unit	Position #	Model Class Number	Class Code #	Classification Title	Employee Name (Last, First, or Vacant)	Hourly Rate	Beginning Step (Monthly)	Last Step (Monthly)	Current Salary (Annual)	Tenure (see note a)	Timebase (see note b)	Hire Date	Appoint-ment. End Date	Date Vacant	MSA Date	FTE	Leave Status (see note c)	FLSA (see note d)	Bargaining Unit #
904	TC1000	Court Support	202569	104	3369	Court Services Manager I	**Vacant**	$30.76	$3,515	$4,443	$63,981	R	FT			1/1/05	1/1/06	1.0		E	C1
904	TC1000	Court Support	202847	201c	3368	Court Supervisor	Smith, A.	$22.81	$3,515	$4,443	$47,445	LT	FT	1/1/03	1/1/05		1/1/05	1.0		E	C2
904	TC3000	Court Support	202855	202a	3415	Legal Process Clerk II	Smith, B.	$9.47	$2,701	$3,416	$19,698	R	FT	3/1/02			3/1/06	1.0		E	D1
904	TC2000	Court Support	202858	202a	3415	Legal Process Clerk II	Smith, C.	$21.11	$2,891	$3,659	$43,909	R	FT	1/1/01			1/1/05	1.0		E	D1
904	TC4000	Court Support	202863	202a	3415	Legal Process Clerk III	Smith, D.	$16.83	$2,701	$3,416	$35,006	R	FT	2/1/00			2/1/06	1.0		E	D1
904	TC2000	Court Support	202867	202a	3415	Legal Process Clerk III/DIF	Smith, E.	$21.61	$2,891	$3,659	$44,949	R	FT	1/1/04			1/1/05	1.0		E	D1
904	TC3000	Court Support	202868	203a	3441	Courtroom Clerk II	Smith, F.	$19.07	$3,056	$3,865	$39,666	R	PT	5/20/02			5/20/05	0.5		E	D2
904	TC2000	Court Support	202870	203a	3441	Courtroom Clerk II	Smith, G.	$22.30	$3,056	$3,865	$46,384	R	PT	6/11/03			6/11/05	0.5		E	D2
904	TC4000	Court Support	222222	203a	3441	Courtroom Clerk II	**Vacant**	$22.30	$3,056	$3,865	$46,384	R	PT	12/20/04		11/1/04		1.0		E	D2
904	TC2000	Court Support	333333	203a	3441	Courtroom Clerk II	Smith, H.	$22.30	$3,056	$3,865	$46,384	R	FT	11/24/03			11/24/05	1.0		E	D2
904	TC3000	Court Support	202652	203a	3441	Courtroom Clerk II	Smith, I.	$22.30	$3,056	$3,865	$46,384	R	FT	12/20/03			12/20/05	1.0		E	D2
904	TC2000	Court Support	202732	203a	3441	Courtroom Clerk III	Smith, J.	$23.38	$3,203	$4,053	$48,630	R	FT	5/5/04			5/5/05	1.0		E	D3
904	TC4000	Court Support	202109	203a	3441	Courtroom Clerk III	Smith, K.	$23.38	$3,203	$4,053	$48,630	R	FT	1/20/00			1/20/06	1.0		E	D3
904	TC2000	Court Support	202110	203c	3144	Court Supervisor	Smith, L.	$25.63	$3,515	$4,443	$53,310	R	FT	10/28/02			10/28/05	1.0		E	D4
904	TC3000	Court Support	202110	205a	3143	Court Reporter	Smith, M.	$32.72	$5,671	$5,671	$68,058	R	FT	6/11/00			6/11/05	1.0		E	C1
904	TC2000	Court Support	202112	205a	3143	Court Reporter	Smith, N.	$32.72	$5,671	$5,671	$68,058	R	FT	11/24/03			11/24/05	1.0		E	C1
904	TC4000	Court Support	202113	205a	3143	Court Reporter	Smith, O.	$32.72	$5,671	$5,671	$68,058	R	FT	8/19/02			8/19/05	1.0		E	C1
904	TC2000	Court Support	202114	205a	3143	Court Reporter	**Vacant**	$32.72	$5,671	$5,671	$68,058	R	FT			12/1/04		1.0		E	C1
904	TC3000	Court Support	202115	205a	3143	Court Reporter	Smith, P.	$32.72	$5,671	$5,671	$68,058	R	FT	6/22/03			6/22/05	1.0		E	C1
904	TC4000	Court Support	202116	205a	3142	Court Reporter/DIF	Smith, Q.	$33.70	$5,671	$5,671	$70,100	R	FT	1/20/99			1/20/06	1.0		E	C1
904	TC2000	Court Support	202713	205c	3145	Supervising Court Reporter	Smith, R.	$36.08	$6,252	$6,252	$75,056	R	FT	11/7/04			11/7/05	1.0		E	C2
904	TC1000	Court Support	202713	210a	3138	Judicial Atty III	Smith, S.	$51.61	$7,070	$8,946	$107,349	R	FT	6/21/04			6/21/05	1.0		E	E1
904	TC1000	Court Support	202713	210a	3138	Judicial Atty III	Smith, T.	$51.61	$7,070	$8,946	$107,349	R	FT	6/34/01			6/34/05	1.0		E	E1
904	TC1000	Court Support	202783	214	3137	Court Commissioner	Smith, U.	$58.78	$9,422	$9,422	$122,262	J	FT	11/1/00			11/1/05	1.0		E	E2
904	TC1000	Court Support	202028	215	3369	Traffic Referee	Smith, V.	$44.95	$7,791	$7,791	$93,496	J	FT	1/20/00			1/20/06	1.0		E	EO1
Total											$1,546,662							24.0			

SAMPLE

Note (a) Tenure: R = Regular: individual authorized position with an unspecified duration

LT = Limited Term: individual authorized position with a specified duration,

T = Temporary: unauthorized position to fill vacant authorized positions involving fluctuating staff or workload.

Temporary do not include Agency temp. help or independent contractors/consultants

J = Judicial; individual authorized position judicial appointments

Note (b) Timebase: FT = Full Time; PT = Part Time; INT = Intermittent (no estab. work sched., works as needed, hours must not exceed 1500 hrs/yr)

Note (c) Leave Status: LOA = Leave of Absence, WC = Workers Comp., SDI = State Disability Insurance

Note (d) FLSA: Fair Labor Standards Act

E = Exempt from earning overtime compensation

N = Nonexempt employees eligible to be paid from overtime work in accordance with applicable wage and hour laws.

SAMPLE CHANGE IN POSITION AUTHORIZATION FORM

ACTION EFFECTIVE DATE: _____ **COURT/ DIVISION:** _____

CONTACT PERSON: _____ **PHONE:** _____ **EMAIL:** _____

A. Action Requested (Check all that apply)

* Requires Written Justification

ESTABLISHMENT OF POSITION

- ☐ Permanent*
- ☐ Limited-Term*
  End Date: _____
- ☐ Extra Help - Temporary*

ABOLISHMENT OF POSITION

CHANGES TO POSITION

- ☐ Time Base Change*
- ☐ Reporting Unit*
- ☐ Reclassification*
- ☐ Location Change
- ☐ Other*
  Explain: _____

B. Enter Requested Information

	Current Position	New Position
POSITION TIME BASE (FTE)		
REPORTING UNIT NUMBER		
POSITION CLASSIFICATION CODE / TITLE		
LOCATION		
OTHER:(explain below)		

Remarks/Comments (Please attach any additional remarks/comments) :

C. Funding for Requested Action

Current Year Fiscal Impact	Ongoing Annual Fiscal Impact

Funding Source : _____

CERTIFICATION OF AVAILABILITY OF FUNDS
BUDGET OFFICER : _____ signature/date

Funding Comments :

For Position Reclassifications or Time Base Changes

** includes Salary and Benefits

Current Position	New Position
Personal Salary Cost** $0	Personal Salary Cost** $0
Per Pay Period Per Month ☐ Per Semi-Monthly ☐ Per Bi-weekly ☐ Per Week ☐ Per Day ☐ Per Hour ☐	**Per Pay Period** Per Month ☐ Per Semi-Monthly ☐ Per Bi-weekly ☐ Per Week ☐ Per Day ☐ Per Hour ☐

UNIT MANAGER : _____ signature/date _____ comments

DIVISION DIRECTOR : _____ signature/date _____ comments

HUMAN RESOURCES DIRECTOR : _____ signature/date _____ comments

PRESIDING JUDGE OR COURT EXECUTIVE OFFICER : _____ signature/date _____ comments

SAMPLE

Judicial Council of California

Trial Court Financial Policies and Procedures

ACCOUNTING PRINCIPLES

POLICY NUMBER: FIN 5.01

Revised June 2020

Back to Main TOC

Accounting Principles

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
- 6.1 General
- 6.2 Application of Generally Accepted Accounting Principles (GAAP)
- 6.3 Financial Resources Recognition
  - 6.3.1 Revenue
  - 6.3.2 Reimbursements
  - 6.3.3 Abatements
- 6.4 Expenditure Recognition
- 6.5 Inter-Fund Transfers
- 6.6 Encumbrances
  - 6.6.1 Encumbrance Guidelines
  - 6.6.2 One-Time Commitments
  - 6.6.3 Blanket Purchase Orders
  - 6.6.4 Change Orders
  - 6.6.5 Canceling of an Encumbrance
- 6.7 Financial Reporting
  - 6.7.1 Interim Financial Statements and Reports
  - 6.7.2 External Financial Reports
- 6.8 Year-End Procedures
  - 6.8.1 Year-End Revenue and Reimbursement Accruals
  - 6.8.2 Year-End Expenditure and Related Liability Accruals
  - 6.8.3 Year-End Encumbrances

7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to establish uniform guidelines and accounting principles for the trial court to follow when gathering, summarizing and reporting accounting information associated with the fiscal operations of the court.

3.0 Policy Statement

It is the policy of the Judicial Council of California that all trial courts shall comply with the basic principles of accounting and reporting that are applicable to government units. The trial courts shall execute and account for financial transactions in conformity with Generally Accepted Accounting Principles (GAAP) and legal requirements.

4.0 Application

This procedure applies to all trial courts of California including trial court judicial officers, employees and agents of the court who are responsible for or participate in the financial operation of the court, the accounting for court revenues and expenditures, and the collection and disbursement of court funds.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Accrual Basis
Encumbrances
Expenditures
Fiscal Year
Generally Accepted Accounting Principles (GAAP)
Governmental Accounting Standards Board (GASB)
Modified Accrual Basis
Nonexchange Transaction
Program, Element, Component, and Task (PECT)
Reimbursable Agreement

6.0 Text

6.1 General

Government entities such as the trial courts operate in a unique environment. They must maintain both fiscal and operational accountability over the funds they are responsible for overseeing. The users of trial court financial information, whether they are internal or external to the court, depend on reliable financial data and reports issued by the court to obtain the information they need to evaluate the court's finances.

6.2 Application of Generally Accepted Accounting Principles (GAAP)

The trial court shall use an accounting system that allows a trial court to conform to GAAP to assure uniformity in financial reporting and to provide a reasonable degree of comparability between trial court and state financial reports.

An accounting system implemented by the trial court must:

1. Present fairly and fully the financial positions and results of operations of the court's funds in conformity with GAAP; and

2. Determine and demonstrate compliance with all accounting and legal requirements and contractual provisions.

Every effort shall be made to comply with GAAP. When legal requirements conflict with GAAP, the basic financial statements shall be prepared in conformity with GAAP.

Additional schedules and explanations shall be also issued to conform to legal requirements, if necessary.[18]

Fund Accounting and which basis of accounting should be used for each fund type is discussed in detail in Policy No. FIN 3.01 Fund Accounting.

6.3 Financial Resources Recognition

Procedures in this section apply to revenue, reimbursements, and abatements of governmental funds unless other accounting treatment is provided by law.

6.3.1 Revenue

1. Since the trial court derives most of its revenues from state funding and local fees and fines, revenues can be accurately measured and expected to be available within a reasonable amount of time to pay for current liabilities. The trial court must use a 60-day period as the criterion to determine revenue availability. Therefore:

    a. The trial court must recognize revenues during the current fiscal year when they become both measurable and available to finance expenditures of the current period;

    b. During the fiscal year, the court must recognize revenue on a cash basis as of the date received or transferred from another fund;

    c. At fiscal year-end (June 30), revenue earned but not yet received must be accrued and recorded in the accounting system (for detailed year-end accrual procedures, see section 6.8, Year-End Procedures); and

    d. Many of the grants provided by the Judicial Council of California qualify as nonexchange transactions. In nonexchange transactions, revenue should be recognized when all applicable eligibility requirements have been met, and the resources (i.e., the funding received) are available for use. When this occurs, courts should record grant receipts as revenue. There are some instances when courts should record grant receipts as deferred revenue (i.e., when eligibility requirements are not yet met, or funds are not yet available due to time restrictions).

[18] National Council on Governmental Accounting (NCGA), *Accounting Standards and Procedures*, Summary Statement of Accounting Principles, Section 1.04.

6.3.2 Reimbursements

1. Trial courts may also receive funding from other state, local, or federal entities through Reimbursable Agreements or as a result of services provided to other trial courts. The reimbursement may be received by two methods:

    a. Advanced; or

    b. Recovered once the service or good has been provided and the expenditure is incurred. Therefore:

        i. The trial court must recognize reimbursements in the fiscal year when earned, not necessarily when received as in the instance of a prepayment. Prepayments must be recorded as reimbursements collected in advance when received and recognized in the fiscal year when the related expenditures are incurred;

        ii. During the fiscal year, the court must recognize reimbursements and establish an accounts receivable when an invoice is issued to a person, grantor, or governmental agency; and

        iii. At fiscal year-end (June 30), reimbursements earned but not yet invoiced must be accrued and recorded in the accounting system (for detailed year-end accrual procedures, see section 6.8, Year-End Procedures).

6.3.3 Abatements

1. All abatements reduce the original expenditure general ledger account and are recorded in the period received. The following must be accounted for as abatements:

    a. Refunds of overpayments of salaries;

    b. Rebates from vendors or from third parties for defective merchandise, return of merchandise, return of empty containers, promotional purposes (e.g., incentives to purchase products or services), or other reasons;

    c. Employee jury duty or witness fees;

    d. Employee payments for private use of state resources such as personal long-distance telephone charges; and

    e. Other abatements approved by the Judicial Council of California for situations not listed above.

6.4 Expenditure Recognition

The trial court must recognize expenditures in the fiscal year during which goods are received or services are rendered. Courts may use the cash basis of recognizing expenditures throughout the year and must accrue appropriate amounts at fiscal year-end as described in section 6.8, Year-End Procedures. If material expenditures are excluded from the financial records, it is preferred that courts recognize expenditure accruals on a quarterly basis. Each fiscal year should bear its fair share of ongoing expenditures. The trial court must encumber monies in accordance with section 6.6, Encumbrances, and subsection 6.8.3.

6.5 Inter-Fund Transfers

Inter-fund transfers are used to record the transfer of monies from one fund to another. An inter-fund transfer must be used to record the flow of assets without equivalent flows of assets in return and without a requirement for repayment. Inter-fund transfers received from other funds are reported as Other Financing Sources and must not be treated as revenues or expenditures by either fund involved in the transaction.

6.6 Encumbrances

Encumbrances are used as a means of ensuring trial court resources are available to pay commitments as they become due. An encumbrance reserves part of a fund until a commitment is paid, canceled, or expires. At the time of payment, the encumbrance is disencumbered (i.e., reduced) and the expenditure is recorded. A purchase order (PO), contract, memorandum of understanding (MOU), or intra-branch agreement (IBA) cannot be encumbered unless there is an unencumbered balance of an appropriate fund.

Any encumbrance amount over $750 must be posted in the accounting system, ensuring adequate amounts are reserved for the expenditures contemplated. Trial courts may make the determination to encumber amounts less than $750 if deemed necessary. As invoices related to encumbrances are paid, encumbrances should be liquidated by an amount equal to the payment. Once the last payment related to the contract, PO, MOU, or IBA is made, the encumbrances associated with the contract, PO, MOU, or IBA must be disencumbered. Similarly, all encumbrances associated with contracts, POs, MOUs, or IBAs that have expired or have been canceled must also be disencumbered.

If a court has financial commitments that are typically not encumbered but that the court considers substantial enough to affect budget projections, the court may encumber the commitments to assist the court in tracking those commitments throughout the fiscal year. Examples include State Bar dues for staff attorneys and food and drink provided at court-sponsored business meals.

6.6.1 Encumbrance Guidelines

1. To encumber current fiscal year money, courts must have a valid contract or agreement by June 30 of the current year. Contracts may be encumbered with current

year funds as of the execution date, if the contract does not state or imply a delay in delivery to the next fiscal year. For multiyear agreements, courts must follow the rules in paragraph 3.

2. Courts have the current fiscal year plus two subsequent fiscal years to liquidate the encumbrance, regardless of the length of the contract. For example, if the court signs a four-year agreement to deploy a case management system in all case types, the funding for the fourth year would have to come from a subsequent budget year.

3. Multi-year agreements, which span more than one fiscal year, may be encumbered (1) totally to the year in which the agreement is executed, or (2) to more than one budget year, depending on the funding authority and the nature of the expense, as described below:

   a. Annual Recurring Operating Costs. The annual state budget includes an appropriation for trial court operations that covers the current fiscal year. This appropriation is generally intended to support a court's operational expenditures for that specific fiscal year. To the extent that annually recurring operating expenses are incurred through a multiyear agreement, each year's expenses must be encumbered against the budget year in which the goods or services are received. Examples of annually recurring expenses include leases, janitorial services, security services, and annual subscriptions.

   b. Nonrecurring Costs. To the extent that certain costs are nonrecurring, where the goods or services are provided through a multiyear agreement, the contract's costs must be encumbered either totally against the budget year in which the agreement is executed or to more than one budget year, depending on the delivery date, per paragraph c. Examples of nonrecurring goods and services include a case management system replacement project and a one-time consultant contract for a specific purpose that might take multiple years or cross fiscal years.

   c. Consideration of Delivery Date for Nonrecurring Costs. The California Code of Regulations, title 2, section 610,[19] states that the date of the agreement determines the fiscal year to which the expenditure (encumbrance) is charged, if the agreement does not state that the services/goods be delayed to a subsequent fiscal year.[20] The absences of a delivery date, specifying of a calendar date without qualifying instructions requesting delay in delivery, or specifying of a delivery date as 10 days, 30 days, or the like shall be construed to read "delivery as soon as possible." Therefore, a multiyear contract for nonrecurring costs in paragraph b,

[19] Even though the current version of the California Code of Regulations refers to the California Victim Compensation Board, title 2, section 610, was added when the agency was known as the California Board of Control, and it guides the uniform accounting system of the state for all agencies.

[20] Additional clarification on California Code of Regulations, title 2, section 610 is available on the Department of Finance website: *www.dof.ca.gov/Accounting*/FSCU/FSCU_FAQs/.

in which the contract does not specify a delivery date or otherwise imply a delay in delivery, may be fully encumbered against the budget year in which the contract was executed.

4. If encumbered funds are not liquidated (i.e., spent) by the end of the third fiscal year (current year plus two subsequent years), then the portion of the unliquidated funds that was above the cap in the year it was encumbered will revert to the originating state fund (i.e., state Trial Court Trust Fund, State Trial Court Improvement and Modernization Fund) through allocation reductions. Any amount of the encumbrance that was not expensed when final liquidation occurs, regardless of when this occurs, will be reverted to the originating fund.

5. If work changes, requiring an amendment in subsequent years of the contract or agreement, any new funding must come from that subsequent budget year and has two years from the end of that budget year to be liquidated.

6.6.2 One-Time Commitments

One-time POs or contracts for delivery of goods or services within the fiscal year must be encumbered for the full amount when issued.

6.6.3 Blanket Purchase Orders

Blanket purchase orders encumber an estimated amount to cover specific goods or services during the term of the blanket purchase order and are set up by fiscal year.

6.6.4 Change Orders

Periodically, changes or amendments to existing POs, contracts, MOUs, or IBAs are processed. Encumbrances must be adjusted accordingly, to reflect the corresponding increases or decreases.

6.6.5 Canceling of an Encumbrance

An encumbrance may be canceled by expiration or by cancellation of the PO, contract, MOU, or IBA within the terms of the agreement.

When this occurs, the unencumbered funds are available (subject to budget cycle availability) for other expenditures or encumbrances of the trial court.

6.7 Financial Reporting

Financial statements and reports are derived from the accounts and related records of the accounting system. Interim financial statements and reports cover periods of less than one fiscal year (monthly, quarterly, etc.) and are primarily for internal use. Annual and periodic financial statements and reports are prepared each fiscal year to serve the needs of both internal and external users.

6.7.1 Interim Financial Statements and Reports

1. Appropriate interim financial statements and reports must be prepared by the trial court to facilitate management control of financial operations. Typically, interim financial statements and reports are designed to accomplish these goals:

    a. Allow management to monitor compliance with legal and contractual provisions; and

    b. Provide management with information on current performance needed to make future financial plans.

2. Trial court managers must review as frequently as necessary the financial statements and reports derived from the accounts and related records of their accounting system. At minimum, trial courts should review the following statements and reports monthly by fund:

    a. Balance Sheet—A report that reflects the trial courts assets, liabilities, and fund balance;

    b. Encumbrance Report—Displays all current open encumbrances;

    c. Revenue and Expenditure Statement—Reflects all revenue, expenditures, and other sources and uses; and

    d. Budget to Actual Report—Reflects budget, actual expenditures, encumbrances and available budget balance.

6.7.2 External Financial Reports

External financial reports are used by both internal and external users. The trial court must prepare and submit to the Judicial Council of California the following external reports:

1. State Comprehensive Annual Financial Report (CAFR) information. The CAFR information is a compilation of worksheets that is annually submitted by the Judicial Council of California to the State Controller's Office (SCO) once the financial statements for each trial court are complete. The State CAFR includes some GAAP adjustments that are not stated in the trial courts financial statements. The State CAFR includes financial statements and supporting schedules, statistics, other financial information, and introductory material to demonstrate conformity to GAAP and compliance with legal requirements, rules, and regulations. Each year the Judicial Council of California must issue detailed instructions to the trial courts for the preparation and submission of State CAFR information.

2. Quarterly Financial Statement (QFS). Quarterly, the trial court is required to certify and submit to the Judicial Council of California a QFS as specified in the instructions

issued annually by the Judicial Council of California Budget Services office. Additional information regarding the QFS is provided in Policy No. FIN 4.02, subsection 6.3.2. The QFS is a document that displays the combined statement of revenues, expenditures, other financial sources and uses, and changes in fund balance for all trial court resources. Expenditures in the QFS are reported by the Program, Element, Component, and Task (PECT) structure. The QFS is used by the Judicial Council of California as a comparative tool in making management decisions and provides other external reviewers with assurance that the court's operations are within appropriate limits.

6.8 Year-End Procedures

Trial courts are required to adjust their financial statements at year-end to account for revenues not yet received or expenditures not yet paid as of the last day of the fiscal year (June 30). Trial courts must follow the procedures outlined in this section and additional year-end instructions that the Judicial Council of California may issue.

6.8.1 Year-End Revenue and Reimbursement Accruals

During year-end closing, the court must:

1. Review all revenue accounts, including entitlements and local revenues, and accrue revenues that may not have been received, but which are both measurable and available;

2. Review all reimbursement accounts including state, local, and federal grants; MOUs with state and local entities; and other reimbursable items and accrue reimbursements for expenditures incurred, but not invoiced as of June 30; and

3. Reverse all revenue and reimbursement accruals in the first month of the new fiscal year.

6.8.2 Year-End Expenditure and Related Liability Accruals

During year-end closing, the court must:

1. Accrue expenditures for all open encumbrances for goods and services that have been delivered or rendered, but not paid as of June 30;

2. Review all contracts, including contracts covering more than one fiscal year. Accrue expenditures for services rendered or goods received in the current fiscal year only;

3. Not accrue expenditures for contracts or POs that have a valid, open balance, and the goods or services have not been received by June 30;

4. Accrue expenditures for all direct invoices, not supported through an encumbrance, for which goods or services have been received or rendered, but not paid as of June 30;

5. Prepare and maintain a detailed listing of accruals with actual invoice numbers and amounts noted; and

6. Reverse all expenditure accruals in the first month of the new fiscal year.

6.8.3 Year-End Encumbrances

1. The trial court must review the ending balances for all open POs, MOUs, IBAs, and contracts and the related encumbrances for validity. Unneeded encumbrance balances, including balances for blanket purchase orders that will not be used by the end of the fiscal year (June 30), must be disencumbered and the disencumbrance must be recorded in that fiscal year.

2. Open encumbrances on June 30 must be handled by the trial court in one of the following ways:

   a. Accrue encumbrances when goods have been received or services have been provided in the current fiscal year and the invoice will not be paid until the next fiscal year. The accrual must be reversed, and the payment must be made against the encumbered amount in the next fiscal year, offsetting the reversed entry.

   b. Encumbrances budgeted for commitments in the current fiscal year, but goods and services were not received should be reflected on the QFS and the State CAFR information as Reserve for Encumbrances Within Fund Balance.

3. The court must retain a complete listing of the current year's year-end encumbrances plus four additional years. See Policy No. FIN 12.01, section 6.1, paragraph 5.

7.0 Associated Documents

None

Judicial Council of California

Trial Court Financial Policies and Procedures

GENERAL LEDGER

POLICY NUMBER: FIN 5.02

Revised June 2020

Back to Main TOC

General Ledger

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 General Ledger
6.2 Capital Asset Account Group
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to establish uniform guidelines by which the trial court organizes its chart of accounts and general ledger to document financial transactions ensuring that financial reports clearly and accurately reflect the court's financial position.

3.0 Policy Statement

It is the policy of the trial court to establish an accounting system with a chart of accounts and general ledger that enables the court to record financial transactions with accuracy and consistency. All the trial courts use a single chart of accounts. This single set of accounts ensures that the financial position of all courts is reported consistently and clearly. The actual accounts each court utilizes may vary depending on the complexity of operations.

4.0 Application

This procedure applies to all trial court employees and officials who are responsible for or participate in the financial operations of the court, and the accounting for court revenues and expenses.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Account
Accounting System
Asset
Chart of Accounts
Credit
Debit
Equity
Fiscal Year-End GAAP Reports
Fixed Assets
General Ledger
Intangible Assets

Journal
Journal Entry
Liability
Subledger or Subsidiary Ledger

6.0 Text

6.1 General Ledger

1. The trial court shall maintain separate and identifiable trial court general ledgers for the purpose of recording and reporting its financial activities.

2. The general ledgers are the hubs of the trial court accounting and financial system, and may contain the main ledger, subledgers, and other transaction documentation. All financial transactions shall be summarized and recorded in the trial court general ledgers.

3. Separate general ledgers shall be maintained for each type of fund used by the court. For example, separate general ledgers will be maintained for each of the following:

    a. Trial Court Operations Fund (General Fund type) to record all general trial court operations not associated with other trial court fund types.

    b. Trial Court Special Revenue Fund to record all federal, state, local government, or private grants provided to the trial court.

    c. Trial Court Agency Fund to record all financial activities performed by the court on behalf of other government entities such as the collection of fees, assessments, fines, penalties, etc. for the county.

4. The general ledgers shall be supported by appropriate subledgers that provide adequate and sufficient details of all summary entries.

5. Entries into the general ledgers flow from the subledgers (such as accounts payable) or other journals.

6. The trial court general ledgers shall consist of general ledger accounts designed to identify and segregate different types of transactions in logical groups such as assets, liabilities, equity or fund balances, revenues and expenditures. The current chart of accounts can be accessed at the SAP Shared Workplace.

7. The level of detail provided by the accounting system is dependent on the number of accounts established in the chart of accounts. The trial court should establish an appropriate number of accounts to allow the court to make sound financial decisions. Too few accounts will not provide sufficient detail. Too many will render the accounting system difficult to manage and hinder the extraction of relevant information.

8. For budgetary purposes, the trial court shall further categorize and summarize various general ledger accounts by program, component, element, and task.

9. The general ledgers should be balanced on a regular basis and not less than once a month. Trial balances shall be generated as part of this effort to verify that the sum of debit and credit entries during the period is equal.

6.2 Capital Asset Account Group

1. The trial court shall account for capital assets that are not otherwise accounted for in the general ledgers of the Trial Court Operations Fund, Trial Court Special Revenue Fund, or Trial Court Agency Fund in a "General Fixed Asset Account Group."

2. The Capital Asset Account Group shall be used to track the following categories of assets:

   a. Land.

   b. Structures and improvements.

   c. Equipment.

   d. Construction in progress.

   e. Intangible assets.

3. Trial court equity or ownership of these assets shall be recorded in "Investment in Capital Assets" accounts that are set up according to the source of the fund used to acquire the assets. For example, the general ledger of each of the trial court's three funds (Operations, Special Revenue, and Agency) may include an Investment in Capital Assets account to track ownership of specific assets recorded in the capital asset account group.

7.0 Associated Documents

None

Judicial Council of California

Trial Court Financial Policies and Procedures

GRANT ACCOUNTING AND ADMINISTRATION

POLICY NUMBER: FIN 5.03

Revised June 2020

Back to Main TOC

Grant Accounting and Administration

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
- 6.1 Introduction
- 6.2 Grant Requirements
- 6.3 Grant Budgets
  - 6.3.1 Budget Establishment
  - 6.3.2 Budget Control
  - 6.3.3 Budget and Program Changes
- 6.4 Accounting and Administrative Requirements
  - 6.4.1 Internal Control
  - 6.4.2 Fund Identification
  - 6.4.3 Accounting Records
  - 6.4.4 Allowable Costs
  - 6.4.5 Direct and Indirect Costs
  - 6.4.6 Availability of Funds
  - 6.4.7 Income From Grant-Funded Programs
  - 6.4.8 Supplies and Equipment
  - 6.4.9 Procurement
- 6.5 Reporting Requirements
  - 6.5.1 Performance Reporting
  - 6.5.2 Financial Reporting
  - 6.5.3 Required Forms for Federal Grant Financial Reports
- 6.6 Grant Termination and Enforcement
- 6.7 Grant Closeout

7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to establish the budget, cost allocation, and reporting requirements related to the administration of grants that are used to fund trial court programs, projects, and operations.

3.0 Policy Statement

The trial court shall comply with all federal, state, Judicial Council of California, and grantor regulations, rules, and requirements that apply to the administration of grant funds. The use of grant funds for specific trial court activities does not exempt employees from standard trial court policies and procedures. Requirements that apply to grant administration are in addition to those associated with normal trial court operations.

4.0 Application

This policy applies to all trial court officials and employees who participate in trial court activities that are funded by grants, or who are responsible for the administration of grant funds.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Advance
Block Grant
Grant
Grantee
Grantor
Grant Period, also Funding Period
Indirect Rates
Reimbursement Grant
Subgrantee or Subrecipient
Subrogate
Supplantation
Unobligated Balance

6.0 Text

6.1 Introduction

1. Grant funds awarded by government, nonprofit business, and other organizations may substantially benefit the 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. This is because money received by the court through grants is provided for specific purposes and under conditions that apply to its use.

2. Grants are auditable. Therefore, the court must be able to identify the source and application of all grant funds. It must also prepare and submit periodic performance and financial reports regarding grant-funded programs and projects.

3. Inattention to grant compliance requirements or inadequate controls can lead to problems including:

    a. Incorrect reporting regarding the time, effort and funds spent on grant-funded activities.

    b. Failure to report program income.

    c. The use of grant funds to pay for activities not related to the grant program or project.

    d. Improper accounting for overhead costs.

e. Improper transfers of funds between programs.

4. Common weaknesses associated with grant compliance include:

   a. Lack of management controls due to outdated or nonexistent policies and procedures.

   b. Inadequate staff training and education.

   c. Inadequate systems associated with effort reporting, financial management, program income, etc.

5. Measures that have been shown to improve grant program compliance include:

   a. Establishing compliance as an institutional expectation and individual responsibility.

   b. Establishing an expectation of zero tolerance for noncompliance.

   c. Defining individual roles and responsibilities.

   d. Assigning oversight responsibilities.

   e. Keeping policies and procedures current with respect to changing statutes, regulations, and grant conditions.

6.2 Grant Requirements

1. The uniform administrative rules for federal grants and cooperative agreements and sub-awards to state and local governments are established in 2 Code of Federal Regulations part 200.324.

2. Various grant programs (federal, state, local, private foundation, and corporate) may have other requirements associated with specific legislation or the rules of the grantor. The trial court is responsible for familiarizing itself and complying with the requirements of the grant agreements it enters into.

6.3 Grant Budgets

6.3.1 Budget Establishment

For each grant agreement that the trial court enters into, a distinct budget must be established at the appropriate level of the budget program structure. The trial court financial management system must allow for the tracking of grant revenues and expenditures and facilitate the preparation of required financial and performance reports.

6.3.2 Budget Control

The trial court must be able to compare actual expenditures under each grant with budgeted amounts. Grant funds must be traceable to a level of expenditure that demonstrates the funds have not been used in ways that violate statutes, regulations, or conditions of the grant agreement.

6.3.3 Budget and Program Changes

1. Certain types of post-award changes to budgets and projects supported by grant funds shall require the prior approval of the grantor.

2. Unless otherwise stated in a grant agreement or applicable regulations, the trial court must obtain prior approval whenever any of the following changes is anticipated:[21]

   a. A revision that would result in the need for additional funding.

   b. Cumulative transfers among direct cost categories or among separately budgeted programs, projects, functions or activities that exceed 10 percent of the current total approved grant budget, when the grantor's share is greater than $150,000.

   c. Transfers of funds allotted for training allowances to other expense categories.

3. The trial court must also obtain prior approval from the grantor whenever any of the following program-related changes is contemplated:

   a. Revision of the scope or objective of the project.

   b. Need to extend the grant period to make funds available for a longer time than originally planned.

   c. Changes in key program personnel where the grant agreement specifies such a notification.

   d. Obtaining the services of a third party to perform activities that are central to the purposes of the grant award (subcontracting or subgranting).

4. A request for approval of a change to the grant budget or program should be submitted to the grantor or to the Judicial Council of California in the same format as the original grant application. The request shall include a narrative justification for the proposed change. If a request is approved the program manager will address possible needed grant agreement amendments.

[21] Required for federal grant funds under 2 Code of Federal Regulations part 200.324. For other types of grants, refer to grant agreements for specific requirements.

6.4 Accounting and Administrative Requirements

The trial court must account for grant funds in accordance with applicable laws and the procedures established for expending and accounting for its own funds. Specific aspects (of fiscal control and accounting procedures required by 28 Code of Federal Regulations part 66) are discussed below.

6.4.1 Internal Control

The trial court must effectively control and account for all grant-related cash, real and personal property, and other assets. These assets must be safeguarded, and the trial court must assure that they are used only for authorized purposes.

6.4.2 Fund Identification

As indicated in the table shown in Policy No. FIN 3.01 Fund Accounting, grant funds shall be accounted for in Special Revenue Funds. This will allow grant transactions and resources to be accounted for as a separate entity, and facilitate grant monitoring, reporting, and auditing.

6.4.3 Accounting Records

1. The trial court must maintain records that adequately identify the source and application of grant funds. The records must contain information about grant awards, authorizations, obligations, unobligated balances, assets, liabilities, expenditures, and income.

2. Accounting records must be supported by appropriate documentation that may include receipts, canceled checks, employee time and attendance records, payroll records, etc.

3. Grant records will be retained according to the requirements established in Policy No. FIN 12.01 Record Retention.

4. A reimbursement request must be in accordance with grant agreements and supported by approved grant accounting and reporting forms.

6.4.4 Allowable Costs

Only costs that are determined to be reasonable, allowable, and allocable may be applied to grant programs. In determining whether specific costs may be applied to a grant program, the trial court shall refer to the specific terms of the grant agreement. For federal grants, guidance is provided by the federal Office of Management and Budget in OMB Circular A-87 (2 C.F.R. § 225), *Cost Principles for State, Local, and Indian Tribal Governments*, available at *www.whitehouse.gov/omb/information-for-agencies/circulars/*.

6.4.5 Direct and Indirect Costs

1. Costs that are applied to grant budgets can be classified as either direct costs or indirect costs. There is no universal rule for classifying costs as direct or indirect. However, it is important to treat each cost item consistently as either direct or indirect. Guidelines for determining direct and indirect costs are provided in the following paragraphs.

2. Direct costs are those that are specifically associated with a grant program or are incurred in the performance of grant-related activities. Direct costs that are typically applied to grants include:

    a. Employee compensation for time devoted and identified specifically to the performance of grant awards.

    b. The cost of materials acquired, consumed, or expended specifically for the purpose of grant awards.

    c. Equipment and other capital expenditures.

    d. Travel expenses incurred specifically to carry out grant awards.

3. Time spent on grant-funded activities must be documented on employee timesheets that indicate the employee's name, the specific grant program time is charged to, the dates on which time is charged, and the number of hours charged to the grant program each day.

4. Indirect costs are those that are incurred for a common purpose that benefits more than one trial court function, program, grant, contract, or other activity and are not readily assignable to the activities they benefit. Indirect costs are usually charged to grant programs through the use of an indirect cost rate.

5. The types of costs that may be classified as indirect costs cannot be specified for all situations. However, typical examples include:

    a. Trial court central service costs.

    b. General administrative costs.

    c. Accounting and personnel services performed within the trial court.

    d. Facility operations and maintenance costs.

6. To determine the indirect costs that may be applied to a specific grant, the trial court may be required to submit an indirect cost rate proposal that serves as the basis for negotiation of the indirect cost rates that will be allowed under the grant. In some cases, the trial court may apply predetermined rates that are based on the court's

estimated costs for a specific period, usually the fiscal year. Specific grant agreements will establish requirements for use of an indirect cost rate. Per Policy No. FIN 15.02 Indirect Cost Rate Proposal, courts may establish an indirect cost rate for use with Judicial Council sponsored grant-funded projects. For federally funded grant projects, a court may utilize a federally established indirect cost rate if one exists and in accordance with requirements of the federal grant-making agency.

7. Subgrantees are generally not allowed to charge an indirect cost rate as a participant in a grant-funded project. Indirect costs should be specifically addressed in all partner grant agreements with the courts.

6.4.6 Availability of Funds

1. Most grants specify a specific period of time during which grant funds are to be used. In these situations, the trial court may only apply expenditures to the grant up to the end of the grant period, unless the grant specifically allows the carryover of unobligated balances.

2. The trial court must liquidate all obligations incurred under a grant within 90 days of the end of the grant period, unless otherwise specified in the grant agreement. This deadline may be extended at the grantor's discretion, upon the trial court's request.

6.4.7 Income from Grant-Funded Programs

1. The trial court may sometimes generate income from grant-funded programs or activities. Income may include fees for services performed by the trial court, but it does not include fines, taxes, special assessments, or levies collected by the court.

2. Income generated by grant programs shall be deducted from total program costs.

6.4.8 Supplies and Equipment

1. The trial court shall use, manage, and dispose of equipment acquired under a grant according to the procedures established in Policy No. FIN 9.01 Fixed Asset Management.

2. Equipment acquired using grant funds shall be used for the project or program for which it was acquired as long as needed, whether or not the project continues to be supported by grant funds.

3. Minimum requirements for the management of equipment acquired using grant funds include:

    a. Records must be kept that include a description of the property, serial number or other identification, the source of the property, who holds title, the acquisition date, cost, percentage of grant participation in the cost, the location, use, and

condition of the property. In addition, any information regarding the ultimate disposition of the property and the sale price.

b. A physical inventory of the property must be taken and reconciled with property records at least once every three years.

c. A control system must be in place to safeguard property and prevent loss, damage, or theft.

d. Adequate maintenance procedures must be developed to keep property in good condition.

f. Proper procedures must be followed to ensure the highest possible return when the sale of property is authorized. See Policy No. FIN 9.01 Fixed Asset Management for requirements pertaining to disposal of assets.

4. When equipment is no longer needed for a project or program, disposition will be made as follows:

   a. Equipment with a current value of less than $5,000 may be retained, sold, or otherwise disposed of with no further obligation to the grantor.

   b. Equipment with a current value greater than $5,000 may be retained or sold. The grantor shall have a right (which it may waive) to an amount calculated by multiplying the current market value or proceeds from the sale by the grantor's share of the equipment.

5. If there is a residual inventory of unused supplies that exceeds $5,000 in total fair market value at the end of the grant period, and if the supplies are not needed for any other grant-funded program or project, the trial court shall compensate the grantor for its share of the value of the unused supplies, unless the grantor waives its right to compensation.

6.4.9 Procurement

When procuring goods and services under a grant, the trial court will follow the same policies and procedures it uses for procurements using nongrant funds (see the *Judicial Branch Contracting Manual*). All subgrantees including contractors, county partners, service providers, and community-based organizations must have agreements in place that follow original grant agreements. All such agreements must be sent to Judicial Council of California program managers.

6.5 Reporting Requirements

1. The trial court is responsible for monitoring the day-to-day activities of grant-funded operations to assure compliance with federal, state, Judicial Council of California, and

grantor-specific requirements and performance goals. The trial court must make periodic reports to the grantor regarding grant program performance and financial status.

2. In cases where the trial court is a subrecipient of a grant awarded to the Judicial Council of California, the trial court must submit reports to the Judicial Council of California, which in turn reports to the grantor.

3. Upon written request, the trial court shall provide information regarding any and all grant funds and programs to the Judicial Council of California. The information requested may include, but is not limited to, performance and financial reports prepared for federal, state, local, and private grants.

4. The following sections on performance and financial reporting generally pertain to federal grants. Pass-through grants or reimbursement grants received from the Judicial Council of California, or grants received from other sources may have different reporting requirements. It is the trial court's responsibility to familiarize itself and comply with the reporting requirements of any grant it receives to avoid the discontinuation of funds needed for court programs.

6.5.1 Performance Reporting[22]

1. The trial court may be required to submit performance reports related to grant funds as required by the terms of their grant agreements. For federal grants, the trial court shall submit annual performance reports unless the grantor requires quarterly or semiannual reports. Performance reports shall not be required more frequently than quarterly.

2. Annual reports shall be submitted no later than 90 days after the end of the grant year, or as specified in the grant agreement. Quarterly or semiannual reports shall be submitted no later than 30 days after the reporting period. At its discretion, the grantor may extend the deadline for report submittal upon the trial court's request. The grantor may also waive any performance reports when it is not needed.

3. For each grant, performance reports shall contain brief information regarding the following:

    a. A comparison of actual accomplishments to the objectives established for the reporting period. Results should be quantified wherever possible.

    b. If established objectives were not met, the reasons for underperformance.

[22] Required for federal grant funds under 2 Code of Federal Regulations part 200.301. For other types of grants, refer to grant agreements for specific requirements.

c. Pertinent information including, but not limited to, analysis and explanation of any cost overruns.

4. The trial court shall not be required to submit more than the original and two copies of grant performance reports to the grantor.

5. If significant developments that impact the trial court's grant performance occur between reporting dates, the court must inform the grantor as soon as possible. Significant developments include:

   a. Problems, delays, or adverse conditions that will materially impair the court's ability to meet grant objectives. Disclosure to the grantor must include a statement of the action taken or contemplated, and any assistance needed to resolve the situation.

   b. Favorable developments that will enable the court to meet time schedules and objectives sooner or at a lower cost than anticipated, or that produce more benefits than originally envisioned.

6.5.2 Financial Reporting[23]

1. Accurate, current and complete disclosure of the financial results of grant-related activities must be made according to the reporting requirements of each grant.

2. Financial information shall be reported on a cash or accrual basis, as required by the grantor (the trial courts operate on the modified accrual basis). If the grantor requires financial reporting on an accrual basis, the trial court shall not be required to convert its accounting system. Rather, the financial reporting information shall be developed through an analysis of available information.

3. The trial court shall submit annual financial reports unless the grantor requires quarterly or semiannual reports. Financial reports shall not be required more frequently than quarterly, unless otherwise specified in the grant agreement.

4. Annual reports shall be submitted no later than 90 days after the end of the grant year. Quarterly or semiannual reports shall be submitted no later than 30 days after the reporting period. At its discretion, the grantor may extend the deadline for report submittal upon the trial court's request. The grantor may also waive any financial report when it is not needed.

[23] Required for federal grant funds under 2 Code of Federal Regulations part 200.327. For other types of grants, refer to grant agreements for specific requirements.

5. The trial court shall not be required to submit more than the original and two copies of grant financial reports.

6.5.3 Required Forms for Federal Grant Financial Reports

1. The Federal Funding Accountability and Transparency Act of 2006 requires the submission of financial information by grant recipients. Recipients must file all reports at *www.fsrs.gov/*.

2. Financial Status Report. The court shall report the status of funds for all nonconstruction grants at *www.fsrs.gov/*.

3. Federal Cash Transaction Report. For grants paid by letter of credit, treasury check advances, or electronic transfer of funds, the court will submit their report at *www.fsrs.gov/*. These reports are used by the federal agency making the grant to monitor cash advanced to the court and to obtain disbursement or outlay information for each grant.

   a. Forecasts of federal cash requirements information may be required in the Remarks section of the report.

   b. Submission of this report is required no later than 15 days after the end of the quarter. However, if an advance of funds is authorized at an annualized rate of $1 million, the federal agency making the grant may require the report to be submitted within 15 days of the end of each month.

4. Request for Advance or Reimbursement. Requests for treasury check advance payments or for reimbursement will be submitted on federal Standard Form 270, Request for Advance or Reimbursement. This form will not be used for drawdowns under a letter of credit, electronic funds transfer, or when treasury check advance payments are made automatically on a predetermined basis.

6.6 Grant Termination and Enforcement

1. If the court fails to comply with any term of a grant award, whether the term is stated in a federal regulation, state plan or application, grant agreement, notice of award, or elsewhere, the grantor may take the following actions, as appropriate to the circumstances:

   a. Withhold cash payments pending correction of the issue.

   b. Disallow all or part of the cost of the activity that is not in compliance.

   c. Suspend or terminate the grant award in whole or in part.

   d. Take other remedies that may be legally available.

2. In the event the grantor takes action due to perceived noncompliance with the grant conditions by the court, the court shall have the opportunity to a hearing, appeal, or other administrative process that may be established under applicable statutes, regulations, or grant conditions.

3. Grant awards may be terminated for convenience in whole or in part under the following conditions:

   a. By the grantor with the consent of the court, in which case the parties shall agree to the termination conditions including the effective date and the portion to be terminated, if applicable.

   b. By the court upon written notice to the grantor, setting forth the reasons for the termination, the effective date, and the portion to be terminated, if applicable. However, in the case of a partial termination, if the grantor determines that the remaining portion of the grant will not accomplish the purposes for which the grant was made, the grantor may terminate the grant in its entirety.

6.7 Grant Closeout

1. Within 90 days of the expiration or termination of a grant (or as specified in the grant agreement), the court shall submit all financial, performance and other reports that may be required as conditions of the grant. For federally funded grants these reports may include, but are not limited to:

   a. Final performance or progress report.

   b. Financial status report (federal Standard Form 269).

   c. Final request for payment (federal Standard Form 270).

2. The grantor may make upward or downward adjustments to the allowable costs within 90 days of receipt of the court's final report (or within the period specified in the grant agreement). The grantor will also promptly pay the court for any final allowable costs.

3. Courts shall immediately refund the balance of any unobligated funds. Courts are not authorized to use unobligated funds on other grants. As spelled out in grant agreements, supplantation is strictly forbidden.

   If the court receives payment from the state for reimbursement of goods and services that is later disallowed by the state due to audits, reviews, or corrections to the past claims, the court shall promptly refund the disallowed amount to the state upon the state's request. Or, the state may offset the amount disallowed from any outstanding claim that may become due to the court. The outstanding claims cannot be processed for payments until the court refunds the funds to the state if the disallowed expense cannot be offset

with outstanding claims. The court must refund the disallowed amount if the court has already received the final payment and the contract amount has already been exhausted.

7.0 Associated Documents

None

Judicial Council of California

Trial Court Financial Policies and Procedures

PROCUREMENT
(TRIAL COURT CONSTRUCTION)

POLICY NUMBER: FIN 6.01

Revised June 2020

Back to Main TOC

Procurement (Trial Court Construction)

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 Standard Procurement Process
6.2 Standards of Conduct
6.3 Purchase Requisition Preparation and Approval
6.4 Purchase Orders
6.5 Procurement Methods
6.5.1 Mini Purchases—Suggested Value of Less Than $500
6.5.2 Small Purchases—Suggested Value of $500 to $9,999
6.5.3 Competitive Procurements—Suggested Value Equal to or Greater Than $10,000
6.5.4 Special Considerations for Sealed Bid Procurements
6.6 Protest Procedures
6.6.1 Protest Remedies
6.7 Circumvention of Procurement Requirements
6.8 Receipt of Goods and Services
6.8.1 Receipt of Goods
6.8.2 Receipt of Services
6.9 Payment
6.10 Administration and Documentation
6.11 Sole Source Procurements
6.12 Use of Blanket Purchase Orders
6.13 Use of Master Agreements
6.14 Use of Purchase Cards
6.15 Use of California Department of General Services Charge Card
6.16 Limitation on Contracting With Current and Former Employees
7.0 Associated Documents

2.0 Purpose

Public Contract Code section 19206 of the Judicial Branch Contract Law (Pub. Contract Code, §§ 19201–19210) requires the Judicial Council to adopt and publish a Judicial Branch Contracting Manual incorporating procurement and contracting policies and procedures that judicial branch entities must follow with respect to the procurement of goods and services. On August 26, 2011, the Judicial Council adopted the *Judicial Branch Contracting Manual* (JBCM).

Under Public Contract Code section 19204(c), the Judicial Branch Contract Law (and therefore, the JBCM) does not apply to trial court construction, including, but not limited to, the planning, design, construction, rehabilitation, renovation, replacement, lease, or acquisition of trial court facilities (collectively, "Trial Court Construction"). In most cases the JBCM supersedes this policy; however, California Rules of Court, rule 10.810 authorizes trial courts to engage in certain activities related to trial court construction, including court records storage, interior

painting, and replacement of flooring. To the extent any trial court is engaged in the procurement of these goods and services that relate to Trial Court Construction, this policy is still applicable. Notwithstanding the preceding, this policy is not applicable to maintenance services because the Judicial Branch Contract Law generally applies to court facilities maintenance contracts (Pub. Contract Code, § 19204(c)).

The purpose of this policy is to establish uniform guidelines for the trial court to use in procuring necessary goods and services and to document that court procurement practices are fair and reasonable and provide for economical use of public funds.

3.0 Policy Statement

It is the policy of the trial courts that the procurement of necessary goods and services be conducted economically and expeditiously, under fair and open competition, and in accordance with sound procurement practice. All procurement actions shall be planned, implemented and administered under procurement guidelines that are clear and concise. Employees who are authorized to commit public funds are held to a high level of accountability. At a minimum, they are expected to conduct themselves with integrity, objectivity, and fairness.

4.0 Application

The procurement policies and procedures described in this policy apply to all trial court officers and employees who participate in the specification, requisition, approval, purchase, receipt, or payment for goods and services required by the trial court.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Audit Trail
Bid
Blanket Purchase Order (BPO)
California Multiple Award Schedules (CMAS)
Competitive Procurement
Conflict of Interest
Contract
Contractor
Fiscal Officer
Gratuity
Interagency Agreement (IA)
Invitation for Bid (IFB)
Low-Value Purchase
Memorandum of Understanding (MOU)
Mini Purchase
Procurement
Proposal
Purchase Order (PO)

Quote
Request for Bid (RFB)
Request for Proposal (RFP)
Request for Quote (RFQ)
Requisition
Sealed Bid
Small Purchase
Sole Source
Solicitation Document
Vendor
Warrant (Check)

6.0 Text

6.1 Standard Procurement Process

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

2. Upon approval of the purchase requisition, the trial court employee responsible for the procurement process must follow the appropriate steps—as outlined in sections 6.5, Procurement Methods; 6.6, Protest Procedures; and 6.7, Circumvention of Procurement Requirements—to obtain bids, quotes or proposals (hereafter referred to as offers) from qualified vendors, suppliers, bidders, proposers, or contractors (hereafter referred to as offerors) unless a sole source procurement has been authorized according to section 6.11, Sole Source Procurements. When offers are received and analyzed to select the one that offers the best value to the trial court, a draft purchase order is created or a contract drafted, if an award is to be made.

3. Following negotiations, if any, with the selected offeror and any applicable protest period, the presiding judge or court executive officer (if the presiding judge has delegated this authority)[24] may execute the purchase order or contract.

[24] Cal. Rules of Court, rule 10.603(d).

4. Receipt of the goods or services is documented before partial or final payment. See section 6.8, Receipt of Goods and Services.

6.2 Standards of Conduct

1. Trial court procurement activities shall be conducted in a manner that is impartial, above reproach, and without preferential treatment. Trial court employees shall perform their duties in a manner that avoids even the appearance of a conflict of interest. No trial court employee shall:

    a. Have a financial interest in any procurement to which the trial court is a party.

    b. Solicit or accept money or anything of value in addition to the compensation paid to him or her by the trial court in connection with services performed within the scope of his or her official duties.

    c. Release information regarding any procurement that would give an unfair competitive advantage to any individual or concern.

    d. Make any commitment or promise regarding the selection of a contractor or award of a procurement.

    e. Use his or her position with the trial court to coerce or give the appearance of coercing another person to provide any benefit to persons to whom he or she has family, business, or financial ties.

    f. Accept any gratuity for themselves or others from any source that seeks business or financial ties with the trial court.

    g. Participate in the selection, award, or administration of any procurement if a conflict of interest exists or could be perceived to exist.

    h. Participate in any actions that might result in favored treatment of prospective contractors, vendors, or suppliers.

2. As stated in items b and f above, trial court employees may not accept gifts, meals, or gratuities from parties that have or seek to have business or financial relationships with the court. Any such gift that is offered or received must be returned to the sender with an explanation of the court's policy regarding gifts except as specifically provided for in California Rules of Court, rule 10.102.

6.3 Purchase Requisition Preparation and Approval

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

of the need, verifying that the correct account code is specified, and assuring that funding is available, the requisition is forwarded to the trial court's buyer. The following table provides suggested requisition approval authority levels for trial court staff and management.

Suggested Approval Thresholds for Trial Court Procurements[25]

Position	Suggested Approval Threshold
Presiding Judge or Executive Committee (if applicable)	$25,000 and above
Executive Officer	$10,000 to $24,999
Managers	$2,500 to $9,999
Supervisors	Less than $2,500

2. Alternative thresholds (i.e., approval levels that are different from those suggested above) and Judicial Council of California–approved alternative procedures must be documented, incorporated into the local trial court procurement manual, and distributed to court personnel. Any alternative procedure other than changes in threshold dollar amounts that is different from what is included in this manual is required to be approved by the Judicial Council of California before its implementation. For instructions on submitting alternative procedures, see Policy No. FIN 1.01, section 6.4, paragraph 4. **Use of undocumented policies or those not approved by the Judicial Council of California will not be considered valid for audit purposes.**

6.4 Purchase Orders

1. A purchase order is a document that is issued to authorize an offeror to provide goods. Payment is made according to the terms and conditions printed on the purchase order unless otherwise specified in writing. The terms and conditions printed on a purchase order usually apply to the purchase of goods rather than services. In most cases, a contract is used to procure services.

2. Purchase orders issued by the trial court shall be numbered according to a system that allows them to be verified and prevents unauthorized purchase orders from being issued. The use of either preprinted, prenumbered forms or computer-generated purchase order numbers is permitted.

[25] Threshold values refer to total procurement value, not individual items within a single procurement implementation.

3. Access to purchase order forms or computerized purchasing systems should be limited to a minimum number of authorized trial court employees.

4. A copy of each purchase order issued by the trial court shall be maintained in the trial court's procurement files (refer to section 6.10, Administration and Documentation, and Policy No. FIN 12.01, section 6.3.3).

6.5 Procurement Methods

1. The value of the goods and services to be purchased is an important factor in determining the procurement method that must be employed. The following table lists four suggested purchasing thresholds and identifies the appropriate procurement method for each one.

2. Purchasing thresholds that are different from those suggested below must be documented, incorporated into the local trial court procurement manual, and distributed to trial court personnel. Any alternative procedure other than changes in threshold dollar amounts that is different from what is included in this manual is required to be approved by the Judicial Council of California before its implementation. For instructions on submitting alternative procedures, see Policy No. FIN 1.01, section 6.4, paragraph 4. **Use of undocumented policies or those not approved by the Judicial Council of California will not be considered valid for audit purposes.**

Suggested Purchasing Thresholds and Methods for Trial Court Procurements[26]

Suggested Purchase Value	Procurement Type	Procurement Method
Less than $500	Mini Purchase	Purchases must be made according to good purchasing practice
$500 to $9,999	Small Purchase	Buyer should include documentation on fair and reasonable pricing in the procurement file
$10,000 and greater	Competitive Procurement	Formal written offers must be obtained

6.5.1 Mini Purchases—Suggested Value of Less Than $500

1. Written offers and documentation are not required for purchases totaling less than $500. However, good procurement practices must be followed to determine that a fair and reasonable price will be paid, including:

   a. An approved purchase requisition.

[26] Thresholds refer to total procurement value, not to individual items within a single procurement.

b. Timely and economical provision of goods and services to the trial court.

c. Maximizing the benefit received by the trial court.

d. Completion of purchases using a check or warrant request, or purchase card; a purchase order may also be used but is not required.

6.5.2 Small Purchases—Suggested Value of $500 to $9,999

1. Small purchases are defined as those with a value of $500 to $9,999. The buyer should include documentation on fair and reasonable pricing in the procurement file.

2. The procurement process begins with a written or electronic requisition that clearly describes the goods or services required, the quantity needed, and the schedule for delivery or performance.

3. In some cases, small procurements are best executed with a contract. This is often true when the court needs to obtain services or for procurements that are considered to be complex. Complex procurements are those that require considerable and detailed explanation of the requirements and obligations of the buyer and seller. Complex procurements may also require special contract clauses that are not typically covered by the standard (and somewhat minimal) terms and conditions of a purchase order.

6.5.3 Competitive Procurements—Suggested Value Equal to or Greater Than $10,000

1. For all procurements that equal or exceed a value of $10,000, at least three written offers must be obtained. If three written offers are not obtained, the presiding judge or his or her designee must be consulted as to whether the procurement must proceed. An approval to proceed must be in writing. If the procurement proceeds, the buyer should document in the procurement file the names and addresses of the firms or individuals that were solicited for offers. The steps required for obtaining written offers are listed below:

   a. Depending on the size and nature of the goods and/or services to be procured, the trial court should advertise the procurement before the contracting process begins. Publicizing procurements provides several advantages including:

      i. Increasing competition.

      ii. Broadening industry participation to meet trial court requirements.

      iii. Assisting small and disadvantaged businesses in obtaining contracts and subcontracts.

The trial court can advertise competitive procurements in the California State Contracts Register (CSCR), which is published by the California Department of General Services. More information may be obtained by logging into the CSCR advertisement submittal section of the Department of General Services website at *http://fiscal.ca.gov/*.

Other outlets for advertising competitive procurements include newspapers of general circulation in the county where the trial court is located, trade papers that publish announcements of upcoming government and industry procurements, and the trial court's website.

Advertisements for competitive procurements shall announce the availability of the solicitations, state the time and place for the receipt and opening of bids/proposals, describe the required goods/services in general terms, and provide contact information for vendors interested in responding to the solicitation.

Rule 10.620 of the California Rules of Court requires the trial court to provide notice not later than 15 court days after the solicitation of a proposal or the execution of a contract that exceeds the greater of $400,000 or 10 percent of the total trial court budget.

b. A request for quote (RFQ), request for proposal (RFP), or invitation for bid (IFB) must be written and must include a clear and accurate description of the material, product, or service to be procured. The written specifications may not be written to unduly restrict competition.

c. The solicitation document must state where delivery is to be made and that delivery must be included in the offer price as a separately identified cost.

d. The solicitation document should provide a schedule for delivery of the requested material or product, or completion of the requested work.

e. Criteria to be used in selecting the successful offeror should also be listed (e.g., qualifications, experience, acceptance of trial court terms and conditions, inventory in stock, etc.). The selection criteria should be prioritized or weighted and should also be provided to the prospective offerors.

f. The format and content required for responsive submittals must be clearly stated.

g. The deadline and location for submittal of offers must be clearly stated.

h. The solicitation document must clearly state that the lowest responsible, responsive offeror (or the offeror that provides the best value to the court based on an evaluation of all offers according to the stated selection criteria) will be selected for award, if any award is made. In addition, the trial court should reserve the right to:

i. Reject all bids or proposals, or any parts thereof, if it is in the court's best interests to do so.

ii. Reject any bid or proposal that is nonresponsive to the solicitation requirements

iii. Reject any bid or proposal because the submitting firm or individual does not meet the trial court's stated criteria for contractor responsibility.

i. The solicitation document should be mailed to a list of qualified offerors. If a vendor using CMAS pricing is included in the solicitation process, then a sufficient number of qualified offerors must be included to ensure that proposals from at least three vendors using non-CMAS pricing are received.

j. Any changes to the solicitation made after it is issued must be documented and provided to all the solicitation document holders via an addendum. The addendum must be sent to all persons or entities that received a copy of the solicitation, not only those on the original mailing list. If the solicitation document is posted on a website in lieu of mailing, the addendum must also be posted on the website.

k. All offers received in accordance with the solicitation must be opened and/or evaluated after the submittal deadline at the time and place designated (only sealed bids need to be opened publicly).

l. Document the offers received, the offer prices, and the responses to any other offer criteria specified in the solicitation documents.

m. Evaluate the offers against the stated selection criteria to determine the responsiveness of each offer and the responsibility of each offeror.

n. Select an offeror from among the offers received.

o. For IFBs, if the lowest priced offer is not selected, document in writing why the selected offeror is the most responsible and responsive offeror.

p. Award the procurement, if it is in the trial court's best interest to do so, by issuing a purchase order or executing a contract agreement with the selected offeror.

2. Individuals or businesses that assist in the preparation of solicitation documents may be disqualified from submitting offers if the individual or business has a potential unfair advantage as a result of their involvement in the preparation of the solicitation.

6.5.4 Special Considerations for Sealed Bid Procurements

1. Under certain conditions, a sealed bid process may be used. Conditions that lend themselves to the use of sealed bids include:

a. Two or more qualified bidders who are willing to compete for the business.

b. The procurement lends itself to a firm, fixed-price contract.

c. Selection can be made mainly on the basis of price.

d. No negotiation with the bidders is needed before award.

2. If a sealed bid process is used, the following additional procedures should also be followed:

   a. Instructions for submitting a sealed bid must be provided to all bidders in the IFB (e.g., "Bids are required to be submitted in double envelopes with the outside envelope clearly marked with the bid number and bid name").

   b. Employees who receive and open mail should be instructed not to open sealed bids.

   c. Stamp the unopened bid envelopes with the date and time received and deliver them to the person designated to receive the bids.

   d. Keep a log of the bids received.

   e. Publicly open the bids at the place and time specified in the IFB. Announce the bidder's name and the bid amount as each bid is opened. Document the bidders responding and their bid amounts in writing.

3. Reasonable efforts shall be made to obtain at least three bids. If fewer than three bids are received, the court is required to justify the appropriateness or reasonableness of the cost. The names and addresses of firms or individuals solicited for bids must be documented in the procurement file.

6.5.5 Fair and Reasonable Pricing

1. The following guidelines are provided to assist courts in determining if pricing is fair and reasonable.

   a. *Price comparison.* Obtain and document quotes, proposals, bids or offers for same or similar acquisitions from other responsible suppliers (e.g., within the prior 18-month period), which provides evidence that a price obtained is deemed fair and reasonable.

   b. *Comparison to competitive published price lists, market prices, indexes or catalogs.* Market research demonstrates the price offered is supported by an established and verifiable published price catalogs or lists, issued by responsible suppliers and/or through established reputable forums. In addition, the pricing

structure provided is one that a prudent buyer would accept as a reasonable representation of existing market value and comparison is valid.

c. *Use of cost-estimating or parametric application for detailed basis of estimate.* Estimates generated by appropriately calibrated and validated parametric models or cost estimating relationships demonstrate reasonableness of cost. Include documentation of the premise or basis from which critical aspects of a project estimate were developed including cost and labor estimates, material availability, any assumptions or deviations, any studies or analysis used as a reference and any other details which impacted the estimate.

d. *Controlled pricing.* The price offered is set by law, regulation, competitively bid master agreement or leveraged procurement agreement, etc.

e. *Comparison to historical pricing.* Demonstrate that other transactions occurring within a prior 18-month period shows historical prices for same or similar acquisitions have yielded no material change in cost. A "material change" for this technique, for example, would show a 10 percent increased difference between current and historical pricing.

6.6 Protest Procedures

1. The trial court must process bid protests in a timely and consistent manner to assure that all prospective contractors are accorded fair and equal consideration for the award of contracts or purchase orders. Trial courts are required to establish protest guidelines by January 1, 2005, that will be followed for all procurements. RFPs should include a protest procedure section that outlines the protest guidelines.

2. The trial court protest procedures must outline the process for two types of protest actions that the court will accept:

   a. Protests based on defective specifications or improprieties.

   b. Protests based on award.

3. A sample Trial Court Protest Procedure is included in 7.0, Associated Documents. The trial court may develop its own protest procedure as long as it is substantially in the form of the sample.

6.6.1 Protest Remedies

1. Each court should designate a protest hearing officer to evaluate and issue written determinations regarding protests. To ensure proper segregation of duties, the protest hearing officer should be someone other than the buyer. Each court should also designate a protest appeals officer to evaluate and issue written determinations

regarding appeals of the protest hearing officer's written determinations. These designations should be documented in the court's local contracting manual.

If a court does not designate a protest hearing officer, the buyer's manager will act as the protest hearing officer. If a court does not designate a protest appeals officer, the protest hearing officer's manager will act as the protest appeals officer.

2. For protests based on restrictive specifications or improprieties, the written determination must be provided to the protestor before the courts' evaluation of the proposals. If required, the proposal closing date may be extended to allow for a reasonable time to review the protest. The court fiscal officer or designee's decision must be final.

3. For protests based on award, the written determination should be provided within 10 business days of the trial court's receipt of a timely protest. If the trial court is unable to provide a written determination within 10 business days, the protestor must be notified. If the protest is denied, the protestor may appeal the determination.

4. In determining the appropriate remedy for an appeal, the designated protest appeals officer shall consider all circumstance surrounding the procurement or proposed procurement, including the seriousness of the procurement deficiency, the degree of prejudice to other parties or to the integrity of the competitive procurement system, the good faith of the parties, the extent of performance, the cost to the trial court, the urgency of the procurement, and the impact on the trial court. Protest remedies may include, but are not limited to, a refrain from exercising options under the awarded procurement; termination of the awarded procurement; a re-compete of the awarded procurement; issuing a new solicitation; or an award of the procurement that is consistent with statute or regulation.

6.7 Circumvention of Procurement Requirements

No procurement shall be divided in order to circumvent requirements based on purchase value thresholds. All procurements shall be made in a manner that will afford the trial court the maximum value or benefit through competitive procedures and consolidation of purchases.

6.8 Receipt of Goods and Services

To assure the implementation of strong internal controls, the receipt of goods and performance of services must be acknowledged and documented.

6.8.1 Receipt of Goods

The person receiving the procured goods indicates his or her receipt and acceptance by signing and dating the accompanying packing slip or other similar documentation. The

proof of receipt and acceptance is then sent to accounts payable for processing or other persons as designated by the court.

6.8.2 Receipt of Services

The individual responsible for monitoring the procured services, such as the project manager named in the contract, must provide written acknowledgment that the work associated with the invoiced amount has been completed and accepted. The written acknowledgment should be on an internal acceptance form or it should be noted on the contractor's invoice that the work has been accepted. The individual processing the invoice and authorizing payment must sign and date the invoice, indicating acceptance of service and payment authorization, before sending it to accounts payable for processing.

The accounts payable section must verify that the invoiced amounts are in accordance with those listed in the court's contract.

6.9 Payment

1. Invoices can be paid only if they are supported by appropriate documentation and approved by authorized trial court employees. A three-point match of the purchase order or contract, documentation of receipt and acceptance (e.g., packing slip signed by the requestor or acceptance form signed by the project manager), and the invoice constitutes appropriate documentation. The employee who requests the procurement of a good or service and initiates the purchase requisition is responsible for acknowledging and documenting the receipt of goods or completion of invoiced services, as described above. Accounts payable matches the purchase order or contract quantity and price or rate to the receipt and acceptance documentation and the invoice quantity and price or rate. The entire package, containing the purchase order or contract, documentation of receipt and acceptance, and invoice is presented to the employee who is authorized to approve payment for signature. The signed package is then returned to accounts payable for payment and filing.

2. Any discrepancies between requisitions, purchase orders or contracts, invoices, documentation of receipt and acceptance, and the actual goods or services received should be corrected before processing for payment. In addition, there must be segregation of duties among the employees involved in the procurement process. The same employee may initiate the requisition and receive the goods or services, although receipt by a second person strengthens internal controls. Unless the Judicial Council of California has previously approved other procedures for the trial court, different employees must be responsible for procurement activities and payment approval. For instructions on submitting alternative procedures, see Policy No. FIN 1.01, section 6.4, paragraph 4. **Use of undocumented policies or those not approved by the Judicial Council of California will not be considered valid for audit purposes.**

6.10 Administration and Documentation

1. The expenditure of public funds is subject to review or audit during and after performance to ensure that the trial court gets what it pays for. The procurement file should stand alone to demonstrate that the procurement official and the vendor or contractor has complied with the terms of the purchase order or contract. The file must also show that any disputes have been resolved according to good administrative practice and sound business judgment.[27]

2. A properly documented procurement file for purchase orders and/or contracts provides an audit trail from the initiation of the requirement to the delivery of goods. The file provides a complete basis for informed decisions at each step of the acquisition process. A well-documented file also supports the actions taken, provides information for later review and facts in the event of litigation or an investigation (refer to Policy No. FIN 12.01, section 6.3.3).

   Depending on the nature and value of the procurement, procurement files must contain:

   a. Approved purchase requisition.

   b. Rationale for method of procurement (quotes, sealed bid, proposal, etc.).

   c. List of sources solicited.

   d. Specifications, scope of work, or scope of services.

   e. Copy of the solicitation and any amendments or addenda.

   f. List of each offer received.

   g. Copy of the winning offer and the offers rated second and third best, provided second and third offers were submitted.

   h. Source selection documentation.

   i. Internal approvals for award.

   j. Notice of award, if applicable (may not apply to bids or quotes).

   k. Notices to unsuccessful offerors, if applicable (may not apply to bids or quotes).

[27] Rule 10.202(c) of the California Rules of Court requires courts to refer to the Judicial Council of California's Legal Services office any dispute that is likely to result in a claim or lawsuit, and to consult with Legal Services regarding strategic and settlement decisions.

l. Records of protest, if any.

m. Required insurance documents, if applicable.

n. Notice to proceed (purchase order, check or warrant request).

3. In addition, contract files must contain specific information as outlined in Policy No. FIN 7.03 Contract Administration.

6.11 Noncompetitively Bid (NCB) Procurements

1. Under certain circumstances trial courts may procure goods and/or services without using a competitive process. Under these circumstances, a single entity provides the requested goods and/or services.

   a. NCB procurements include:

      i. Purchases under certain dollar amounts;

      ii. Emergency purchases;

      iii. Purchases from governmental entities;

      iv. Legal services;

      v. Certain leveraged procurement agreements (LPAs); and

      vi. Sole source.

6.11.1 Purchases Under $9,999

1. Trial courts are permitted to execute small purchases up to $9,999 utilizing the NCB process since the cost of conducting a competitive procurement often exceeds the savings gained from a competitive process. Trial courts must:

   a. Ensure pricing is fair and reasonable; and

   b. Refrain from splitting single purchasing transactions to evade competitive purchasing requirements.

   Trial courts should include documentation of fair and reasonable pricing in the procurement file.

6.11.2 Purchases From Governmental Entities

1. Trial courts may purchase goods and/or services from other governmental entities without utilizing a competitive process. Applicable procurements under this section

pertain to goods and/or services that the governmental entity directly sells to the trial court. Trial courts shall not contract with governmental entities in order to circumvent competitive bidding requirements under Public Contract Code section 10340(b)(3).

a. For purposes of this section governmental entities include:

i. A governmental agency from California or any state;

ii. A state college or state university from California or any state;

iii. A local governmental entity or agency including those created as a joint powers authority, and other governmental entities from other states;

iv. An auxiliary organization of the California State University, or a California community college;

v. The federal government;

vi. A foundation organized to support the Board of Governors of the California Community Colleges;

vii. An auxiliary organization of the Student Aid Commission established under Education Code section 69522.

6.11.3 Legal Services

1. Under Public Contract Code section 10335.5(c)(3) and (4), trial courts may purchase legal services including services performed by an attorney or an attorney's staff, and services performed by consultants and expert witnesses in connection with pending or anticipated legal proceedings.

6.11.4 Certain Leveraged Procurement Agreements

1. Trial courts may procure goods and/or services in accordance with section 6.13, Use of Master Agreements, without having to conduct their own competitive bidding.

6.11.5 Sole Source Procurements

1. Full and open competition is a primary goal of public procurement. Sole source procurement is a noncompetitive exception to the norm. It is accomplished by soliciting an offer from only one source under conditions that normally require the use of competitive procurement methods (see section 6.5, Procurement Methods, and section 6.7, Circumvention of Procurement Requirements). Sole source procurement may only be used when competitive procurement procedures are deemed infeasible due to at least one of the following reasons:

a. The required product or service is only available from one source.

b. A Judicial Council of California grant application submittal deadline does not permit the time needed for a competitive procurement of services.

c. After solicitation of a number of sources, competition is determined to be inadequate.

2. Justification of the rationale for sole source procurements should predate the actual procurement and must be documented thoroughly and carefully in the event an audit or investigation is performed during or after the procurement. Documentation justifying a sole source procurement should include:

   a. The effort made to solicit competitive bids or proposals, if any;

   b. A summary outlining the reason for the sole source, based on the allowable exceptions set forth in paragraph 1 above;

   c. Cost information in sufficient detail to support and justify the cost of the contract as reasonable and fair;

   d. Cost information for similar services and differences that should be noted and explained;

   e. Special factors affecting the cost under the contract; and

   f. An explanation of why the trial court believes the cost is appropriate.

3. Rule 10.620(e) of the California Rules of Court requires that the trial court seek input from the public at least 15 court days before the execution of a contract awarded without competitive bidding in an amount greater than $400,000 or that is 10 percent of the total trial court budget, whichever is greater. This subdivision does not apply to a contract entered into between a trial court and a county that is provided for by statute.

6.12 Use of Blanket Purchase Orders

1. Blanket purchase orders (BPOs) may be used to streamline the process of filling repetitive needs for goods and services. A BPO may be established if there is a broad class of goods that is purchased (e.g., office supplies) but the exact items, quantities, and delivery requirements are not known, and/or the administrative cost of issuing numerous purchase orders can be avoided through the use of this one-time procedure.

2. To the extent practicable, BPOs for the same types of items should be placed with more than one vendor to promote competition, assure a steady supply, and deliver the best value to the trial court.

3. The existence of a BPO or a California Multiple Award Schedules (CMAS) contract is not justification for procurement on a sole source basis in and of itself. Depending on the

size and complexity of the procurement, appropriate procedures should be followed including obtaining offers by telephone or in writing before placing an order under a BPO or CMAS contract.

4. BPOs are issued on the trial court's standard purchase order form with the following additional terms and conditions:

    a. A statement that the supplier will provide the items described in general terms, if and when requested, for a specified time period up to a specified maximum dollar amount, whichever occurs first.

    b. A statement that the trial court is obligated only to the extent that purchases are made under the BPO. There is no guarantee that a BPO is exclusive, that a minimum number of orders will be placed or that a minimum dollar value of goods or services will be purchased under the BPO.

    c. Any restrictions on items that may be purchased.

    d. A statement that sets a maximum dollar amount per order under the BPO, if desired.

5. Vendors with BPOs shall be provided with a list of the individuals authorized to make purchases under the BPO. All deliveries made under the BPO shall be accompanied by detailed packing slips or similar documentation that contains at least the following:

    a. Name of the vendor.

    b. BPO number and release number.

    c. Purchase date.

    d. Itemized list of supplies or services furnished.

    e. Quantities, unit prices, item extensions.

    f. Delivery or shipment date.

6. Receipt and acceptance documentation (e.g., packing slips or similar documents) should be signed by the receiving employee indicating receipt and acceptance of the goods, and coded to distribute the charges to the appropriate department, program, account, etc. Packing slips or similar documentation should then be sent to accounts payable for later matching against monthly invoices.

7. On a monthly basis, vendors with BPOs shall submit a summary invoice for all deliveries or shipments made during the preceding month, identifying the packing slips or other documentation of receipt and acceptance.

8. A BPO is considered to be complete and closed out when purchases placed against it equal the BPO maximum amount or when the term of the BPO expires, whichever occurs first.

6.13 Use of Master Agreements

A leveraged purchase agreement, often informally called a "master agreement," allows the trial court to obtain needed services quickly and easily, avoiding the delay and uncertainty of the competitive procurement process (master agreements themselves must be awarded using competitive procedures). Master agreements generally define the types of goods and services to be provided and establish the rates that the provider will charge the trial court for those goods and services.

1. Master agreements are most appropriate when the trial court has identified a recurring need for a specific type of good or service, but the level of effort and timing of the court's need fluctuates or is uncertain. For example, master agreements may be useful to obtain the services of temporary agency employees, translators, court reporters, court-appointed counsel, etc. To promote competition, assure availability, and deliver the best value to the trial court, master agreements for the same types of services should be placed with more than one provider.

2. The existence of a master agreement is not justification for procurement on a noncompetitive basis in and of itself. Depending on the size and complexity of the procurement, appropriate procedures should be followed including obtaining offers from more than one service provider before authorizing work under a master agreement.

3. Master agreements can be issued using the trial court's standard terms and conditions for professional services with the addition of specific language required for a master agreement. (See Policy No. FIN 7.01 Contracts.)

4. Service providers with master agreements shall submit invoices for all work performed no less frequently than monthly identifying the applicable work authorization, the work performed, the dates and number of hours worked, the appropriate unit prices, and the total amount due.

5. A master agreement is considered to be complete and closed out when authorizations placed against it equal the maximum agreement amount or when the term of the agreement expires, whichever occurs first.

6.14 Use of Purchase Cards

1. Purchase cards are a method of payment that work like personal credit cards and offer a number of streamlining advantages over traditional procurement methods. The court must establish internal controls to monitor the use of purchase cards. The state-administered procurement card program, CAL-Card, is available to the trial courts. Contact Judicial Council of California Branch Accounting and Procurement, Procurement

Supervisor at 415-865-7988 or the California Department of General Services CAL-Card administrator at CALCardProgram@dgs.ca.gov or 916-376-2939 for details.

2. Purchase cards are to be used for official court business only; personal use is prohibited. Purchase cards may be used only for the procurement of goods. Examples of items that may be purchased using purchase cards include library purchases, subscriptions, seminar registrations, office supplies and minor equipment. If the court uses a purchase card to pay for services (e.g., emergency repairs, association or membership dues, etc.) the court must comply with Internal Revenue Service regulations and maintain a Vendor Data Record or W-9 on file for each service supplier. The court is required to track credit card expenditures for services, unless the court's credit card provider accepts the 1099 processing responsibilities, the court may be required to report such expenditures per IRS reporting requirements (Form 1099-MISC). The trial court may be responsible for IRS penalties if the expenditures are not properly reported. Note that as credit card expenditures are bundled on a monthly statement, tracking of services may be extremely labor intensive.

3. Purchase cards may not be used to circumvent established procurement procedures. All procurements executed using a purchase card must be initiated by an approved purchase requisition.

4. Purchase cards may only be used for purchases with a maximum of $1,500 per transaction. A suggested daily limit of $5,000 should also be set for purchase card use. Alternative procedures are required to be documented, incorporated into the local trial court manual, and distributed to court personnel. However, any alternative procedure that is different from what is included in the *Trial Court Financial Policies and Procedures Manual* is required to be approved by the Judicial Council of California before its implementation. For instructions on submitting alternative procedures, see Policy No. FIN 1.01, section 6.4, paragraph 4. **Use of undocumented policies or those not approved by the Judicial Council of California will not be considered valid for audit purposes.**

5. If purchase cardholders receive a monthly statement of activity, they are responsible for providing documentation in the form of requisitions and receipts for purchases made using the purchasing card. The receipts and the statement shall be forwarded to accounts payable for verification and payment.

6. If the trial court receives a monthly master statement of purchase card activity, either accounts payable or the cardholder must be responsible for assembling the documentation (requisitions, receipts) necessary to verify purchases before issuing payment to the purchase card company.

7. If there is no receipt issued for a purchase card charge, the employee making the purchase must provide some other form of documentation for the charge. At a minimum, a written explanation for what the purchase card was used to purchase must be provided.

8. Individual court employee travel expenses may be reimbursed, or purchased with a court credit card that is used only for travel expenses, or centrally purchased using a court travel account.

6.15 Use of California Department of General Services Charge Card

1. The California Department of General Services (DGS) charge card, also known as the blue card, may be used for official court business to obtain the following services:

    a. To rent a vehicle from one of the garages operated by the Office Fleet Administration (OFA). Vehicles may be rented on a daily basis or monthly basis. OFA rates include insurance, fuel, oil, maintenance, vehicle repair costs, and roadside assistance. A fuel card is also provided for each vehicle at no additional cost.

    b. To pay for Yellow Cab taxi fares in Sacramento and Fresno only, in lieu of cash.

    c. To pay for preventative maintenance services for court-owned vehicles at one of the OFA garages.

    d. To purchase fuel at one of the OFA garages, refer to *www.ofa.dgs.ca.gov/services/garage* for current lists of:

        i. The garages operated by OFA;

        ii. OFA vehicle rental rates; and

        iii. State commercial vehicle rental contractors.

2. Each court executive officer designates the court employees who will be assigned a DGS charge card. Cards may be issued on either a permanent or temporary basis. Proper record keeping is required to reduce the possibility of card misuse or loss:

    a. The court executive officer or his or her designee must record the employee's name, the number of each card, and the date that it is distributed.

    b. Temporary cards must be returned to the court executive officer or their designee as soon as practicable and the return date must also be documented.

    c. Unassigned cards should be safeguarded at all times.

    d. A lost or stolen DGS charge card must be reported immediately to the Procurement Supervisor, Judicial Council of California Branch Accounting and Procurement, by telephone at (415) 865-7988 so it can be canceled and a replacement issued. It is imperative that a lost or stolen card be canceled as soon as possible. Unlike a regular credit card, the DGS charge card does not provide for a signature; so technically, anyone can use the card.

3. In February 2001, each trial court received a DGS charge card for each judicial position in the court. Based on its size, each court also received additional cards for use by court employees on official court business. The trial court may obtain additional DGS charge cards by contacting the Judicial Council of California Branch Accounting and Procurement, Procurement Supervisor at (415) 865-7988.

6.16 Limitation on Contracting with Current and Former Employees

1. As required by rule 10.103 of the California Rules of Court, current employees of the judicial branch are prohibited from:

   a. Engaging in any employment, enterprise, or other activity from which the employee receives compensation or in which the employee has a financial interest; and

   b. Engaging in any employment enterprise or other activity that is sponsored or funded by any judicial branch entity through or by a contract for goods or services for which compensation is paid, unless the activity is required as a condition of the employee's regular judicial branch employment.

2. As required by rule 10.104 of the California Rules of Court, a trial court may not enter into a contract for goods or services for which compensation is paid with a person previously employed by that court or by the Judicial Council of California for a period of 12 months following the date of the former employee's retirement, dismissal, or separation from service, if he or she was employed in a policymaking position in the same general subject area as the proposed contract within the 12-month period before his or her retirement, dismissal, or separation; or for a period of 24 months following the date of the former employee's retirement, dismissal, or separation from service, if he or she engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to the contract while employed in any capacity by the court or the Judicial Council of California.

7.0 Associated Documents

Sample Trial Court Protest Procedure

DRAFT SAMPLE TRIAL COURT PROTEST PROCEDURE

1. The trial court intends to be completely open and fair to all vendors in selecting the best possible service providers within budgetary and other constraints described in the solicitation document. In applying evaluation criteria and making the selection, members of the evaluation team will exercise their best judgment.

2. **Before Submission of Bid or Proposal.** An interested party that is an actual or prospective bidder with a direct economic interest in the procurement may file a protest based on allegedly restrictive or defective specifications or other improprieties in the solicitation process that are apparent, or should have been reasonably discovered before the submission of a bid or proposal. Such protest must be received before the date and time that proposals are due.

3. **After Award.** A vendor submitting a proposal may protest the award based on allegations of improprieties occurring during the proposal evaluation or award period if it meets all of the following conditions:

   a. The vendor has submitted a proposal that it believes to be responsive to the solicitation document.

   b. The vendor believes that its proposal meets the trial court's administrative requirements and technical requirements, proposes items and/or service of proven quality and performance, and offers a competitive cost to the trial court; and

   c. The vendor believes that the trial court has incorrectly selected another vendor submitting a proposal for an award.

   Such protest must be received no later than five (5) business days after the protesting party knows or should have known of the facts and circumstances on which the protest is based.

4. In no event shall a protest be considered if all submittals are rejected or after a contract has been executed.

5. **Form of Protest.** A vendor who is qualified to protest should contact the [insert the title of the person accepting protests] at the address provided below:

   [Title]
   [Name]
   [Street Address and Room #]
   [City, State, Zip Code]

   a. The protest must be in writing and sent by certified or registered mail or delivered personally to the address listed above. If the protest is hand-delivered, a receipt must be requested.

b. The protest shall include the name, address, telephone and facsimile numbers of the party protesting or their representative.

c. The title of the solicitation document under which the protest is submitted shall be included.

d. A detailed description of the specific legal and factual grounds of protest and any supporting documentation shall be included.

e. The specific ruling or relief requested must be stated.

6. The trial court, at its discretion, may make a decision regarding the protest without requesting further documents from the protestor. Therefore, the initial protest submittal must include all grounds for the protest and all evidence available at the time the protest is submitted. If the protestor later raises new grounds or evidence that was not included in the initial protest but which could have been raised at that time, the trial court will not consider such new grounds or new evidence.

7. **Determination of Protest Submitted Before Submission of Bid or Proposal.** Upon receipt of a timely and proper protest based on allegedly restrictive or defective specifications or other improprieties in the solicitation process that are apparent or should have been reasonably discovered before the submission of a bid or proposal, the trial court will provide a written determination to the protestor before the proposal closing date. If required, the proposal closing date may be extended to allow for a reasonable time to review the protest. If the protesting party elects to appeal the decision, the protesting party will follow the appeals process outlined below and the court, at its sole discretion, may elect to withhold the contract award until the protest is resolved or denied or proceed with the award and implementation of the contract.

8. **Determination of Protest Submitted After Submission of Bid or Proposal.** Upon receipt of a timely and proper protest, the trial court will investigate the protest and will provide a written response to the vendor within a reasonable time. If the trial court requires additional time to review the protest and is not able to provide a response within ten (10) business days, the trial court will notify the vendor. If the protesting party elects to appeal the decision, the protesting party will follow the appeals process outlined below and the court, at its sole discretion, may elect to withhold the contract award until the protest is resolved or denied or proceed with the award and implementation of the contract.

9. **Appeals Process.** The [*insert the title of the person listed above*]'s decision shall be considered the final action by the trial court unless the protesting firm thereafter seeks an appeal of the [*insert the title of the person listed above*]'s decision by filing a request for appeal with the [*insert the title of the person who is the second tier for protests*] within five (5) calendar days of the issuance of the [*insert the title of the person listed above*]'s decision. The justification for appeal is limited to: facts and/or information related to the protest, as previously submitted, that was not available at the time the protest was originally submitted; or (2) the decision of *[insert the title of the person listed in 5 above*] was in error of law or

regulation. The request for appeal shall include: (1) the name, address, telephone and facsimile numbers of the vendor filing the appeal or their representative; (2) a copy of the trial court's decision; and (3) the legal and factual basis for the appeal and the ruling or relief requested. Issues that could have been raised earlier will not be considered on appeal. Upon receipt of a request for appeal, the [*insert the title of the person who is the second tier for protests*] or his or her designee will review the request and the decision of the [*insert the title of the person listed in 5 above*] and shall issue a final determination. The decision of the [insert the title of the person that is the second tier for protests] shall constitute the final action of the trial court.

10. **Protest Remedies**: If the protest is upheld, the court will consider all circumstances surrounding the procurement in its decision for a fair and reasonable remedy, including the seriousness of the procurement deficiency, the degree of prejudice to the protesting party or to the integrity of the competitive procurement system, the good faith of the parties, the extent of performance, the cost to the court, the urgency of the procurement, and the impact of the recommendation(s) on the court. The court may recommend any combination of the following remedies:

    (a) Terminate the contract for convenience;

    (b) Re-compete the contract;

    (c) Issue a new solicitation;

    (d) Refrain from exercising options to extend the term under the contract;

    (e) Award a contract consistent with statute or regulation; or

    (f) Other such remedies as may be required to promote compliance.

11. Failure of the bidder to comply with these protest procedures will render a protest untimely and inadequate and may result in rejection thereof by the trial court.

Judicial Council of California

Trial Court Financial Policies and Procedures

CONTRACTS
(TRIAL COURT CONSTRUCTION)

POLICY NUMBER: FIN 7.01

Revised June 2020

Back to Main TOC

Contracts (Trial Court Construction)

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 Contract Elements
6.1.1 Requirements for Contracts with Credit Card Issuers
6.2 Contractor Insurance
6.3 Contract Negotiation
6.4 Risk Evaluation
6.5 Contract Execution
6.6 Master Agreements
7.0 Associated Documents

2.0 Purpose

Public Contract Code section 19206 of the Judicial Branch Contract Law (Pub. Contract Code, §§ 19201–19210) requires the Judicial Council to adopt and publish a Judicial Branch Contracting Manual incorporating procurement and contracting policies and procedures that judicial branch entities must follow with respect to the procurement of goods and services. On August 26, 2011, the Judicial Council adopted the *Judicial Branch Contracting Manual* (JBCM).

Under Public Contract Code section 19204(c), the Judicial Branch Contract Law (and therefore, the JBCM) does not apply to trial court construction, including, but not limited to, the planning, design, construction, rehabilitation, renovation, replacement, lease, or acquisition of trial court facilities (collectively, "Trial Court Construction"). In most cases the JBCM supersedes this policy; however, California Rules of Court, rule 10.810 authorizes trial courts to engage in certain activities related to trial court construction, including court records storage, interior painting, and replacement of flooring. To the extent any trial court is engaged in the procurement of these goods and services that relate to trial court construction, this policy is still applicable. Notwithstanding the preceding, this policy is not applicable to maintenance services because the Judicial Branch Contract Law generally applies to court facilities maintenance contracts (Pub. Contract Code, § 19204(c)).

The purpose of this policy is to establish uniform guidelines for the trial court to follow in preparing, reviewing, negotiating, and entering into contractual agreements with qualified vendors.

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.

4.0 Application

This policy applies to all trial court officials and employees.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Consideration
Contract
Contract Suspension
Contractor
Indemnification Clause
Interagency Agreement (IA)
Intra-branch Agreement (IBA)
Liquidated Damages
Master Agreement
Memorandum of Understanding (MOU)
Negotiate
Purchase Order (PO)
Retention
Termination
Warranty

6.0 Text

1. This section addresses basic contract principles and policies that must be applied to agreements for services and complex procurements of goods. Complex procurements are those buying activities that require considerable and detailed explanation of the requirements and obligations of the buyer and seller. Complex procurements also require special contract clauses that are not typically covered by the standard terms and conditions of a purchase order. Purchase order terms and conditions are usually sufficient when goods are purchased, but rarely apply to contracts for services. An interagency agreement or a memorandum of understanding (MOU) is generally used when the transaction is between the trial court and another government entity. An intra-branch agreement (IBA) is to be generally used when the transaction is between the trial court and another judicial branch entity. The executive branch interagency form agreement should be used when a trial court is contracting with an agency of the executive branch and payment from the court is required.

2. It is the responsibility of every person authorized to commit the trial court's resources to review, negotiate, award, and manage contracts that protect the interests of the court. The contractual obligations and liabilities assumed by the court should be reasonably proportionate to the kinds of goods and services it receives from its contractors.

6.1 Contract Elements

1. Every contract must identify the contracting parties and consists of four major elements; cost or other consideration, schedule, scope of work, and terms and conditions. Each major element must be clearly defined in every contract so that:

    a. The court's needs are met, and

    b. The contractor and the trial court understand their performance obligations.

2. The cost to the trial court (or the price it will pay the contractor) for goods and services under a contract must be clearly stated:

    a. The cost may be expressed as a lump sum (i.e., one-time payment), firm fixed price, unit price, labor rate, or other specific cost basis.

    b. If the court is contracting for labor, a schedule listing the hourly, daily, weekly, or monthly cost for each person or job classification must be incorporated into the contract. This includes firm fixed price or lump sum contracts, where the schedule may be used as the basis for establishing the cost of additional work authorized under the contract.

    c. Each party's responsibility for costs that may apply such as shipping, sales tax, permits, licenses, installation, bonds, etc., should be defined.

    d. The duration of some contracts may be longer than one year. For these multiyear contracts, the contractor may want to build in automatic price increases at certain intervals. The contract should include the price or rates for the additional years. The court should determine whether any such increases are acceptable.

    e. The court may be restricted by statute or policy regarding the allowability of certain costs. The contract should address this issue, if it exists.

    f. With regard to payment, the contract should define how frequently the contractor may submit invoices (typically monthly) and what the terms of payment will be.

    g. If the court requires contractors to use special forms or formats in submitting invoices, those conditions should be stated in the contract.

    h. The contract should define the conditions under which the court may withhold payment, either as a retention or in the event of a dispute with the contractor.

    i. The contract should clearly state when payment or partial payment is due and whether or not payment is tied to completion or acceptance of tasks or deliverables.

3. Schedule. Time is usually a critical element in every contract. The schedule of when work will be started and completed will be included in the contract. If applicable, interim dates for the completion of specific portions of the contract should also be stated.

4. Scope of Work. The contract must:

   a. Clearly define the services to be performed or the goods to be provided so that the parties agree on the contract's scope and a determination can be made as to when consideration is due to the contractor.

   b. Be appropriate to the type of agreement. The trial court's standard purchase order may be sufficient for a simple purchase of goods, but in many cases purchase order terms are not applicable or are insufficient when the court is contracting for services.

   c. List any inclusions or exclusions.

   d. Specify details such as supervision, labor, equipment or materials. Also specify whether these are to be supplied by the court or the contractor.

   e. Identify project milestones as well as any service, product deliverables, or tasks for which the contractor is responsible.

   f. Address the possible conditions that may arise during performance of the contract that would trigger additions or deletions to the scope of work, schedule, or consideration.

   Additional descriptive information may be attached to the contract as an exhibit to help define the scope of work.

5. Terms and Conditions. Contract terms and conditions can be somewhat flexible to suit the needs of the court and the specific contract circumstances. It is the responsibility of authorized trial court employees to assure that contract terms and conditions are appropriate to the type of contract that is being awarded. Additional language may be necessary to incorporate "special" conditions and protect the court's interests. Examples of contract terms and conditions that may be negotiable include, but are not limited to:

   a. **Contract schedule, specifications, and quantities.** Portions of a contract that define the time for performance of the scope of work and any intermediate milestones; provide a detailed statement of particulars, especially statements prescribing materials, methods, and quality of work; and the number, amount, or quantity of specific items that are to be provided by the contractor for a specific project.

   b. **Delivery or completion dates.** Refers to specific times during contract performance by which particular goods or services will be delivered or completed.

   c. **Contract type.** Refers to the method by which a contractor is reimbursed for goods provided or services rendered. Selection of the appropriate contract type is based on the contractual obligations of the parties and the timing of payments. Examples of

contract types include firm fixed price, unit price, time and materials, cost reimbursable, etc.

d. **Independent contractor.** Establishes that the contractor is not an employee or agent of the trial court, but is a distinct entity in the business of providing certain types of goods or services.

e. **Payment terms and frequency.** Refers to the requirements and proper format for contractors to submit invoices for services that have been completed or goods that have been delivered. Establishes the time in which the trial court must pay undisputed portions of contractor invoices after they have been received.

f. **Withholding of payments (retention).** The part of a contract that establishes an amount, if any, to be withheld from progress billings until final and satisfactory project completion.

g. **Availability of funds** (for multiyear contracts, contracts that cross fiscal years, and mid-year funding cuts). Establishes that funds that are expected to be available for payment for goods or services provided by a contractor may be withdrawn, reduced, or limited before the expiration of the contract. In such a case, the court may terminate the contract and the contractor is paid for goods delivered or work performed up to the date of termination.

h. **Warranty.** The part of a contract that establishes any promise or guarantee on the part of the contractor regarding, for example, the nature, usefulness, service life, or conditions of the goods or services provided under the contract.

i. **Allowable versus unallowable costs** (e.g., profit or markups on materials and subcontracts). Certain cost-reimbursable contracts may contain a schedule of the types of costs for which the contractor is specifically entitled to reimbursement and those costs that are not eligible for reimbursement.

j. **Requirements for bonds or letters of credit.** Refers to written instruments executed by the contractor and its surety to protect or reimburse the trial court should the contractor fail to perform some obligation. If the contractor's obligations are not met, the bond or letter of credit insures payment to the extent specified in the contract documents. Common types of bonds include bid, payment, and performance bonds. Since the costs of the bonds or letters of credit are usually passed on to the trial court as part of the contractor's costs, the trial court should carefully review the need for bonds or letters of credit.

k. **Inspection, testing and acceptance requirements.** Part of a contract that establishes any required examination or testing of procured items or services to determine whether they have been received in the proper quantity and condition and conform to applicable specifications. Acceptance for services should be written and issued to the contractor to indicate acceptance of a deliverable or submittal to be in compliance

with the contract's requirements. Contracts typically specify that a contractor must not be paid for a deliverable or submittal until it has been accepted in accordance with the acceptance procedures that are specified in the contract.

l. **Labor documentation (contractor timesheets).** A contract may require that the contractor's invoices be accompanied by documentation such as workers' signed and approved timesheets to substantiate the work for which the invoice has been submitted.

m. **Financial requirements.** For large or long-term contracts that require significant contractor investments of time, labor, and capital, the trial court may require that the contractor's organization meet certain financial requirements that indicate financial stability.

n. **Insurance requirements.** A listing of the minimum insurance coverage that must be maintained by the contractor during the course of the work as well as the requirements for submitting evidence of such coverage.

o. **Indemnification.** The part of a contract that establishes the extent to which either party is required to hold the other party harmless from loss, damage, or liability that may arise out of the contractor's performance of the contract or other circumstances specified in the contract. The trial court may require indemnification from the contractor, but the trial court should not agree to indemnify the contractor.

p. **Liquidated damages.** The part of a contract that establishes a fixed amount that must be assessed against the contractor (or possibly the court) if it breaches specified delivery provisions of a contract (e.g., it fails to complete delivery, installation, services, or the work specified in a contract within a defined period of performance or schedule). A liquidated damage is a sole remedy for damages resulting from a breach of schedule; therefore, legal counsel should be obtained before its inclusion in a contract.

q. **Termination clauses.** The portion of a contract that specifies what rights each party will have to terminate the contract unilaterally. The trial court should specify that the court may terminate the contract either for cause, convenience, or unavailability of funds. Each court must ensure that any contract entered into by the court contains provisions that will permit the contract to be modified if resources become unavailable during the course of the contract year due to reductions in the budget that are beyond the control of the individual court. The court may also agree to give the contractor the right to terminate the contract for cause. The court should not agree to give the contractor the right to terminate for convenience.

r. **Contract changes clause.** The part of a contract that defines the conditions under which the contractor may request a material or immaterial change to the contract and the responsibility of the trial court to consider the contractor's request.

s. **Audit rights.** The part of a contract that establishes the right of the trial court to conduct an audit of the contractor's financial records and records that specifically relate to the work performed by the contractor for the trial court.

t. **Disputes; dispute resolution.** Defines the process to be followed and the rights of each party in the event of a disagreement between the trial court and the contractor.

u. **Contract suspension.** Defines the conditions under which the trial court may unilaterally order the contractor to stop work and the conditions that apply for resumption of work or eventual termination of the contract.

v. **Remedies** (regarding correction of issues discovered during audits, poor contractor performance, etc.). The part of a contract that establishes the parties' respective rights and the process to be followed in the event of a failure to perform as required by the contract terms and conditions.

w. **Confidentiality.** The performance of certain contracts may require a contractor to generate or receive from the trial court data or other information that is about individuals, organizations, or government programs and must be kept confidential. In these instances, and in the instances where either the contractor or the court must disclose any other confidential or proprietary information to the other party, the contract should contain a clause that addresses the kinds of data and other information to be disclosed or generated by the contractor and/or disclosed or provided by the trial court that are considered confidential and how it should be treated. Examples of situations where the clause may be appropriate include:

   i. Studies that generate information or involve trial court-furnished information that is personally identifiable, such as medical records, vital statistics, surveys, and questionnaires.

   ii. Contracts that involve the use of salary structures, wage schedules, proprietary plans or processes, or confidential financial information of organizations other than the contractor's.

   iii. Any work that requires the contractor to access the trial court's proprietary systems or software.

x. **Ownership of deliverables.** The part of a contract that establishes the rights of each party regarding the use and ownership of items that are delivered to the trial court under the contract and for which the contractor is compensated. The trial court typically owns the deliverables produced by the contractor and ownership rights should be specified in the contract. It is especially important to specify ownership of any rights to intellectual property, such as software, artwork, and writings that may be produced by the contractor.

y. **Notice** (to whom legal notices should be sent). A statement in a contract regarding to whom specific types of written notices or communications are to be sent.

z. **Business-related travel.** The part of the contract that establishes the terms and conditions associated with business-related travel, if the trial court agrees to compensate the contractor for travel. Although the specific contract language may vary depending on the project, an example of suggested contract language for reimbursable business-related travel is included in 7.0, Associated Documents.

6.1.1 Requirements for Contracts with Credit Card Issuers

1. Government Code section 6159(c) establishes the minimum requirements that must be met when the trial court enters into contracts with credit card issuers so that the court may accept various types of payments by credit card. These contracts must define:

   a. The respective rights and duties of the trial court and credit card issuer regarding the presentation, acceptability, and payment of credit card drafts.

   b. A reasonable method to facilitate payment settlements.

   c. A reasonable fee or discount to be paid to the credit card issuer.

   d. Other matters that may be agreed on by the parties.

2. Additional information regarding credit card payments is provided in Policy Nos. FIN 10.01 Revenue Collection and Distribution and FIN 10.02 Cash Handling.

6.2 Contractor Insurance

1. Contractors providing services to the trial court must maintain and show proof of adequate insurance coverage before beginning work on any contract with the court.

2. Contractor insurance policies should be endorsed to include the trial court as an additional insured for commercial general liability and automobile insurance policies. Certificates of insurance must be received from the contractor or be verified as current and on file with the court before the beginning of any work.

3. Trial court contractors must maintain insurance coverage that is appropriate to their business operations and the nature of the work, goods or services provided to the court. Examples of the types of insurance coverage generally maintained by reputable contractors include, but are not limited to:

   a. Workers' compensation and employer's liability.

   b. Commercial general liability including property damage and bodily injury.

c. Automobile liability—Owned, nonowned, and hired vehicles, including bodily injury and property damage.

d. Professional liability (e.g., errors and omissions)—Required if contractor provides professional or design services (e.g., attorneys, consultants, architects, engineers, etc.).

6.3 Contract Negotiation

1. Contract negotiations, if required, must be conducted, as authorized by the court.

2. Contract negotiations must only be conducted by court employees who are authorized to commit the court with respect to the subject matter and dollar value of the prospective contract.

3. Before beginning negotiations, the trial court should develop a negotiation strategy that addresses the critical points of the contract.

4. Legal counsel should be sought when negotiating indemnification, liquidated damages, limitation of liability, and other such provisions. Judicial Council of California Legal Services attorneys are available to assist the trial courts when legal counsel is required.

5. At the conclusion of negotiations, it is recommended that a memorandum be prepared summarizing the results of the negotiations and the final agreements on contract cost, scope of work, schedule, and terms and conditions. The memorandum serves as the record of negotiations for the contract file, documenting the specific points of agreement between the court and the contractor before execution of the contract. The memorandum is not a part of the contract but can be a useful communication device for the court internally as well as with the contractor, and can be used to settle any misunderstandings, confusion or challenges that may arise later.

6.4 Risk Evaluation

1. The trial court must conduct its business in a way that minimizes financial risk and avoids unnecessary liability.

2. The trial court must only enter into contracts with individuals, businesses and other legal entities that are financially and operationally sound. They must demonstrate an ability to meet the requirements of the contract scope of work. They must also meet the applicable insurance and bonding requirements of the court.

3. All of a contract's terms and conditions are important, but there are key clauses that must be carefully reviewed with respect to the degree of risk the court is willing to assume including:

   a. Indemnification—This provision of a contract can limit the parties' responsibility to make payments in the case of an accident, injury, property damage, etc.

b. Warranty—The contractor should provide a warranty that protects the court against the failure of goods provided or services performed for a reasonable period of time given the nature of the scope of work.

c. Insurance—The types and amounts of insurance carried by a contractor may limit the compensation the court can recover in case of an accident, injury or property damage caused by the contractor.

d. Liquidated damages—The purpose of this section of the contract is to establish and agree to a monetary damage if specified schedule conditions are not met.

e. Dispute resolution—The contract should contain a description of how the parties will seek to resolve any dispute that arises during the performance of the contract.

4. There may be instances when prospective contractors insist on contract terms, payment schedules, work schedules, restrictive scopes of work, or other conditions that are unacceptable to the court. Other times, prospective contractors may not maintain acceptable levels of insurance or be able to meet special bonding requirements. The trial court should avoid circumstances that would force or coerce the trial court to enter into a contract in which risks or liabilities outweigh the benefits. After examination of all the issues, the trial court may elect to contract with another party whose terms are more beneficial to the court.

5. Before execution, contract documents must be reviewed by an authorized and knowledgeable employee for conformance with the court's requirements and any negotiations that have occurred. The scope, schedule, cost, terms and conditions, and items such as the court's liability exposure and insurance and bonding requirements must be reviewed and approved before the contract is transmitted to the contractor for execution. The Contract Review Checklist at the end of this section may be used as an aid in contract review.

6.5 Contract Execution

1. Trial court contractual agreements must only be executed by authorized court employees acting within the scope and authorization level (dollar amount) of their official duties.

2. The trial court should not allow any contractor to begin work without a fully executed (signed by both parties) contract. In addition, the contractor should provide all applicable insurance and bonding documentation to the court before beginning work.

3. The trial court's files must contain an *original or electronic* (refer to Policy No. FIN 2.01, section 6.4(2)), *fully executed copy of every contract* it enters into, including any amendments.

4. Contract files must be retained according to the requirements established in Policy No. FIN 12.01 Record Retention.

6.6 Master Agreements

1. Master agreements may be issued using standard terms, as listed above, with the addition of specific language that addresses the following:

    a. A statement that the provider must provide the services or goods if and when requested, at rates established in the agreement, for a specified time period or until the maximum dollar amount has been depleted, whichever occurs first.

    b. A statement that the trial court is obligated only to the extent that services are authorized in writing under the master agreement. There is no guarantee that a master agreement is exclusive, that a minimum number of orders will be placed, or that a minimum dollar value of services will be authorized under the agreement.

2. When service requirements arise that may be filled under a master agreement, the trial court issues a written authorization to the provider that describes the services to be performed. Service authorizations must be within the scope, period, and maximum value of the agreement. Each authorization must contain the following information:

    a. Name of the person placing the order.

    b. Date of the authorization.

    c. Contact number and authorization number.

    d. A description of the work to be performed and the associated cost or unit rate.

    e. Delivery or performance rate.

    f. Place of delivery or performance.

    g. Any other pertinent information.

7.0 Associated Documents

Contract Review Checklist
Business-Related Travel Sample Contract Language

Contract Review Checklist

The checklist is presented as a minimal listing of requirements only. Each court may expand the listing as a job aid to staff.		
Scope of Work	**Yes**	**No**
1. Are the trial court's standard contract terms and conditions applicable to the scope of work? 2. Is the scope of work clearly defined for the price and performance? 3. Are the criteria for the contractor's completion of work or the trial court's acceptance of work clearly defined? 4. Is the contract type (e.g., lump sum, time and materials, fixed price, unit price, etc.) appropriate to the scope of work? 5. Are each party's responsibilities clearly defined? 6. Are the contract's expected results (e.g., deliverables) defined? 7. Is the changes clause reasonable and appropriate? Required action:		
Pricing		
1. Check documentation that contractor's pricing is reasonable and appropriate. 2. Have applicable taxes been identified and included in the price? 3. On multiyear contracts, has the contractor built in any price escalation? If so, is this acceptable? 4. Does the contractor's price include any items that may not be allowable by the court? 5. If payment is tied to a deliverable or completion of a task, is the deliverable/task clearly stated? Required action:		

The checklist is presented as a minimal listing of requirements only. Each court may expand the listing as a job aid to staff.		
Payment	**Yes**	**No**
1. Is the contractor's invoicing schedule acceptable? 2. Is the contractor's invoice format acceptable? 3. Does the contract require the contractor to comply with any special court invoicing or invoice documentation requirements? 4. May the court withhold payment of any disputed portions of invoiced amounts? 5. Are the terms of payment acceptable to the court? 6. Is there a retainage on progress payments? If so, what is the retainage percentage? What are the criteria for releasing the retention? Required action:		

The checklist is presented as a minimal listing of requirements only. Each court may expand the listing as a job aid to staff.		
Risk Evaluation		
1. Is indemnification language acceptable to the court? 2. Is the contractor's warranty appropriate to the scope of work? 3. Does the contractor maintain the insurance levels of required by the contract? 4. Is the contractor able to meet any special bonding requirements? 5. Does the contract include a provision for liquidated damages? Are the damages appropriate to the scope of work? Has legal counsel been sought? 6. Are limitations of liability included? If so, are they acceptable given what conduct they address, what remedies/damage they impact, and what the "caps" are? Required action:		
Miscellaneous		
1. Does the contract define the procedure for terminating the contract for cause, convenience, or lack of appropriation of funds? 2. Are any small or disabled veteran business goals defined? Required action:		

BUSINESS-RELATED TRAVEL SAMPLE CONTRACT LANGUAGE

Compensation for Allowable Business-Related Travel Expenses

A. **Reimbursable Travel Expenses**: Contractor must submit a travel plan to Court for review and written approval before incurring expenses for travel that may be required in performance of this Agreement. The travel plan must include the date(s) for travel, reason travel is required, and an estimate of the potential expense. Court must compensate Contractor for authorized travel expenses in accordance with the approved travel plan, or any authorized changes to the travel plan that have been approved by the Court in writing (e.g., letter, email, etc.), and the reimbursement rates outlined in Finance Memos and guidelines located on the Judicial Resources Network at *http://jrn.courts.ca.gov/programs/bap/*.

B. **Invoicing Requirements for Travel Reimbursement**: Contractor must provide copies of receipts and invoices for reimbursement of travel expenses that have been incurred in accordance with the travel plan that has been approved by the Court, or any authorized changes to the travel plan that have been approved by the Court in writing (e.g., letter, email, etc.). The Court must not pay travel expenses that have not been authorized in writing.

C. **Total Travel Reimbursement Amount**: The total amount that Court must reimburse Contractor for travel related expenses, under this provision, must not exceed **$XXX.00**, unless agreed to in a written amendment to this Agreement.

If the Court agrees to private vehicle ground transportation, the insurance requirements included in the contract should also include a requirement for appropriate automobile coverage. Additionally, headquarters should be assigned to determine compensation of the most direct route. It is also suggested that the Court include the last provision above with a “not to exceed amount” to assist the Court in budgeting for contract related travel expenses.

Note: This sample language assumes that “Court,” “Contractor,” and “Agreement” are defined terms in the contract document.

Judicial Council of California

Trial Court Financial Policies and Procedures

MEMORANDUMS OF UNDERSTANDING (MOUs), INTERAGENCY AGREEMENTS (IAs), AND INTRA-BRANCH AGREEMENTS (IBAs)

POLICY NUMBER: FIN 7.02

Revised June 2020

This policy was superseded by the *Judicial Branch Contracting Manual*.

Back to Main TOC

CONTRACT ADMINISTRATION

POLICY NUMBER: FIN 7.03

Revised June 2020

This policy was superseded by the *Judicial Branch Contracting Manual*.

Judicial Council of California

Trial Court Financial Policies and Procedures

VENDOR INVOICE PROCESSING

POLICY NUMBER: FIN 8.01

Revised June 2020

Back to Main TOC

Vendor Invoice Processing

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 Vendor Records
6.2 Document Routing
6.2.1 Routing of Vendor Invoices
6.2.2 Routing of Related Documents
6.2.3 Payment Authorization
6.3 Invoice Processing
6.3.1 Preparing Invoices for Processing
6.3.2 Document Matching
6.3.3 Review for Accuracy of Invoice
6.3.4 Problem Resolution
6.3.5 Account Coding
6.4 Payment Approval
6.5 Types of Payment
6.6 Payments
6.7 Record Retention
7.0 Associated Documents

2.0 Purpose

The purpose of this policy and the following procedures is to provide uniform guidelines for the trial court to process vendor invoices for payment.

3.0 Policy Statement

All trial court vendor, supplier, consultant, and contractor invoices shall be routed to the trial court accounts payable department for processing. The accounts payable staff shall process the invoices in a timely fashion and in accordance with the terms and conditions of the purchase agreements. All invoices must be matched to the proper supporting documentation and must be approved for payment by authorized court personnel acting within the scope of their authority.

4.0 Application

The policies and procedures described in this section apply to all trial court employees and third parties who participate in the requisition, approval, purchase, receipt, or payment for goods and services required by the court. Judicial branch entities are advised to refer to the *Judicial Branch Contracting Manual*, Chapter 9, Disbursements and Payment Programs.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Accounts Payable
Accounts Payable Provider
Check
Consumption Method
Invoice
Purchase Order (PO)
Vendor

6.0 Text

6.1 Vendor Records

1. A completed vendor form (Payee Data Record) is required of all vendors doing business with any trial court. Before any vendor's invoice can be paid, the trial court accounts payable department must request the accounts payable provider to establish a vendor file within the Phoenix Financial System, if one does not already exist, that includes at least the following information:

    a. The vendor's name, address, and telephone number, if telephone number is available.

    b. Name and address of vendor representative to whom payments are to be sent, if different from the above.

    c. Description of goods provided or services performed.

    d. Taxpayer identification number.

2. Employees who set up vendor files or have access to change vendor data shall not be permitted to approve or process invoices for payment.

3. If a tax identification number is not present at the time an invoice is presented for payment, a tax identification number must be requested from the vendor. If the vendor does not return a valid tax identification number, tax withholding must be done at the time of payment according to state and federal tax laws.

4. In compliance with Internal Revenue Service (IRS) rules and regulations, the trial court shall ensure that a Form 1099-MISC is issued to all nonemployees who meet the criteria for independent contractors established by the IRS. In general, payments that meet the following conditions must be reported:

    a. Payment is made to someone who is not an employee.

    b. Payment is made for services in the course of trade or business, including professional services.

    c. Payment is made to an individual, partnership, estate, or in some cases, a corporation.

d. Payments made that total at least $600 during the year, including jurors.

e. Payment for legal services (including not-for-profit legal organizations and professional legal corporations) require the issuance of a Form 1099-MISC. This rule applies whether or not the attorney is the exclusive payee or whether or not the legal services are provided to the payer.

f. Forms must be issued to each qualifying independent contractor by January 31 of each year following the payments, and a copy must be sent to the IRS by February 28 of each year following the payments if filing paper forms and March 31 if filing electronic forms.

5. If the court is doing business with a vendor that does not have a presence in California or does not have a resale certificate, the court is required to report and pay the amount of use tax due, as required by the California Department of Tax and Administration (CDTFA). Additional information can be obtained through the CDTFA website at *www.cdtfa.ca.gov*.

6.2 Document Routing

6.2.1 Routing of Vendor Invoices

1. The trial court shall direct all vendors and contractors to submit invoices to one central location for processing. For the majority of the trial courts, this would be the trial court accounts payable department.

2. For trial courts with larger organizations or larger territories to cover, there may be several regional accounts payable processing offices. Vendors may be directed to submit their invoices to these locations for preliminary review of documents.

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

4. An original invoice, a copy, or an electronic facsimile of the original must also be retained in compliance with Policy No. FIN 12.01 Record Retention.

5. Payments may be issued by the accounts payable provider or the trial court's revolving fund (for appropriate transactions).

6.2.2 Routing of Related Documents

1. As they are generated, other pertinent documents must also be routed to the trial court accounts payable department. Originals or copies of purchase orders, blanket purchase order releases, contracts, order forms, approved requisitions, purchase card ordering logs, receipts, packing slips, and all other appropriate documentation related to the acquisition of goods and services for court-related business must be provided to the trial court accounts payable department.

2. The accounts payable department will maintain these documents in a central file to be matched against the related vendor invoices and claims.

3. This information may also be maintained in electronic form and accessible through an online purchasing system. Accounts payable staff may utilize online information to process invoices. Documents must also be retained in compliance with Policy No. FIN 12.01 Record Retention.

6.2.3 Payment Authorization

1. The trial court shall establish and maintain an authorization matrix that lists employees who are permitted to commit court resources and approve invoices for payment.

2. The authorization matrix shall list the dollar limits and scope of authority of each authorized employee. For example, only certain court officials will be allowed to approve transactions such as the acquisition of fixed assets, hiring of consultants, etc. The authorization matrix should indicate such conditions.

3. The authorization matrix shall be updated on an annual basis or as required by changes in personnel.

4. Copies of the authorization matrix shall be provided to the trial court accounts payable department and to the accounts payable department of the outside accounting service provider.

6.3 Invoice Processing

6.3.1 Preparing Invoices for Processing

1. Upon receiving the vendor invoices, the trial court accounts payable department will immediately stamp the documents with the current date.

2. Invoices will be sorted by their payment due dates and maintained in a special file for processing.

6.3.2 Document Matching

1. At the scheduled time and depending on the court's invoice payment cycle, an accounts payable employee will match the vendor invoices to all appropriate supporting documentation. The court will adopt the "three-point match" procedure to process vendor invoices.

2. A three-point match procedure consists of matching a vendor invoice to a purchase agreement and to proof of receipt and acceptance of goods or services. For example:

a. All details of the invoice, including a description of the goods or services ordered, quantities invoiced, unit prices billed, and other applicable charges, must be matched to the details and terms and conditions of the court's purchase agreements or contracts.

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

3. Vendor invoices shall not be processed for payment without completing the three-point match procedure. If one element is missing (e.g., if there is no evidence of receipt of goods or services), the accounts payable employee should contact the responsible court employee to obtain the appropriate documents or secure a signature of approval.

6.3.3 Review for Accuracy of Invoice

1. Calculations and price extensions shown on the invoices shall be audited to ensure their accuracy.

2. Vendor name, address, billing address, vendor number, federal tax identification number and all other pertinent information shall be reviewed against the information set up in the vendor master file. All discrepancies shall be reported to the appropriate buyer and the court employee who authorized the transaction.

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.

4. If a trial court finds a potential error in the financial system's vendor master file information, it must be reported to the accounts payable provider in writing. The accounts payable provider must correct the error or respond in writing noting the reason for not correcting the error.

6.3.4 Problem Resolution

1. Discrepancies between vendor invoices and trial court purchase orders or contracts may arise due to:

   a. Vendor invoicing errors.

   b. Vendor invoice format that does not allow accounts payable to make a match between the invoice and the purchase authorization.

   c. Data entry errors made at the time the purchase information was entered into the purchasing system.

d. Changes in the purchase information approved by the trial court but not documented in the system or not reflected by a change order.

2. When discrepancies are detected, an invoice will not be processed for payment. The accounts payable department or accounts payable provider shall report the errors to the appropriate buyer as well as the requestor of the goods and services.

3. Accounts payable personnel shall not contact vendors directly to resolve invoicing disputes, negotiate settlements, etc. Accounts payable personnel may only provide factual information regarding payment status to vendors or contact vendors to verify unclear information provided on invoices or obtain missing information (e.g., tax identification number).

4. The trial court shall designate the person responsible for investigating discrepancies and making necessary corrections before invoice payment. This may be the individual who performed the buying activities, the person who originally requested the goods or services, or another party. Coordination of corrective actions will be required between with the court employee requesting the goods or services, the court employee approving the purchase, accounts payable, and the vendor.

5. Problems that cannot be quickly corrected should be referred to the court executive officer or fiscal manager for resolution.

6.3.5 Account Coding

1. It is important that all expenditures are recorded in the appropriate accounts. To ensure that transactions are recorded correctly, account codes shall be entered on the purchase requisitions that initiate transactions and be included in the resulting procurement documents. Invoice transactions that are not supported by procurement documents (travel expense claims, check requests, etc.) must have the account code noted on the document requesting payment.

2. If there is any question regarding the assignment of an account code, the accounts payable department or accounts payable provider will contact the person who initiated the purchase requisition to confirm that the correct account is being charged.

6.4 Payment Approval

1. Designated court officials with payment approval authority shall review all invoices for:

   a. Appropriateness of the transactions.

   b. Accuracy of the records submitted.

   c. Reasonableness of the expenditures.

2. Designated court officials shall act within the scope of their authority when approving invoices for payment. If the dollar amount or nature of a purchase exceeds an individual's authority, the next level of authority shall be consulted and appropriate approval secured before releasing the invoice for payment.

3. Court officials authorized to approve invoices shall not approve payment of their own purchases. Another level of approval will be required.

4. Designated court officials shall ensure that there is both sufficient cash and available balances in the appropriate fund to issue payment.

5. Invoices that have been properly processed and approved according to the applicable criteria shall be forwarded to the trial court accounts payable department or accounts payable provider for payment.

6.5 Types of Payment[28]

1. The following list shows the various types of payments that the trial court may authorize:

   a. Final payments are made for completed and accepted goods and services.

   b. Partial payments are made for completed and accepted supplies or services that are only a portion of the total required deliveries (e.g., orders with items on back order, missing components of an assembly, etc.).

   c. Progress payments are made to a vendor as work progresses under a purchase order or contract.

   d. Milestone payments are made to the vendor after the completion of specific tasks agreed to and set forth in the contract between the vendor and the trial court (e.g., a long-term information services contract with specific deliverables and timetables, consultant engagements, etc.).

   e. Advance payments (prepayments) are made to a vendor before performance of a purchase order or contract (e.g., registration fees for a conference, education programs, etc.). Advance payments are only made in unusual circumstances and are not permitted for time and materials service contracts or for the purchase of goods.

      i. If the prepayment was for event registration, the registered employee must submit evidence to accounts payable that he or she attended the event in order to close the advance (e.g., a Travel Expense Claim). Courts should—subject to any obligation to meet and confer—include language in their personnel policies that

[28] For additional information on advance payments and progress payments, see the *Judicial Branch Contracting Manual*, Chapter 9, Disbursements and Payment Programs.

provide that, if an employee does not attend the event for which registration was prepaid, he or she must repay the amount of the advance payment as soon as practicable. The policy should provide for any exceptions.

ii. Advance payments for event registration should be made within 30 days of the event, or as reasonably necessary to obtain a discount. Advance payments must be approved by the court executive officer or his or her written designee.

iii. Prepayments can cross fiscal years, but not extend beyond 12 months. Multiyear obligations may not be prepaid in full (all years) in the first year, regardless of any potential discounts being offered by the vendor (e.g., an annual license fee that provides for a discount if paid in full rather than in monthly payments can be prepaid, but only for 12 months).

iv. Under the modified accrual basis, trial courts use the consumption method for expenditure recognition. Prepaid items are expensed when consumed (used) or due, not when paid. An exception to this rule is for insurance premiums, which may be expensed when paid (up to 12 months) since the full coverage begins immediately and extends for the defined period of time.

v. A prepayment can only be made if there is a current obligation. A current obligation is due in not more than one month. For example, an annual monthly subscription may be prepaid if the first installment is due within the next month. However, courts cannot prepay an expense that is not due until six months from the date of the proposed prepayment.

vi. Deliverable-based contracts may not be prepaid, as deliverables should be reviewed and accepted before payment occurs.

6.6 Payments

1. Under current state regulations, the Trial Court Operations Fund may be established either in the county treasury or outside the county treasury with Judicial Council of California approval.[29] The procedures used by the trial court to issue payments depend on how the Trial Court Operations Fund is established.

2. If the Trial Court Operations Fund was established in the county treasury, the county must issue payments at the trial court's direction. In this case, the trial court shall ensure that the county:

[29] Government Code section 77009(g) provides that the county shall establish the Trial Court Operations Fund in the county treasury. Government Code section 77009(a) states that the Judicial Council of California may establish the Trial Court Operations Fund separate from the county treasury.

a. Issues payments on the court's behalf when directed by authorized court personnel. The trial court's authorization matrix shall be provided to the county for approval verification. All checks that exceed $15,000 shall require two authorized signatures unless they are made payable to the State Treasurer or another state agency. The trial court may establish more restrictive signature requirements at its discretion.

b. Has a method of accounting for all payments issued on behalf of the court. The court should require the county or its service provider to provide reports such as check registers, bank reconciliation reports, etc., for reconciliation to court records.

c. Immediately posts payments to the check register.

d. Has a method of accounting for voided or missing checks and for notifying the court accordingly.

3. After the county issues payments, the trial court accounts payable department shall reconcile the processed invoices to the corresponding items on the check register (online or hard copy). All discrepancies must be researched and cleared on a timely basis.

4. If the Trial Court Operations Fund is established outside the county treasury, the requirements of Policy No. FIN 13.01 Banking Services apply to all payments made by the trial court revolving fund or through the accounts payable provider.

6.7 Record Retention

1. If the trial court uses an accounts payable provider to provide accounting services, the accounts payable provider may require the court to provide copies of invoices, purchase authorizations, and records of receipt when invoices are submitted for payment. It is expected that the accounts payable provider will retain this information along with the associated check documentation in its files as required by Policy No. FIN 12.01 Record Retention.

2. The trial court's objective should be to avoid maintaining unnecessary duplicate files. However, this policy recognizes that, for practical reasons, the trial court may elect to maintain duplicate sets of records

7.0 Associated Documents

None

Judicial Council of California

Trial Court Financial Policies and Procedures

CLAIM PROCESSING

POLICY NUMBER: FIN 8.02

Revised June 2020

Back to Main TOC

Claim Processing

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 Claims Payment Process
6.1.1 Introduction
6.1.2 Similarity to Invoice Payment Process
6.2 Receipt of Claims
6.3 Complete Claim Documentation
6.4 Timely Submission of Claims
6.5 Rates
6.6 Costs
6.7 Costs Exceeding Normal Rates
6.8 Reconciliation of Claims
7.0 Associated Documents

2.0 Purpose

1. The purpose of this policy and the following procedures is to provide uniform guidelines for payments to individuals and businesses that provide "in-court" services to the trial court. These services may include but are not limited to:

   a. Court-appointed counsel.

   b. Court-appointed investigator.

   c. Verbatim reporting/transcripts.

   d. Courtroom interpreter.

   e. Court-appointed psychologist or psychiatrist.

   f. Alternative dispute resolution.

2. The implementation of these procedures will establish effective accounting control over trial court assets (cash), liabilities (accounts payable), and expenditures. Prompt payment of claims supported by appropriate documentation will foster good business relationships with the individuals and businesses that provide essential services to the trial court.

3.0 Policy Statement

The trial court shall pay the claims of the individuals and businesses that provide in-court services in a timely fashion, according to the rules and limitations established by the court. All

claims must be supported by appropriate documentation. All payments are subject to review by the trial court employees who are authorized to approve such payments.

4.0 Application

The policies and procedures described in this section apply to all trial court employees who participate in the requisition, approval, purchase, receipt, or payment for services required by the court, such as those listed in 1.0, Table of Contents.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Accounts Payable
Claim
Service Provider
Transaction

6.0 Text

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, psychologists, 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.

6.1.2 Similarity to Invoice Payment Process

In general, the process for receiving, approving, paying and recording claim transactions is very similar to the process employed to pay the invoices of other contractors and suppliers. This policy addresses the steps unique to processing claims. Steps that are not discussed in this policy are identical to those for processing invoices, which may be referenced in Policy No. FIN 8.01 Vendor Invoice Processing.

6.2 Receipt of Claims

The trial court shall direct all individuals and businesses including but not limited to court-appointed counsel, experts, investigators, and interpreters to submit claims to a designated accounts payable location for processing.

6.3 Complete Claim Documentation

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

    a. The name and address of the person or business submitting the claim.

    b. The tax identification number of the person or business submitting the claim. (If the tax identification number is on file with the court, it need not appear on every claim form.)

    c. The signature of the person making the claim or the person authorized to sign for the business making the claim.

    d. The case number and name.

    e. The amount of compensation claimed.

6.4 Timely Submission of Claims

1. Individuals and businesses whose services are authorized by the trial court shall file claims on a timely basis.

2. The consistent failure of an individual or business to provide timely claims will be considered by the trial court in requesting additional services.

6.5 Rates

The rates paid by the trial court for some services are established by statute or Judicial Council policy (e.g., Payment Policies for Contract Court Interpreters at *www.courts.ca.gov/documents/paypolicies.pdf*). In cases where statutory rules or Judicial Council policy are not set, the trial court may set limits on the rates charged by service providers. The rates allowed shall be reasonable for the type of service performed and shall be consistent from vendor to vendor. The trial court reserves the right to adjust any claim it determines to be unreasonable.

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.

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.

6.8 Reconciliation of Claims

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

7.0 Associated Documents

None

Judicial Council of California

Trial Court Financial Policies and Procedures

TRAVEL EXPENSE REIMBURSEMENT FOR TRIAL COURT JUDGES AND EMPLOYEES

POLICY NUMBER: FIN 8.03

Revised June 2020

Back to Main TOC

Travel Expense Reimbursement for Trial Court Judges and Employees

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 Approval to Travel
6.1.1 Arranging for Travel
6.1.2 Travel Reservations
6.1.3 Use of Trial Court and Personal Vehicles
6.1.4 Commercial Vehicle Rental Policy
6.1.5 Discount Airfares for Official Business
6.1.6 Exception Request for Lodging
6.1.7 Hotel/Motel Transient Occupancy Tax Waiver
6.1.8 Business-Related Travel by a Contractor
6.2 State of California Motor Vehicle Liability Program Coverage
6.3 Travel Procedures
6.3.1 Trial Court Vehicle Use
6.3.2 Personal Vehicle Mileage
6.4 Travel Expense Reimbursement
6.4.1 Submittal of Travel Expense Claim (TEC)
6.4.2 Allowable Expenses
6.4.3 Unallowable Expenses
6.5 Travel Expense Restrictions
6.6 Travel Expense Reimbursement of Non-Superior Court Employees (Pro Bono Consultants)
7.0 Associated Documents

2.0 Purpose

The purpose of this policy and the procedures that follow is to define the rules and limits that must be observed when arranging, engaging in, or claiming reimbursement for travel on court business.

3.0 Policy Statement

1. Trial court judges and employees may be required to travel in the course of performing their official duties. The trial court should reimburse its judges and employees for reasonable and necessary travel expenses incurred while traveling on court business within the limits of the trial court's maximum reimbursement guidelines. Under Government Code section 69505, the Administrative Director shall recommend policies and procedures for reimbursement of travel expenses, which shall be approved by the Judicial Council and shall be followed by the trial courts. Reimbursement rates are outlined in Finance Memos, guidelines, and forms located on the Judicial Resources Network at *http://jrn.courts.ca.gov/programs/bap/*. All

exceptions to the reimbursement rates or guidelines outlined on the Judicial Resources Network, including any terms of an executed memorandum of understanding agreement by and between a recognized employee organization and a trial court, must be submitted in writing and have prior approval in accordance with alternative procedures guidelines established in Policy No. FIN 1.01, section 6.4, paragraph 4.

2. On an annual basis, the Administrative Director shall recommend policies and schedules for reimbursing travel expenses and procedures for processing reimbursement requests.[30] These policies, schedules and procedures shall be approved by the Judicial Council of California and followed by the trial court.

4.0 Application

This policy applies to all trial court judges, officials, and employees for all in-state, out-of-state, and international travel on court business.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Headquarters
Receipt
Travel Expense Claim (TEC) Form
Tax Home

6.0 Text

6.1 Approval to Travel

The trial court is responsible for developing and implementing a system for the submittal and approval of travel expense claims that is impartial and appropriate, and that complies with the policies, schedules and procedures approved by the Judicial Council of California.[31] The minimum standards for travel expense reimbursement are provided below.

1. All travel required for trial court business shall be approved by the traveler's appropriate approval level before making travel arrangements.

2. Trial courts may decide to allow judges and employees to make their own travel arrangements, provided they are to the economic or other benefit of the trial court. This procedure must be documented at the individual courts that make this decision.

[30] Gov. Code, § 69505(a).

[31] Gov. Code, § 69505(b).

6.1.1 Arranging for Travel

Judges and employees who need to travel on court business shall, depending on internal court policies, either obtain written approval from their appropriate approving authority or notify them. Travel costs incurred without written travel request approval may be subject to rejection when reimbursement is requested. Out-of-state or international travel requires the approval of the presiding judge or written designee. Judicial Council policy prohibits judicial branch–funded or judicial branch–sponsored travel to a state that after June 26, 2015, has enacted a discriminatory law.[32] The California Attorney General's website lists those states at *https://oag.ca.gov/ab1887*.

6.1.2 Travel Reservations

Trial court judges and employees may travel by plane, train, bus, private or trial court–owned vehicles, rented car, taxi, or other means, whichever most economically and advantageously suits the needs of the trial court. Travel reservations should be made through a travel planner designated by the trial court. Arrangements for business travel involving airfare and car rentals should be made through the court-designated travel planner. Judges and employees may elect to make their own hotel reservations or may use the court travel planner.

6.1.3 Use of Trial Court and Personal Vehicles

1. Anyone who operates a vehicle on court business must hold a valid California driver's license, a good driving record, and have an approved annual Certification for Driving on Official Court Business on file. Additional information regarding the Certification for Driving on Official Court Business is provided in subsection 6.2.7 of this policy. The traveler's appropriate approval level determines the most economical method of transportation. Before authorizing the use of a personal vehicle, the approver will ensure personal liability insurance requirements have been satisfied. However, unless it is a condition of employment, employees are not required to use their personal vehicle for business purposes. Requests for the use of trial court-owned vehicles should be submitted immediately after approval of a travel request requiring a vehicle.

    a. Fines and Tickets—Travelers are personally responsible for any fines incurred as a result of toll, traffic, or parking violations while driving on court business. Furthermore, no traveler is permitted, under any circumstances to operate a rental car or court owned vehicle when any impairment causes the traveler to not be able to drive safely. Note: This policy applies as well to judges and subordinate judicial officers.

[32] On January 20, 2017, the Judicial Council approved a policy affirming the judicial branch's intent to follow the restrictions outlined in Government Code section 11139.8.

2. To determine if a driver has a valid license and a good driving record, courts should request drivers' records from the Department of Motor Vehicles (DMV) at time of hire for employees who are expected to travel on court business and regular intervals thereafter (e.g., annually).

3. Information about the DMV Employer Pull Notice program is available online at *www.dmv.ca.gov*. Questions about this program may be directed to the DMV Information Services' Account Processing Unit at 1-916-657-5564.

4. The Department of General Services, Office of Risk and Insurance Management (ORIM) recommends frequent drivers attend and successfully complete an approved defensive driver training course at least once every four years.

5. Information about the State of California's Defensive Driver Training courses is available online at *www.orim.dgs.ca.gov*. Questions on this program may be directed to the Office of Risk and Insurance Management at 1-916-376-5311 or ddt@dgs.ca.gov.

6.1.4 Commercial Vehicle Rental Policy

1. The State of California contracts with commercial vehicle rental companies that participate in the Citibank Travel Payment System (TPS). To locate the current state car rental contract providers and the Citibank TPS account contact, visit *www.dgs.ca.gov/travel* (click on the Car Rentals option). The state contracts include $300,000 automobile liability insurance and full collision waivers for rented vehicles.

2. It is essential that court officers and employees receive authorization from the appropriate approval level before traveling. Trial court policy is to use one of the commercial vehicle contractors whenever vehicle rental is authorized, unless circumstances as outlined within these procedures prevent it.

   a. Judges, employees, or agents (pro bono consultants, committee members, or volunteers) of the court who are 21 years of age or older may rent and operate vehicles under the commercial vehicle rental contractor agreements when on official court business with approval by the traveler's appropriate approval level.

   b. Business-related travel by a contractor or agency temporary help for vehicle usage must be addressed in a written agreement between the contractors or agency and the trial court (refer to subsection 6.1.8). Contractors or temporary agency employees must not drive court owned, leased, or rented vehicles.

3. Upon authorization of commercial vehicle rental, travelers are required to use the primary commercial vehicle contractors first. Should the primary contractor be unable to provide service, travelers are required to use the secondary commercial contractor.

4. Should the primary and secondary commercial vehicle contractors be unable to provide service, travelers may use a noncontracted commercial vehicle contractor. The use of a noncontracted vendor must be preapproved in writing by the traveler's appropriate approval level and requires written justification attached to the travel expense claim if necessary.

5. In the event that a traveler finds a rate less than that offered through the state contract, the state contract and state rate must still be used since the lesser rate will not include the $300,000 automobile liability insurance, or automatic collision waivers provided under the terms of the state contract.

6. Substantiation for Upgrade

    a. A traveler must rent a compact vehicle unless there is a reason for a larger vehicle—such as four or more travelers commuting together, or a need for extra luggage space to transport equipment, conference materials, or the like. In such a case, an upgrade for another type or size of vehicle (such as an intermediate-size car, minivan, or a cargo van) may be utilized, with prior approval of the traveler's appropriate approval level.

    b. If a larger or upgraded vehicle is necessary, written substantiation for the rental must be attached to the traveler's request for reimbursement.

7. The contractor provided automobile liability insurance and automatic collision waivers will not be activated unless one of these acceptable methods of payment is used:

    a. A Citibank Business TPS; or

    b. A Citibank Government Card clearly marked "State of California."

8. When renting a vehicle from any of the state commercial vehicle rental companies, it is unnecessary for travelers to sign up for collision insurance (Collision Damage Waiver (CDW)), Loss Damage Waiver (LDW), or medical insurance (called "personal accident insurance").

9. On those rare occasions when it is necessary to rent a vehicle from a noncontracted vendor (i.e., when no car is available or the type or the size of vehicle needed is unavailable from the vehicle rental company with the state contract), the traveler must not sign up for automobile liability insurance, but depending on the court's ability to pay for physical damage to the rented vehicle, he or she may want to accept the collision waiver option. The state's Motor Vehicle Liability Program provides automobile liability insurance coverage to court employees on official court business. In the event of an accident, the commercial vehicle rental company and/or the state's Motor Vehicle Liability Program will cover any costs arising from an accident in the rented vehicle so long as it is being operated by a court employee working within the

scope of employment. However, the state's Motor Vehicle Liability Program will **not cover** damage to the rented vehicle and such costs will be the responsibility of the traveler's court. If the rented vehicle is being operated by a nonemployee working within the scope of service to the court the limitations regarding nonsalaried drivers in section 6.2, State of California Motor Vehicle Liability Program Coverage will apply. If the process as detailed in subsection 6.1.4 is not followed, the automobile liability insurance is not applicable and any accident related expenses will be the responsibility of the traveler's court.

10. All out-of-state and international travel requires preapproval in writing from the presiding judge or his or her designee. ORIM recommends buying liability insurance coverage for international travel and will assist in obtaining it in accordance with the laws of the foreign country.

11. Contract rental vehicles are to be used only for conducting official court business. A traveler who wishes to extend the rental of a vehicle for personal use must arrange it with the commercial vehicle rental contractor when making reservations and before picking up the vehicle.

    a. At the end of court business, the traveler must close out the court contract rental agreement (either at the original vendor location or another mutually agreed on location) and have a new rental agreement drawn for the term of personal travel.

    b. The rate charged by the vendor for the term of personal travel is between the traveler and the commercial vehicle rental company, does not include the insurance benefit identified above, and must be completely separate and apart from the court contract.

    c. If personal travel is interrupted by official court business, the traveler may be reimbursed for the court business mileage at the authorized personal vehicle mileage rate or have a new rental agreement drawn for the term of the official court business (whichever is less costly).

12. Vehicle rental contractors charge for vehicles returned with less than full gas tanks. Travelers should refuel vehicles before returning them to the vendor, since the vendor's refueling charge is usually higher than regular gas station rates. Travelers may submit the refueling cost for reimbursement on their TEC, with receipt attached. If it becomes necessary to use the vehicle rental company for refueling, resulting in a rate higher than at a regular gas station, the traveler must submit a written explanation with the TEC as to why the vehicle was not refueled before its return. In the absence of a satisfactory explanation, the amount involved will be disallowed and will be considered a nonreimbursable personal expense.

6.1.5 Discount Airfares for Official Business

1. The State of California contracts for city pairs with domestic airlines. These contracts provide discounted airfares, referred to as YCAL and VCAL fares, for travel between various California city pairs and numerous out-of-state destinations. Cost savings may be achieved through these contracted fares as they are unrestricted and not subject to limited seating.

2. Discounted fares are available to trial court employees traveling on official court business when ordering directly from an airline or from an authorized travel agent. Acceptable methods of payment include:

   a. A Citibank TPS; and

   b. A Citibank Government Card clearly marked "State of California."

3. The YCAL and VCAL fares are available online at *www.travel.dgs.ca.gov/Airlines/default.htm* (click on State-Contracted Air Fares).

6.1.6 Exception Request for Lodging

1. A request for a lodging exception is allowed for business travel when lodging above the maximum rate is the only lodging available, or when it is cost-effective.

2. An Exception Request for Lodging form and supporting documentation must be submitted in advance of travel and must be approved by the appointing power designee (presiding judge or designee). Under no circumstances may an appointing power designee approve his or her own Exception Request for Lodging form.

   a. In-state travel and out-of-state travel. Because employees do not have control over where non-state-sponsored business is conducted, reimbursement of actual expenses, supported by receipts is authorized, without the approval of an Exception Request for Lodging form if the participant stays at the conference, convention, or meeting site. In all instances, the traveler must attach substantiating documentation (such as a registration form or an agenda) to the TEC.

3. Exception Request Criteria. The following criteria have been established for use in the consideration of exception requests:

   a. Alternative lodging. The judicial branch requires a good faith effort to locate establishments within the identified maximum rates. Attach a list of at least three moderately priced establishments contacted, the dates of the contacts, phone numbers, contact persons, rates available, and any other results of the contacts.

   b. Transportation to and from alternative lodging. Either the cost or the loss of productive time required by travel between the work location and a less expensive

lodging establishment can justify exceeding the rate difference (explain efforts to obtain transportation and provide a cost comparison analysis).

c. State business conducted at a designated lodging establishment (attach an agenda and supporting documentation). Address the availability of alternative lodging, as identified above.

d. Required attendance. An exception can be authorized when attendance is required at a state conference, convention, business meeting, or training where the contracted facility exceeds the maximum daily lodging allowance (provide specific facts, including confirmation related to this criterion).

e. Attendance at a non-state-sponsored function. An exception can be authorized when a participant in a non-state-sponsored function cannot stay at the designated function site. Explain the circumstances; provide specific facts that prevent on-site lodging. Please note that an exception will not be authorized solely for the convenience of the traveler.

4. Request an exception in advance of travel for lodging expenses that exceed the following maximum rates:

   a. In-state. The rate of $110, excluding tax and surcharges, for lodging during regular statewide travel in counties other than Alameda, San Francisco, San Mateo, Santa Clara, Monterey, San Diego, Los Angeles, Orange and Ventura (includes state-sponsored and co-sponsored functions such as conferences, conventions, business meetings, and training classes).

   b. In-state. The rate of $120, excluding tax and surcharges, for lodging in the counties of Los Angeles, Orange and Ventura (includes state-sponsored or co-sponsored functions such as conferences, conventions, business meetings, and training classes).

   c. In-state. The rate of $125, excluding tax and surcharges, for lodging in the counties of Monterey and San Diego (includes state-sponsored or co-sponsored functions such as conferences, conventions, business meetings, and training classes).

   d. In-state. The rate of $140, excluding tax and surcharges, for lodging in the counties of Alameda, San Mateo, and Santa Clara (includes state-sponsored or co-sponsored functions such as conferences, conventions, business meetings, and training classes).

   e. In-state. The rate of $250, excluding tax and surcharges, for lodging in the county of San Francisco (includes state-sponsored or co-sponsored functions such as conferences, conventions, business meetings, and training classes).

f. In-state. The rates of $110, $120, $125, $140, or $250, whichever is applicable, excluding tax and surcharges, for non-state-sponsored functions (conferences, conventions, business meetings, and training classes) if the participant does not stay at the conference, convention, or meeting site. An exception request for such an alternative site is rare and shall be authorized only in instances justified as a result of official state business (i.e., schedule conflicts due to multiple meetings at various sites, no room available, and so forth). Business meetings authorized under this section are meetings with formal agendas requested by outside entities at locations over which the employee has no control.

g. Out-of-state. The actual incurred costs up to the federal lodging rate, plus tax and surcharges, when substantiated by receipts. The federal lodging rates are available at *www.gsa.gov/travel/plan-book/per-diem-rates* (select chosen state).

5. It is the responsibility of the appropriate approval level to ensure reasonableness and completeness of the Exception Request for Lodging form. An incomplete form or a form with inadequate justification shall be returned unprocessed. If advance approval is not obtained, the traveler shall be reimbursed only for the specified maximum rate plus tax and surcharges.

6. A copy of the Exception Request for Lodging documentation must be attached to the respective Travel Expense Claim on file in Accounting. See Policy No. FIN 12.01 Record Retention for the length of time documentation must be maintained.

6.1.7 Hotel/Motel Transient Occupancy Tax Waiver

1. Trial court employees qualify for the State of California Transient Occupancy Tax exemption. The Transient Occupancy Tax is a tax imposed by cities and counties on hotel and motel lodging rates within the state of California. This tax may be waived if proof is provided that the traveler is a representative or employee of the state judicial branch on official business.

2. Trial court employees should attempt to have the Transient Occupancy Tax waived for all hotel/motel rooms they stay in while on state business. It is recommended that you inquire about this discount when making reservations. The Hotel/Motel Transient Occupancy Tax Waiver (Standard Form 236) must be completed in order to qualify for the discount. A copy of the Hotel/Motel Transient Occupancy Tax Waiver (Standard Form 236) is provided in 7.0, Associated Documents. However, the waiver of the tax is strictly voluntary at the option of the lodging establishment.

6.1.8 Business-Related Travel by a Contractor

Business-related travel by a contractor for items such as air transportation, lodging, meals, personal vehicle usage, rental vehicle usage, insurance requirements (including workers' compensation insurance), etc. must be addressed in a written agreement between the contractor and the trial court, in accordance with the procurement and

contracting guidelines in the *Judicial Branch Contracting Manual*, Chapter 9, Disbursements and Payment Programs. The contractor or temporary agency employee must go through his or her own travel agent for air and rental car reservations if those expenses are specified in his or her contract with the court. Contractors or temporary agency employees must not drive court owned, leased, or rented vehicles. The reimbursement rates outlined in Finance Memos and guidelines located on the Judicial Resources Network at *http://jrn.courts.ca.gov/programs/bap/* provide specific information regarding the current limitations that apply to allowable travel expenses. The policy and limits that are in effect at the time the agreement is signed must be the upper limits applied to trial court agreements for services involving business-related travel by a contractor. It is recommended that the court incorporate the negotiated travel guidelines and attach a copy of the guidelines to the agreement. Contractor, vendor, or temporary agency staff business travel must be billed to the court on a company invoice in accordance with the guidelines noted in the company's contract with the court.

6.2 State of California Motor Vehicle Liability Program Coverage

The state's Motor Vehicle Liability Program is a self-insurance program administered by the Office of Risk and Insurance Management. The program is not commercial insurance. There is no policy or policy limit for state and/or court employees. When a driver who is not a state or court employee, such as a pro bono consultant or volunteer, is involved in a motor vehicle accident while on court business, the self-insurance coverage will be limited to $1 million per accident, regardless of ownership of the vehicle. The nonstate or noncourt employee driver's assigned court will be financially responsible for the payment of any claims, settlements, judgments or verdicts in excess of $1 million. The program is funded through assessments charged to government entities, including courts that own vehicles and specified mobile equipment.

For the state's Motor Vehicle Liability Program to be in effect, courts must complete and submit an Annual Mobile Equipment Inventory form to the Department of General Services (DGS), Office of Risk and Insurance Management (ORIM) under ORIM instructions. Trial courts that own vehicles or mobile equipment will pay an annual assessment to DGS based on the information provided by the court on the Annual Equipment Inventory form.

1. Court-Owned Vehicles. First-dollar liability coverage is provided for judicial officers and court employees authorized to drive court-owned vehicles in the course and scope of employment. That is, if a judicial officer or court employee is authorized to drive a court-owned vehicle in the course and scope of their employment at the time of an accident, the state Motor Vehicle Liability Program provides full protection against third-party claims arising out of that accident. The program does not cover damage to the court vehicle. Repairs for damage to court vehicles are arranged and paid for directly by the court. If a court-owned vehicle is damaged as a result of negligence by a third party, ORIM will initiate action to recover from that party the cost to repair or replace the damaged vehicle. A court can also obtain automobile physical damage insurance from ORIM at additional cost from that paid for the Motor Vehicle Liability Program.

2. State Vehicles. The Department of General Services, Office of Fleet and Asset Management (OFAM), operates the Sacramento State Garage, where courts may obtain state vehicles on a month-to-month basis.

   First-dollar liability coverage is provided for judicial officers and court employees authorized to drive state vehicles in the course and scope of their employment. In addition to insurance, OFAM rates include fuel, oil, maintenance, vehicle repair costs, and roadside assistance. At no additional cost, a fuel card is also provided for each vehicle. The court should be aware that it may be billed for damage to the vehicle caused by operator misuse, abuse, failure to perform maintenance (for month-to-month leases), negligence, or damage caused to the vehicle while operated by a person other than a court employee.

3. State Commercial Vehicle Contractors. To obtain the benefit of $300,000 liability coverage and automatic collision waivers when driving on court business, travelers should rent vehicles for short-term use only from the state-contracted companies, unless circumstances as outlined within this policy prevent it. In addition, the liability insurance will not be activated unless the traveler uses the state negotiated rental car rate and one of the recognized methods of payment. For recognized methods of payment, see subsection 6.1.4, Commercial Vehicle Rental Policy.

4. Noncontract Commercial Vehicle Company. If the use of a noncontract company is justified, the liability insurance offered through the state's Motor Vehicle Liability Program will provide automobile liability coverage for court travelers on official business. However, the program does not cover damage to the rental vehicle. Repairs for such damage are paid for directly by the court. If the accident is a result of negligence on the part of a third party, ORIM will initiate action to recover from that party the cost to repair or replace the damaged vehicle. If the use of the vendor is not justified, however, the state's Motor Vehicle Liability Program is not applicable and all expenses will be charged to the traveler's court. Should any liability claim arising from the operations of a rented vehicle not be covered by ORIM, the full particulars of the accident and the claim should be sent to Judicial Council of California's Office of the General Counsel, which will work with the court to resolve the claim.

5. Privately Owned Vehicles. Judicial officers and court employees authorized to drive their own vehicle in the course and scope of employment should be aware that, in case of an accident, their own personal vehicle liability insurance provides the primary protection up to the policy limit. Should a settlement or judgment arising out of that accident exhaust the personal vehicle policy limit, then the state's Motor Vehicle Liability Program provides unlimited excess coverage. In the event of an accident, the employee should pay his or her deductible. The deductible is part of the cost of insurance covered by the vehicle mileage reimbursement rate.

6. Out-of-State and International Vehicle Coverage. The state's Motor Vehicle Liability Program provides coverage as referenced above for court employees renting vehicles from state commercial vehicle contractors or an approved noncontract commercial

vehicle company, whichever is applicable. ORIM recommends buying liability insurance coverage for international travel and will assist in obtaining it in accordance with the laws of the foreign country.

7. Annual Certification for Driving on Official Court Business. The court determines which judicial officers and court employees are authorized to drive in the scope and course of their duties. Each judicial officer and employee authorized to drive any vehicle must complete an annual Certification for Driving on Official Court Business. The Certification for Driving on Official Court Business serves the following purposes:

   a. It provides the conditions under which judicial officers or court employees are authorized to drive any vehicle on official court business;

   b. It provides the proper procedure for reporting accidents while using any vehicle on official court business;

   c. Acknowledgment of insurance coverage limitations for nonjudiciary passengers.

   d. It is the employee's responsibility to inform his or her individual supervisor of any personal automobile liability coverage changes during the year.

   e. The mechanism to request approval to use a privately owned vehicle on official court business, verifying that the judicial officer or court employee has personal automobile liability coverage in force on the personal vehicle, with a minimum protection of $15,000 per person and $30,000 for all persons.

   The Annual Certification for Driving on Official Court Business will be verified and signed by each authorized judicial officer and employee, and his or her appropriate approval level. The approver must retain the original form on file. A new certification is required to be submitted during the year if the judicial officer or court employee will be driving a different privately owned vehicle on official court business. Unless it is a condition of employment, employees are not required to use their personal vehicle for business purposes.

   It is the employee's responsibility to immediately inform his or her supervisor in writing if he or she receives a moving violation, has his or her driving license suspended or revoked, or fails to carry the minimum personal liability insurance coverage on the personal vehicle. When warranted, it is the approver's responsibility to suspend or revoke the permission of a judicial officer or court employee to drive in the scope and course of his or her duties.

8. Coverage for Judicial Officers and Court Employees. The state's Motor Vehicle Liability Program does not provide coverage for medical costs resulting from an injury to a judicial officer, employee, or occupants of a court-operated vehicle. In the event of an accident, an injury to a judicial officer or an employee of the court is handled through workers' compensation.

9. Insurance Coverage Limitations for Passengers. Transporting any persons other than those directly involved in official court business is prohibited unless written permission has been obtained in advance for each trip by the employee's appropriate approval level. In those limited situations when advance approval has been obtained, neither the state's Motor Vehicle Liability Program nor the workers' compensation system will pay for any loss or expense, including medical expenses, of a nonjudiciary passenger, including a family member, resulting from any injury or accident in a court-operated vehicle. The nonjudiciary passenger or family member is responsible for all such costs and expenses. Typically, the nonjudiciary passenger or family member's health insurance provider would cover these expenses.

10. Motor Vehicle Accidents and Reporting. All motor vehicle accidents involving any vehicle being used on court business must be reported within 48 hours to:

    Office of Risk and Insurance Management
    707 Third Street, First Floor
    West Sacramento, CA 95605

    To accomplish this, travelers must complete a Vehicle Accident Report, Standard Form 270, as soon as possible and forward it to their supervisor.

    a. The supervisor will:

        i. Review the form,

        ii. Investigate the circumstances surrounding the accident,

        iii. Verify that the employee was on official court business, and

        iv. Complete the Supervisor's Review of Motor Vehicle Accident, Standard Form 274 then mail or fax both forms to:

            Trial Court Vehicle Accident Report
            c/o Procurement
            Judicial Council of California
            455 Golden Gate Avenue
            San Francisco, CA 94102-3688
            Telephone: 415-865-7988
            Fax: 415-865-4326

    b. Judicial Council of California Branch Accounting and Procurement will:

        i. Review the form for consistency;

        ii. Acquire clarifying information, if necessary, and

        iii. Send the forms to ORIM.

c. If the accident resulted in bodily injury or significant property damage to a noncourt party, the accident must be reported directly to ORIM by telephone during normal working hours at 1-916-376-5302 or by a preliminary copy of the Standard Form 270, sent by fax to 1-916-376-5277. This preliminary report by telephone or fax does not replace the requirement of sending or faxing the Standard Form 270 to the Judicial Council of California's Branch Accounting and Procurement Unit as soon as possible.

d. At the accident scene, do not admit fault or make any promises that the court will pay for damages. ORIM handles all decisions on accident claims. If a claimant contacts you, refer the claimant directly to ORIM at 1-916-322-0459 to expedite the handling of the claim.

e. A Vehicle Accident Report (Standard Form 270) and an Accident Identification Card must be placed in the glove compartment of all court-owned or -leased vehicles. The Accident Identification Card serves as evidence of financial responsibility and states: "This vehicle is owned or leased by a superior court of the State of California, a public entity, and operated by judicial officers or employees of the court. California Vehicle Code sections 16000, 16200, 16021 et seq. state that ownership or lease of a vehicle by a public entity establishes evidence of financial responsibility." This card should be completed at the scene of an accident and provided to the other driver.

f. Copies of the Vehicle Accident Report (Standard Form 270), may be acquired online from the ORIM website at *www.orim.dgs.ca.gov*.

11. State of California Smog Check Program

The Bureau of Automotive Repair administers the Smog Check Program in California. The goal of the program is to reduce air pollution produced by vehicles. Trial courts that own and operate vehicles are required to obtain a smog check with the same frequency as is required for vehicles subject to annual renewal of registration. However, a smog check is not required on all vehicles. Some vehicles only need a smog check when they are being sold or registered in California after previously being registered in another state. The type of vehicle, model year, and area in which the vehicle is registered determines whether a smog check is required.

Under Health and Safety Code section 44019(a), trial courts affected by Smog Check Program requirements will smog test vehicles in accordance with an established schedule and report the results to the Bureau of Automotive Repair. Each trial court affected by the Smog Check Program is required to complete a Government Fleet Smog Check Program Letter of Response (Form 79-19) and submit it to the Bureau of Automotive Repair. A revised Government Fleet Smog Check Program Letter of Response form should be submitted for any changes in vehicle inventory, responsible managing employee, phone numbers, addresses or status of ownership. In addition, trial courts affected by the Smog Check Program are required to report vehicle smog-testing results to the Bureau of Automotive Repair on the Government Fleet Smog Check Program Annual Reporting Transmittal (Form 79-21). Additional information regarding the Smog Check Program

may be acquired online from the Bureau of Automotive Repair's website at *www.smogcheck.ca.gov*.

6.3 Travel Procedures

1. It is necessary to document business travel expenses with receipts showing the actual amounts spent on lodging, transportation and other miscellaneous items. In limited circumstances, a receipt not on preprinted bill head may be acceptable. Receipts not on preprinted bill head must be signed by the vendor or person furnishing the goods or services. Every receipt must be properly itemized. Receipts are required to claim reimbursement for:

   a. Airfare for ticketless travel. The airfare itinerary is a valid receipt.

   b. Rental cars.

   c. Other forms of transportation including buses, trains, taxis, etc. of $3.50 or more. (Receipts for bridge and road tolls need not be submitted to the court.)

   d. Parking of $10 or more.

   e. Seminar registration.

   f. Hotel lodging. Receipts for hotel lodging charges must be on a preprinted bill head with a zero-balance shown. The hotel express checkout or receipts from a third-party provider for lodging booked via the Internet are not valid receipts. In some instances, a hotel may decline to issue a receipt on their preprinted billing head for lodging booked via the Internet.

   g. Meals. (Receipts for meals need not be submitted to the court. However, meal receipts should be retained by the traveler for IRS documentation purposes.)

   h. Incidentals. (Receipts for incidentals need not be submitted to the court. However, receipts for incidental expenses should be retained by the traveler for IRS documentation purposes.)

   i. Conferences and training classes. In addition to the receipt, a proof of attendance or certification of completion must be submitted with the claim. Agenda materials distributed at the conference will suffice as proof of attendance.

   j. Telephone or fax charges of $2.50 or more. All telephone or fax expenses claimed must be related to court business and show the date, place, and party called.

   In cases where receipts cannot be obtained or have been lost, a written explanation to that effect and the reason provided must be noted on the Travel Expense Claim. Lodging, airfare, and car rental receipts cannot be certified as lost or waived and will not be reimbursed without the submission of a valid receipt.

6.3.1 Trial Court Vehicle Use

For travel in trial court-owned vehicles, receipts documenting expenses for gasoline, oil, parking, and any other necessary costs are required for reimbursement.

6.3.2 Personal Vehicle Mileage

1. When the use of a personal vehicle is approved for trial court business, a Travel Expense Claim (TEC) form must be completed for reimbursement. The TEC must contain a description of the trip including the date of travel, destination, and total miles driven for business purposes.

2. Trial court judges and employees submitting claims for reimbursement for personal vehicle use should note the following:

    a. Travel between home and a judge's or employee's regular place of work is not reimbursable.

    b. When travel commences from home, and the traveler is authorized to use his or 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.

    c. Travel between court locations is reimbursable.

    d. If the traveler is driven to a common carrier, he or she can claim double the rate authorized for a one-way trip to and from the common carrier, if no parking is claimed. If the traveler departs or returns to a common carrier on his or her day off or one hour before or one hour after the normal workday, actual miles driven may be claimed.

3. Before authorizing the use of a personal vehicle, the approver will ensure personal liability insurance requirements have been satisfied. However, unless it is a condition of employment, employees are not required to use their personal vehicle for business purposes. It is the employee's responsibility to inform his or her appropriate approval level of any personal automobile liability coverage changes during the year.

6.4 Travel Expense Reimbursement

1. Reimbursable travel expenses are limited to the authorized, actual, and necessary costs of conducting the official business of the trial court and the limits established in published Finance Memos located on the Judicial Resources Network at *http://jrn.courts.ca.gov/programs/bap/*. Trial court Travel Expense Claim forms shall be processed and paid at least monthly.

2. Travel expense reimbursements shall be paid from the Trial Court Operations Fund.[33]

6.4.1 Submittal of Travel Expense Claim (TEC)

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

   a. Is approved and signed by the judge's or employee's appropriate approval level.

   b. Includes only allowable expenses paid by the judge or employee.

   c. Is supported by receipts for airline tickets, lodging, car rentals, and any other expenses (refer to section 6.3, Travel Procedures, for additional information). Receipts should be arranged in chronological order, taped onto an 8½ × 11 inch sheet of paper, and attached to the TEC. Each receipt must be itemized on a preprinted bill head showing the date, quantity, cost, and nature of expense. Receipts not on preprinted bill head must be signed by the vendor or person furnishing the goods or services.

   d. Provides written justification for any unusual expenses.

   e. Notes the business purpose of the trip.

   f. The Judicial Council of California has developed an electronic TEC form that may be used to provide a simple and convenient means of documenting travel expenses for reimbursement purposes. Use of the electronic form is recommended and it is included in the Associated Documents at the end of this procedure. Courts may wish to modify the sample TEC form to exclude the Financial Information for California (FI$Cal) reporting structure.

2. Court staff seeking reimbursement for travel on behalf of the Judicial Council of California, or to events where travel expenses are reimbursed by the Judicial Council of California, shall use the Judicial Council of California Travel Expense Claim. All expense reimbursements shall comply with the reimbursement rates outlined in Finance Memos and guidelines located on the Judicial Resources Network at

[33] Gov. Code, § 69505(c).

http://jrn.courts.ca.gov/programs/bap/ and associated Judicial Council of California expense claim procedures.

6.4.2 Allowable Expenses

1. To be eligible for lodging and per diem reimbursement, travel expenses must be incurred while traveling to/from a destination at least 50 miles from an individual's "tax home" or must be preauthorized with significant business justification. Preauthorized travel expenses incurred while traveling to/from destinations less than 50 miles from an individual's "tax home" are considered fringe benefits and subject to taxes and withholding.

2. The following types of expenses are allowable and reimbursable for trial court business travel:

   a. Airfare. Air travel should be obtained at the lowest convenient airfare. Only the cost of coach class air travel is allowable.

   b. Surface Transportation. The cost of surface transportation by train, bus, taxi, and rented vehicle, private or trial court-owned vehicle is allowable. If surface transportation is chosen in lieu of available commercial air travel, the total reimbursement cannot exceed the total cost for travel had the services of a commercial airline been used. A cost comparison should be prepared calculating the amounts for both modes of transportation and related expenses before approving surface travel so the traveler knows in advance the estimated amount eligible for reimbursement.

   c. Mileage. Personal vehicle mileage is reimbursable at the current federal mileage reimbursement rate established by the Internal Revenue Service that corresponds to the dates of travel. Parking and toll charges are also reimbursable.

   d. Lodging. Actual costs incurred for overnight lodging are allowable up to the maximum rate established by the reimbursement rates outlined in Finance Memos and guidelines located on the Judicial Resources Network at http://jrn.courts.ca.gov/programs/bap/ or approved lodging exception request rate.

   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 reimbursement rates outlined in Finance Memos and guidelines located on the Judicial Resources Network at http://jrn.courts.ca.gov/programs/bap/. 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.

According to the Internal Revenue Code, meal costs for same-day travel, even if reimbursed by the employer, are a personal expense, not a "business expense," which means meal costs for same-day travel are subject to taxation, except as noted below:

Meal reimbursements for travel less than 24 hours are nontaxable and nonreportable when:

i. Travel includes an overnight stay

ii. Meals provided to attendees are included as part of a conference curriculum or business meeting and must be documented with date, duration, place, attendees' names and purpose of the meeting.

f. Personal Services Charges; Incidentals. Incidental expenses including fees and tips for persons providing services, such as luggage handlers, parking attendants, and hotel housekeeping, and transportation costs to get to meals. Actual amounts paid as incidentals for services are allowable up to the not-to-exceed maximum costs established by the reimbursement rates outlined in Finance Memos and guidelines located on the Judicial Resources Network at *http://jrn.courts.ca.gov/programs/bap/*.

g. Expenses of Other Judges and Employees. Trial court judges and employees may be reimbursed for business expenses incurred for other judges and employees provided the specific business reason for the expense is indicated along with the names and affiliations of the others involved. This is intended for common business travel situations where it is practical for one individual to pay for an expense rather than divide it among several individuals (e.g., a restaurant bill for a group of judges and/or employees traveling together).

6.4.3 Unallowable Expenses

1. Expenses incurred for the sole benefit of a trial court judge or employee shall not be allowed as reimbursable travel expenses. Examples of unallowable expenses include any type of insurance, travel loan finance charges, personal credit card fees or dues, newspapers, magazines, and other like charges.

   a. Alcoholic Beverages. The purchase of alcoholic beverages is not allowed as a reimbursable travel expense.

   b. Personal Telephone Charges. Personal telephone charges that are not court business related are not allowed as reimbursable travel expense.

   c. Surface Transportation in Lieu of Air Travel. The excess costs of meals, lodging, or other travel expenses incurred as a result of choosing surface transportation instead of air travel are not allowable. As stated above in subsection 6.4.2,

Paragraph 1, Item b, the total travel costs reimbursed must not exceed the amount had the services of a commercial airline been used if available.

d. Meal Provided at Meeting/Conference. If a business meal (at a meeting/conference, etc.) is provided and paid for on the traveler's behalf, reimbursement must not be processed for the same meal if claimed by the traveler on a TEC, regardless of whether the traveler chose to forgo the provided meal and eat at another venue.

6.5 Travel Expense Restrictions

To protect the resources allocated to components of the judicial branch that support the basic constitutionally and statutorily required operations of the branch, all judges, subordinate judicial officers, and those trial court employees who are not represented by a recognized employee organization and who earn more than $125,000 per year will not be reimbursed for professional association dues. This restriction does not affect reimbursement of the costs of licenses that are a requirement of the position (e.g., State Bar licenses).

6.6 Travel Expense Reimbursement of Non-Superior Court Employees (Pro Bono Consultants)

Pro bono consultants are individuals serving as experts in specialized areas who receive no salary. Since their expertise is needed for limited periods a written contract may not be required. Headquarters should be established, listed on each TEC, and kept on file by the appropriate approval level. Pro bono consultants are eligible for reimbursement of actual travel expenses supported by a receipt up to the maximum rates identified in the reimbursement rates outlined in Finance Memos and guidelines located on the Judicial Resources Network at *http://jrn.courts.ca.gov/programs/bap/*.

7.0 Associated Documents

State of California Travel Expense Claim (TEC) form and instructions
Hotel/Motel Transient Occupancy Tax Waiver
State of California Certification for Driving on Official Court Business to Use Privately Owned Vehicles
Exception Request for Lodging Form
Out-of-State Travel Request Form

STATE OF CALIFORNIA

TRAVEL EXPENSE CLAIM

(JCC Electronic) Revised 08/2019

See Instructions and Privacy Statement in Tab 2 and 3*

Page 1 of

CLAIMANT'S NAME	SSN* (Only if no FI$Cal Supplier/Claimaint# below)	DIVISION
POSITION/TITLE	UNIT/OFFICE OR DISTRICT (as applicable)	E-MAIL ADDRESS
RESIDENCE ADDRESS	HEADQUARTERS ADDRESS	TELEPHONE NUMBER
CITY / STATE / ZIP CODE	CITY / STATE / ZIP CODE	

(1) MONTH/YEAR		(3)	(4)	(5) MEALS			(6)	(7) TRANSPORTATION						(8)	(9)
(2)		LOCATION WHERE EXPENSES WERE INCURRED	LODGING	BREAK-FAST	LUNCH	DINNER	INCIDEN-TALS	(A) COST OF TRANS.	(B) TYPE USED	(C) CARFARE TOLLS PARKING		(D) PRIVATE CAR USE		BUSINESS EXPENSE	TOTAL EXPENSES FOR DAY
DATE	TIME											MILES	AMOUNT		
(10)	SUBTOTALS														
	COLUMN CODE (ACCTG USE ONLY)		5320220	5320230				5320470		5320490		5320440			
	CLAIM TOTAL														

(11) PURPOSE OF TRIP, REMARKS, AND DETAILS (Attach receipts/vouchers when required)

(12) FI$CAL REPORTING STRUCTURE

Required Fields if activity is charged to a project

GL/Bus Unit	
Appro Ref	
Fund	
ENY	
Program	
Project ID	
Activity ID	
Srce Type	
Rept Struc	

FI$CAL CLAIMANT #

ACCOUNTING OFFICE USE ONLY

INVOICE DATE

INVOICE AMOUNT

PAID BY REVOLVING FUND CHECK #

(13) NORMAL WORK HOURS	(14) PRIVATE VEHICLE LICENSE NO.	(15) MILEAGE RATE CLAIMED 0.575

(16) I HEREBY CERTIFY that the above statement is a true statement of the travel expenses incurred by me in accordance with the State of California travel reimbursement policy and guidelines as adopted by the Judicial Council of California.

CLAIMANT'S SIGNATURE	DATE	(17) SIGNATURE, OFFICER APPROVING TRAVEL AND PAYMENT	DATE

STATE OF CALIFORNIA

TRAVEL EXPENSE CLAIM (TEC) FORM

GENERAL TEC INSTRUCTIONS

All TECs must be completed in ink (other than black), unless electronically printed. Completion of the upper portion of the form in its entirety is required. "Tax Home" is defined as an individual's principal place of business. Submit only the signed original with supporting documentation within 30 days of travel. ***Receipts*** should be arranged in chronological order and taped onto an 8½ x 11 inch sheet of paper.

1. **MONTH/YEAR**—Enter numerical designation of calendar month and four-digit year which expenses were incurred. Example: 8–2002 (August 2002).

2. **DATE & TIME**—Enter numeric day of the month. **Time of departure and return must be entered using a 24-hour clock, example: 1700 = 5:00 p.m.** If departure and return are same date, enter departure time above and return time below on the same line. Otherwise, use two lines to enter activity.

3. **LOCATION**—Enter the location where the expenses were incurred. To be eligible for lodging and/or meal reimbursement, expenses must be incurred in excess of 50 miles from an individual's tax home or must be preauthorized with significant business justification.

4. **LODGING**—Enter the actual cost of lodging not to exceed the maximum authorized rate, plus tax per day. Each day of lodging must be listed separately on the form. **An itemized *receipt* is mandatory.**

5. **MEALS**—**Actual amounts** not to exceed **$8 for breakfast, $12 for lunch, and $20 for dinner.** One day trips: breakfast may be claimed for actual cost up to $8 if travel begins one hour before normal work hours; dinner may be claimed for actual cost up to $20 if travel ends one hour after normal work hours; lunch may not be claimed or reimbursed. Note: all meal reimbursement for one day trips are taxable and reportable income unless the travel included an overnight stay.

6. **INCIDENTALS**—**Actual amount up to $6** for each full 24-hour period. Incidentals may not be claimed or reimbursed for travel of less than 24 hours or fractional days.

7. **TRANSPORTATION**—The most efficient and least costly mode of transportation shall be reimbursed.

   - Enter the cost of transportation. Enter "BSA" for billed to state (court), "C" for cash, "CC" for credit card, and "SCC" for state (court) credit card.

   - Enter the method of transportation used. Enter "A" for commercial airlines, "B" for bus, airport shuttle, light rail or BART, "PC" for privately owned vehicle, "R" for railway, "RA" for rental aircraft, "RC" for rental vehicle, "SC" for state vehicle, and "T" for taxi.

   - Enter carfare, bridge tolls, and parking charges. Enter "C" for carfare, "P" for parking, and "T" for tolls.

Receipts are mandatory for all taxi fares, shuttle fares, public ground transportation, and parking fees of more than $10. In cases where receipts cannot be obtained or have been lost, a statement to that effect shall be made in the expense account and the reason given. A statement as to a lost receipt will not be accepted for lodging, airfare, rental car, and/or business expenses. For a ticketless flight, submit the itinerary. The itinerary includes the same information that would be found on a ticket.

Also, the airfare itinerary and the car rental agreement must be attached to the TEC even when these items are booked and paid through the court.

8. **BUSINESS EXPENSE—Receipts** are mandatory for all business expenses, except telephone charges of $2.50 or less. However, all telephone calls must include a statement of the party called, place, and business purpose of the call. Record business meals/business lodging in this column.

9. **TOTAL EXPENSES FOR DAY**—Daily total must be entered.

10. **SUBTOTALS/TOTAL**—Enter column totals (claim should be in balance).

11. **PURPOSE OF TRIP, REMARKS AND DETAILS**—Explain the need (purpose) for travel and any unusual expenses. Enter details or explanation of items included in above columns. The budgetary account code is mandatory and must be included on the form.

12. **NORMAL WORK HOURS**—Mandatory for meal reimbursement.

13. **PRIVATE VEHICLE LICENSE NUMBER**—Mandatory for mileage reimbursement.

14. **MILEAGE RATE CLAIMED**—Mandatory for personal car mileage reimbursement.

15. **CLAIMANT'S CERTIFICATION, SIGNATURE AND DATE—Mandatory.**

16. **SIGNATURE AND DATE OF APPROVING OFFICER—Mandatory.** (Each employee must have a legitimate and reasonable need to travel before the appropriate approval level gives his or her approval. It is inappropriate for an employee to travel without this approval. The most reasonable mode of transportation and/or lodging must be acquired when traveling. It is the approving officers' responsibility to ascertain the accuracy, necessity and reasonableness of the expenses for which reimbursement is claimed.) Print and sign the form and forward the required number of copies to the approving authority.

On the Judicial Resources Network, under Travel Guidelines & Forms, there is a TEC form for your convenience, at *http://jrn.courts.ca.gov/programs/bap/*.

PRIVACY STATEMENT

The information Practices Act of 1977 (Civil Code Section 1798.17) and the Federal Privacy Act (Public Law 93-579) require that the following notice be provided when collecting personal information from individuals.

AGENCY NAME: Appointing powers, the Administrative Office of the Courts, and Superior Courts of California.

UNITS RESPONSIBLE FOR REVIEW: The accounting office within each appointing power and the Internal Audit Unit of the Administrative Office of the Courts.

AUTHORITY: The reimbursement of travel expenses is governed by the Victim Compensation & Government Claims Board. The Victim Compensation & Government Claims Board is authorized to adopt the rules and regulations that define the amount, time, and place that expenses and allowances may be paid to State judicial branch officers and employees while on State business per Government Code Section 13920.

PURPOSE: The information you furnish will allow the above-named agencies to reimburse you for expenses you incur while on official State business.

OTHER INFORMATION: While your social security number (SSN) and home address are voluntary information under Civil Code Section 1798.17, the absence of this information may cause payment of your claim to be delayed or rejected. You should contact your department's Accounting Office to determine the necessity for this information. Please note: Your social security number is required for reportable, taxable benefits (i.e., meal reimbursement when no overnight lodging occurs, relocation reimbursement, etc.).

ELECTRONIC WORKBOOK INSTRUCTIONS

1. This Excel workbook is modeled after the STD. 262 on the website of the Office of State Publishing.

2. Excel has a feature called AutoComplete in which Excel anticipates cell data entry based on the first few characters typed, and then imposes a suggested completion for the finished cell entry. Some users find this feature disruptive to smooth data entry. To disable AutoComplete, click on the Tools menu, select Options, select the Edit tab, and unselect “Enable AutoComplete.”

3. Yellow help screens will appear with many cells in the money data entry section of the worksheet. If these help screens get in the way of data entry, they can be easily moved out of the way. Simply move the mouse pointer onto the offending help screen, hold down the mouse left click, and drag the help screen out of the way.

4. Concerning header information in rows 7 through 13 (claimant’s name, SSN, position, residence address, etc.) the user completes this information in its entirety. If more than one page is needed, retain header information and change page number.

5. Cells in column 7(A) [COST OF TRANS] and in column 8 [BUSINESS EXPENSE] are split vertically to allow a brief description in the upper half and the claim amount in the lower half.

6. Cells in column 7(C) [CARFARE, TOLLS, PARKING] are split both vertically and horizontally to allow two pairs of entries, with a letter code on the left and the amount on the immediate right.

7. Certain cells contain Excel drop lists to assist the data entry. These cells are the MONTH/YEAR, 7(A) COST OF TRANS, 7(B) [TYPE USED], and 7(C) [CARFARE, TOLLS, PARKING].

8. All money amount data entry cells are validated to assure that amounts entered do not carry more than two decimal places (i.e. fractions of a cent).

9. The worksheets are protected worksheets. The user has access only to data entry cells. Cells that contain headings and formulas (such as row totals and column totals) are protected.

10. Cells are color coded per: informational data entry = indigo; number of miles data entry = teal; money amount data entry = red; locked cells (headings and formulas) = black.

11. Use of the code “SC” (State Car) in column (7)(B) for any line will prevent any mileage entered on that line from yielding a dollar claim amount. Mileage on State Cars in not reimbursable.

    The DATE portion of box (2) provides a drop list which allows entry of the numeric day of the month, or entry of the month names. For RT claims (i.e. mass transit incentives programs), use the month names from the drop list, and indicate the starting month in box (1) MONTH/YEAR.

12. Do NOT use the Excel COPY/PASTE sequence to replicate data entry. Unfortunately, even in a protected worksheet, the COPY/PASTE sequence can damage cell formats and validations.

HOTEL/MOTEL TRANSIENT OCCUPANCY TAX WAIVER

(EXEMPTION CERTIFICATE FOR STATE AGENCIES) STD. 236 (NEW 9-91)

HOTEL/MOTEL OPERATOR:
RETAIN THIS WAIVER FOR YOUR FILES TO SUBSTANTIATE YOUR REPORTS.
PARTICIPATION BY OPERATORS IS STRICTLY VOLUNTARY

Date Executed:

HOTEL/MOTEL NAME:

TO:

HOTEL/MOTEL ADDRESS (Number, Street, City, State, ZIP Code)

This is to certify that I, the undersigned traveler, am a representative or employee of the State agency indicated below; that the charges for the occupancy at the above establishment on the dates set forth below have been, or will be paid for by the State of California; and that such charges are incurred in the performance of my official duties as a representative or employee of the State of California:

OCCUPANCY DATE(S) AMOUNT PAID

_____ $_____

STATE AGENCY NAME:

JUDICIAL BRANCH

HEADQUARTERS ADDRESS

TRAVELER'S NAME (Printed or Typed)

I hereby declare under the penalty of perjury that the foregoing statements are true and correct.

EXECUTED AT: (City) TRAVELER'S SIGNATURE DATE SIGNED

, CALIFORNIA

Clear Print

STATE OF CALIFORNIA

HOTEL/MOTEL TRANSIENT OCCUPANCY TAX WAIVER
(EXEMPTION CERTIFICATE FOR STATE AGENCIES)

STD. 236 (NEW 9-91)

HOTEL/MOTEL OPERATOR: RETAIN THIS WAIVER FOR YOUR FILES TO SUBSTANTIATE YOUR REPORTS.
PARTICIPATION BY OPERATORS IS STRICTLY VOLUNTARY

DATE EXECUTED

HOTEL / MOTEL NAME

TO:

HOTEL / MOTEL ADDRESS *(Number, Street, City, State, ZIP Code)*

This is to certify that I, the undersigned traveler, am a representative or employee of the State agency indicated below; that the charges for the occupancy at the above establishment on the dates set forth below have been, or will be paid for by the State of California; and that such charges are incurred in the performance of my official duties as a representative or employee of the State of California.

OCCUPANCY DATE(S)

AMOUNT PAID

$

STATE AGENCY NAME

HEADQUARTERS ADDRESS

TRAVELER'S NAME *(Printed or Typed)*

I hereby declare under the penalty of perjury that the foregoing statements are true and correct.

EXECUTED AT: *(City)* , **CALIFORNIA**

TRAVELER'S SIGNATURE

DATE SIGNED

STATE OF CALIFORNIA

CERTIFICATION FOR DRIVING ON OFFICIAL COURT BUSINESS

Supervisor: Retain Original Copy

Section I. CERTIFICATION TO DRIVE ANY VEHICLE ON OFFICIAL COURT BUSINESS

I hereby certify that, whenever I drive any vehicle on official court business, I will have a valid driver's license in my possession, a good driving record, and have an approved, up-to-date Certification for Driving on Official Court Business on file. Vehicle Code Section 16020 (effective July 1, 1985) requires all motorists to carry evidence of current automobile liability insurance in their vehicles. The Accident Identification Card placed in the glove compartment of all court-owned or leased vehicles serves as evidence of financial responsibility.

I further certify that, while using any vehicle on official court business, all accidents will be reported to the Office of Risk and Insurance Management within 48 hours. To accomplish this, judicial officers or employees of the court must complete a Vehicle Accident Report, Standard Form 270 as soon as possible and forward it to their supervisor. The supervisor will: (1) review the form,

(2) investigate the circumstances surrounding the accident, (3) verify that the judicial officer or employee was on official court business, (4) complete the Supervisor's Review of Motor Vehicle Accident, Standard Form 274 and send or fax both forms to: Trial Court Vehicle Accident Report, c/o Branch Accounting and Procurement Office, Judicial Council of California, 455 Golden Gate Avenue, San Francisco, CA 94102-3688, FAX 415-865-4326.

I understand that permission to use a vehicle on court business is a privilege, which may be suspended or revoked at any time. I further understand that I must inform my supervisor in writing immediately if my driver's license is suspended or revoked, or if I receive a moving violation.

Section II. ACKNOWLEDGMENT OF INSURANCE COVERAGE LIMITATIONS FOR NONJUDICIARY PASSENGERS

I understand transporting any persons other than those directly involved in official court business is prohibited unless I have obtained advance approval from my supervisor for the specific trip. In those limited situations when advance approval has been obtained, I understand neither the State's Motor Vehicle Liability Program nor the workers' compensation system will pay for any loss or expense, including medical expenses, of a passenger who is not a judicial officer or judicial branch employee (a "nonjudiciary passenger"), including a family member, resulting from any injury or accident in a court-operated vehicle. The nonjudiciary passenger is responsible for all such costs and expenses. Furthermore, I acknowledge and agree to inform all nonjudiciary passengers that there is no medical coverage under the State program for nonjudiciary passengers in the event of any injury or accident.

Section III. CERTIFICATION TO USE PRIVATELY OWNED VEHICLE ON OFFICIAL COURT BUSINESS

In accordance with State Policy, approval is requested to use a privately owned vehicle to conduct official court business. (Note: If judicial officer/employee will not be using privately owned vehicle on court business indicate N/A in Section IV below.)

I hereby certify that, whenever I drive a privately owned vehicle on official court business, I will have a valid driver's license and proof of liability insurance in my possession, a good driving record, an approved, up-to-date Certification for Driving on Official Court Business on file, and the vehicle must always be:

1. Covered by liability insurance for the minimum amount prescribed by State Law ($15,000 for personal injury to, or death of, one person; $30,000 for injury to, or death of, two or more persons in one accident; $5,000 property damage). Vehicle Code Section 16020 (effective July 1, 1985) requires all motorists to carry evidence of current automobile liability insurance in their vehicles;
2. Adequate for the work to be performed;
3. Equipped with safety belts in operating condition; and
4. To the best of my knowledge, in safe mechanical condition as required by law.

I understand that the mileage rate I receive is full reimbursement for the cost of operating the vehicle on official court business including fuel, maintenance, repairs, and both liability and comprehensive insurance. If an accident occurs, I understand that my personal vehicle liability insurance provides the primary protection up to the policy limit. Should a settlement or judgment arising out of that accident exceed the policy limit, the State's Motor Vehicle Liability Program provides excess coverage. I further understand

that I must notify my supervisor in writing immediately if I no longer have at least the minimum required liability insurance and that I must complete a new Certification for Driving on Official Court Business if I will be driving a different privately owned vehicle or will no longer use my own vehicle(s) on official court business.

Section IV. By signing below, I certify that I understand and will comply with the conditions set forth in Sections I, II, and, if applicable, III.

DRIVER'S LICENSE NUMBER	STATE	EXPIRATION DATE
LICENSE NUMBER OF PRIVATELY OWNED VEHICLE(S) (Indicate N/A if privately owned vehicle(s) will not be used on official court business)		
JUDICIAL OFFICER/EMPLOYEE SIGNATURE	PRINT NAME	DATE SIGNED

Section V. APPROVAL

Use of a privately owned vehicle on Court business is approved.

APPROVING AUTHORITY SIGNATURE	TITLE	DATE APPROVED

Section VI. SUSPENDED OR REVOKED PRIVILEGE TO USE VEHICLE ON OFFICIAL COURT BUSINESS

DATE: SUSPENDED_____
REVOKED _____

REASON:

STATE OF CALIFORNIA **REQUEST FOR EXCEPTION TO MAXIMUM LODGING RATES** (REV. 8/14)		JUDICIAL COUNCIL OF CALIFORNIA
INSTRUCTIONS: Prior approval in advance of travel is required for amounts that exceed the maximum lodging rates, excluding tax and surcharges. Submit APPROVED request with Travel Expense Claim ACCT 262. Please print or type all information.		
☐ Actual Lodging cost per night up to: $250 San Francisco County, $140 Alameda, San Mateo, and Santa Clara Counties $125 Monterey and San Diego Counties $120 Los Angeles, Orange and Ventura Counties $110 All other Counties plus tax and surcharges (Attach documentation).	☐ Non-State Sponsored Conference/ Convention, did not stay at function site (Attach documentation)	☐ Out-of-State travel (Attach documentation)
CLAIMANT'S NAME	WORK PHONE NUMBER	HEADQUARTERS/CITY
CLAIMANT'S PRIMARY RESIDENCE STREET ADDRESS (Include city, state & zip code)		
DEPARTMENT	DIVISION/COURT	
TRAVEL DATE FROM (month/day/year)	TRAVEL DATE TO (month/day/year)	
POINT OF ORIGIN	DESTINATION	
REASON FOR TRIP		
LODGING ESTABLISHMENT NAME	ROOM RATE $	
STREET ADDRESS (Include city, state & zip code)		
REASON FOR HIGHER LODGING RATE (check which apply)		
☐ Alternate lodging not available	☐ Required to stay at contracted lodging site	
☐ Cost of alternate lodging and/or transportation equal to or greater than amount requested (include cost comparison)	☐ Attendance at a non-State sponsored function, but participant will not stay at the designated function site.	
☐ State business will be conducted at designated lodging establishment (attach agenda and supporting documentation)	☐ Other (specify below	
EXPLAIN WHY THE ABOVE REASON(S) APPLY–LIST HOTELS SURVEYED (minimum of 3) AND RESULTS (*Attach additional page(s) if necessary)*.		
(Attach copies of agenda, lodging requirements, registration, cost comparison analysis, comparable bids, etc.)		
APPROVAL		
CLAIMANT'S SIGNATURE	TITLE	DATE SIGNED
CONTACT/LIAISON (PRINT OR TYPE)	TITLE	CONTACT PHONE NO.
SUPERVISOR/PROJECT MANAGER AUTHORIZATION (SIGNATURE)	TITLE	DATE SIGNED
APPOINTING POWER DESIGNEE APPROVAL (SIGNATURE)	TITLE	DATE SIGNED

OUT-OF-STATE TRAVEL REQUEST

Name and Title	Today's Date
Location of Travel	Date of Travel
Origin of Request (Individual, Committee, etc.):	
Responsible Staff/Unit for Coordination	
Title/Description: [ ] Conference/Workshop [ ] Other	
Purpose/Explanation: (Briefly describe benefit and reason for trip; include information where appropriate about California's relationship to activity, other California participants, discussion on whether information can be obtained in California, and relation to achieving superior court goals on individual development. Attach additional pages, if necessary)	
Itinerary	
Estimated Costs (Attach additional pages, if necessary): Account Code: Number of Travelers: Names/Title (if known) or Positions:	
Requested By	Date

FUNDING

To the best of my knowledge, I certify that there are sufficient funds available for the out-of-state travel shown above.

Supervisor/Manager Presiding Judge

Date_____ Date

AUTHORIZATION: [ ] Yes [ ] No AUTHORIZATION: [ ] Yes [ ] N

Judicial Council of California

Trial Court Financial Policies and Procedures

PETTY CASH

POLICY NUMBER: FIN 8.04

Revised June 2020

Back to Main TOC

Petty Cash

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
- 6.1 Introduction
- 6.2 Petty Cash Fund Custodian
- 6.3 Establishment of a Petty Cash Fund
- 6.4 Petty Cash Disbursements
- 6.5 Restrictions on Use of Petty Cash
- 6.6 Petty Cash Fund Reimbursement
- 6.7 Audit of Petty Cash Fund
- 6.8 Change in Petty Cash Custodian

7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to establish guidelines for the trial court to use in establishing, drawing from, replenishing, and accounting for petty cash funds.

3.0 Policy Statement

A petty cash fund may be established when the trial court finds it necessary to keep a small amount of cash on hand to purchase low-value supplies and services that cannot be practically purchased by other means. The maximum petty cash purchase is $100 unless advance approval from the court executive officer or his or her documented designee is obtained in writing or by email.

4.0 Application

This procedure applies to all trial court officers, managers, and employees who are responsible for authorizing, controlling, or reconciling petty cash funds or who may make purchases using petty cash.

5.0 Definitions

Refer to the Glossary for the following key term used in this policy.

Petty Cash

6.0 Text

6.1 Introduction

1. A petty cash fund may be established when it can be demonstrated that a continuing cash advance should be kept on hand to permit the purchase of low-value supplies and services.

2. Whenever possible, standard procurement methods should be used instead of petty cash (refer to the *Judicial Branch Contracting Manual*). However, some supplies, such as stamps, postage for prepaid meters, parking, cab fare, and rapid transit tickets needed for official trial court business purposes, may be purchased using petty cash funds.

3. More than one petty cash fund may be established if the trial court can demonstrate a need based on factors such as the size of the court or the need for petty cash at multiple court locations. These procedures apply to each petty cash fund established by the trial court.

6.2 Petty Cash Fund Custodian

1. The court executive officer must appoint a custodian of the trial court petty cash fund. The custodian is responsible for the safekeeping, disbursement, and accounting for petty cash. A copy of this procedure shall be given to the custodian to ensure that he or she understands the requirements for using petty cash funds.

2. The petty cash custodian shall have no other cash-handling responsibilities.

3. Petty cash funds should be kept separate from all other monies. The petty cash fund shall be kept in a locked drawer or cabinet with the key in the custodian's possession.

6.3 Establishment of a Petty Cash Fund

1. A check made payable to the custodian of the fund is written to establish the fund. Checks written to replenish the petty cash fund are also made payable to the custodian.

2. The petty cash fund should be kept to the lowest amount that is sufficient to meet the needs of the trial court. The authorized fund shall not exceed $200, except that funds up to $750 may be authorized where:

    a. A fund of lesser size would normally require replenishment more often than once a month; and

    b. A safe, vault, or money chest adequate to safeguard the petty cash fund is available.

6.4 Petty Cash Disbursements

1. The maximum petty cash disbursement is $100 per transaction, exclusive of applicable sales tax.

2. Disbursements from a petty cash fund can only be made for authorized purposes. Each disbursement must be documented by a petty cash receipt, which should contain the following information:

   a. Date of purchase or payment.

   b. Name of vendor or other payee.

   c. Amount paid.

   d. Description of the goods purchased (entered by the vendor if a handwritten receipt is obtained, or by the purchaser if a cash register tape is issued) or of the services provided.

   e. The trial court account the disbursement should be charged to.

   f. Signature indicating receipt of purchases or services.

   A sample Petty Cash Receipt is provided in 7.0, Associated Documents.

3. The original vendor invoice, cash register receipt, or other evidence of the transaction for which petty cash is disbursed must be attached to the petty cash receipt.

4. The total receipts plus the cash on hand must equal the specified amount of the petty cash fund at all times.

6.5 Restrictions on Use of Petty Cash

1. Whenever possible, standard procurement methods should be used instead of petty cash (refer to the *Judicial Branch Contracting Manual*).

2. The petty cash fund cannot be used to:

   a. Pay for expenditures greater than $100 unless advance approval from the court executive officer or his or her designee is obtained in writing or by email. If approval is not obtained, purchases greater than $100 shall be made according to the *Judicial Branch Contracting Manual.*

   b. Purchase goods currently covered by a trial court contract or blanket purchase order.

   c. Pay personal services that would be considered either wages or independent contractor payments. All payments for personal services must be paid through either

the payroll system as wages or as accounts payable, if payment is being made to an independent contractor.

d. Pay travel expenditures, except for local travel (e.g., parking, cab fare, local public transit fares, etc.), or meal expenses.

e. Make personal loans, salary advances, or to serve as a check-cashing fund.

6.6 Petty Cash Fund Reimbursement

1. Reimbursements to the petty cash fund are made by check payable to the custodian. To receive reimbursement for petty cash expenditures, the custodian must submit a Reimbursement of Petty Cash form that is supported by purchase receipts. An example form is provided at the end of this procedure.

2. Reimbursement requests must be approved for payment by the court fiscal officer or his or her designee. The trial court accounting department is responsible for reviewing the receipts submitted with reimbursement requests.

3. Trial court executives, managers, and other employees are prohibited from authorizing petty cash reimbursements payable to cash or to themselves.

4. Reimbursement should be requested as needed, but no less frequently than monthly. The fund shall be reimbursed before the close of the fiscal year.

5. Two people shall count and verify the amount in the petty cash fund periodically at the court's discretion. Any differences will be reported to the court executive officer, or his or her designee, so that he or she can determine what action should be taken.

6.7 Audit of Petty Cash Fund

A representative of the trial court accounting department will count the petty cash fund according to the following schedule and report the count to the court fiscal officer:

Size of Fund	Frequency
$200 or less	Annually
$200 to $500	Quarterly
Over $500	Monthly

6.8 Change in Petty Cash Custodian

When custody of a petty cash fund is transferred to another custodian, (1) a personal review of the fund will be made by the employees directly concerned, and (2) a Petty Cash Change of Custodian form (provided at the end of this procedure) should be completed for the approval of the court executive officer. The purpose of this form is to document the change

of custodian, that the total of the cash and the receipts equals the specified amount of the fund, and that the new custodian is aware of his or her specific responsibilities related to custody of the fund.

7.0 Associated Documents

Suggested Petty Cash Receipt
Suggested Reimbursement of Petty Cash Form
Suggested Change of Petty Cash Custodian Form

PETTY CASH RECEIPT

$100.00 limit per purchase

NOT VALID WITHOUT ORIGINAL RECEIPT ATTACHED

Receipts older than 30 days will not be reimbursed on this form

Vendor:_____ **Date:** _____

Description of purchased items and intended use:

_____

_____

_____

Charge to Account No: _____

Purchased by:_____ **Amount: $**_____

The above purchase was for official trial court purposes, and I have received, in cash, the amount shown above.

_____

Signature of Purchaser **Date**

REIMBURSEMENT OF PETTY CASH

To: Court Fiscal Officer Date: _____

Make check payable to:

_____

(Custodian)

Amount of Petty Cash Fund: $

Deduct cash on hand: - $ _____

Amount to be reimbursed: $

Detail of Petty Cash Disbursements – **Attach Supporting Receipts**

Account	Item	Purchase Amount

Total Disbursements $

_____ _____

Custodian's Signature Date

_____ _____

Court Fiscal Officer's Signature Date

CHANGE OF PETTY CASH CUSTODIAN

To: Court Executive Officer

From: Court Fiscal Officer

Trial court policy requires that the custodian of a petty cash fund who is directly responsible for the safekeeping and disbursement of the fund's cash must be appointed by the Court Executive Officer. The policy also requires that any change in custody of an existing fund must be documented in writing and the amount of the transfer verified. The Court Fiscal Officer must notify the Court Executive Officer in writing when the custodian of a petty cash fund changes. In addition, the Court Fiscal Officer must document that the procedures that must be followed in using a petty cash fund were provided to the new custodian.

Completion of this form is sufficient verification that the above requirements have been met.

As the **Present Custodian**, I currently have the following combination of cash and receipts totaling the amount authorized for my petty cash fund.

Cash on hand $_____Amount in receipts $_____= $ _____

_____ (___)_____ _____
Signature Telephone No. Date

As the **New Custodian,** I agree that I received the total cash and receipts in the amount of $_____on (date)_____. I have read and agree to follow the procedures specified in Procedure No. FIN ___, *Petty Cash* from the *Trial Court Financial Policies and Procedures Manual* and any specific trial court procedures concerning my responsibilities for safeguarding and disbursing cash from the petty cash fund.

_____ (___)_____ _____
Signature Telephone No. Date

Court Fiscal Officer

Name _____
(print or type)

Signature _____

Date _____

Judicial Council of California

Trial Court Financial Policies and Procedures

BUSINESS MEAL EXPENSE GUIDELINES

POLICY NUMBER: FIN 8.05

Revised June 2020

Back to Main TOC

Business Meal Expense Guidelines

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
- 6.1 Authorized Business Meals
- 6.2 General Requirements for Court Payment of Business Meal Expenses
- 6.3 Business Meal Expense Reimbursement via Travel Expense Claim (TEC)
- 6.4 Group Business Meals
- 6.5 Authorized Business Meal Time Frames
- 6.6 Authorized Business Meal Rates
- 6.7 Requests for Exceptions to Business Meal Expense Guidelines
- 6.8 Unallowable Business Meal Expenses

7.0 Associated Documents

2.0 Purpose

The purpose of this policy and the procedures that follow is to define the rules and limits that must be observed when arranging or claiming reimbursement for meals connected to official court business.

3.0 Policy Statement

1. It is occasionally necessary for trial court judges and employees to conduct official court business during a meal. The trial court may pay vendors' invoices (e.g., caterer bills) or reimburse its judges and employees for the actual cost of business meals when the rules and limits described below are met.

4.0 Application

This policy applies to all trial court judges and employees.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Receipt
Travel Expense Claim (TEC) form

6.0 Text

The minimum standards for arranging and paying for business meals are provided below. The requirements of the travel expense program established in Policy No. FIN 8.03 Travel Expense Reimbursement for Trial Court Judges and Employees are separate and do not apply to business meal expenses as defined in this policy. Thus, for example, the requirements of the travel

expense program that meal expenses must be incurred in excess of 50 miles from an individual's tax home does not apply to business meal expenses covered by this policy.

6.1 Authorized Business Meals

The presiding judge—or, if delegated in writing by the presiding judge, the court executive officer or another judge—must determine in each instance that there is a business purpose to permit the business meal expenditure. Once that determination is made, business meal expense documents (Travel Expense Claim forms, vendor invoices, etc.) will be processed and approved within budgetary constraints by assigned trial court staff. These guidelines do not create an entitlement for payment or reimbursement for any business meal expense incurred without the written advance approval of the presiding judge or his or her authorized written delegate. These guidelines apply to all business meal expenses regardless of the source of funds used to pay the expenses.

Business meals are meals or refreshments during which discussions of court business occur or meals or refreshments associated with court conferences, meetings, and workshops, when there is a business need to keep participants together. Business meals include meals not authorized through the travel reimbursement program. A higher rate may be paid for such meals than is allowed for the same meals while on travel status.

When properly authorized, the actual cost of a reasonable business meal will be reimbursed or paid up to the maximum rate specified in section 6.6, Authorized Business Meal Rates. Business meals should support continuation of the meeting and not be the primary function of the meeting. Business meals will not be reimbursed or paid without the submission of a valid receipt and supporting documentation. A notation explaining that a receipt has been lost will not be accepted.

Business meals may be taken onsite, at a trial court work site or government facility, or offsite, at a conference site or restaurant. They may be paid through a vendor invoice when centrally booked in accordance with the procurement and contracting guidelines or to an individual through the travel expense claim process as referenced in section 6.3, Business Meal Reimbursement via Travel Expense Claim (TEC).

The business function that includes a group meal must have a minimum duration of three hours, except for judges' business meetings that cannot be conducted at any time other than a meal period. For these business meal time frames, see section 6.5, Authorized Business Meal Time Frames. The three-hour duration requirement does not apply to meal expenses reimbursed through the TEC process; instead, see section 6.3, Business Meal Reimbursement Via Travel Expense Claim (TEC).

6.2 General Requirements for Court Payment of Business Meal Expenses

1. Trial court judges and employees are normally responsible for their own meals during the workday at their primary place of employment. With proper advance approval, business meal expenditures connected to trial court business are permissible and the court may

reimburse or pay those expenses up to the applicable maximum rates specified in the Business Meal Rates section of this policy. All business meal expenditures must be supported by receipts reflecting the actual costs incurred and a completed, approved business-related meal expense form (sample provided in 7.0, Associated Documents) or a memo or email authorizing the expenditure in advance. In compliance with Internal Revenue Service regulations, the business-related meal expense form, memo, or email will include the following information:

a. Date of the business meal.

b. Scheduled start and end time of the meeting.

c. Statement explaining the business purpose of the meeting.

d. Category and duration of the business meal (e.g., "Breakfast 8:00–8:30 (30 min.)").

e. Location/place of the business meal.

f. Copy of the formal agenda, if applicable.

g. List of expected attendees and their titles and affiliations.

2. Business meal expenses not approved in advance by the presiding judge or his or her written delegate will be considered a personal expense and the court will not be reimbursed or paid them.

3. Business meal expenses are not authorized for informal meetings or meetings with existing or potential vendors. Court payment or reimbursement of a court vendor's business-related travel expenses (e.g., meals) must be addressed in advance in a written agreement between the vendor and the trial court, in accordance with the procurement and contracting guidelines established in the *Judicial Branch Contracting Manual*.

6.3 Business Meal Expense Reimbursement via Travel Expense Claim (TEC)

Individual business meal expense reimbursement must be shown in column 8 of the Travel Expense Claim (see Policy No. FIN 8.03, section 7.0, Associated Documents).

1. Reimbursement of the actual cost of business meal expenses, up to the applicable rates specified in section 6.6, Authorized Business Meal Rates, may be authorized in the following circumstances:

   a. A trial court representative conducts court business during a meal period with a party who is not a court vendor representative. Business meal expense reimbursement will be authorized for the meals of both the external party and trial court representative.

   b. As a follow-up to an interview process in which a candidate for a court management position and the court interviewer meet during a meal period. Business meal expense

reimbursement will be authorized for the meals of the candidate and the court interviewer.

2. Additionally, individuals representing the trial court during a business meal function at an outside organization may receive reimbursement for the actual cost of their business meals.

Note: If more than one trial court representative is present in any of the circumstances described above, the lead judge or staff typically should submit the reimbursements request for the entire authorized business meal cost. The three-hour meeting rule described in section 6.5, Authorized Business Meal Time Frames, does not apply to business meals reimbursed through the Travel Expense Claim process.

6.4 Group Business Meals

1. The court project manager or coordinator must complete a business-related meal expense form and attach a copy of the formal agenda for the event. The completed form and attachment should be submitted for approval to the presiding judge or his or her written delegate.

2. Within budgetary constraints, the presiding judge or his or her written designee may authorize group business meal expenditures for trial court judges and employees, consistent with the requirements in section 6.5, Authorized Business Meal Time Frames, in the following circumstances:

   a. Participation in a full-day court function onsite or offsite, if there is a business purpose necessitating keeping the group together during the meal period.

   b. Participation, as part of their duties, in an employer-provided meal associated with a court business meeting or other official court function, if there is a business purpose necessitating keeping the group together during the meal period.

   c. Participation in a conference, working group meeting, or other official function as a court representative, if there is a business purpose necessitating keeping the group together during the meal period.

   Note: Trial court judges and employees, as part of their duties, may participate in an employer-provided meal associated with one of the above functions.

3. There must be a business reason to keep the group together during the meal period. The court project manager or coordinator must explain on the business-related meal expense form why trial court business must be conducted during the meal period and could not be accomplished at any other time.

6.5 Authorized Business Meal Time Frames

The following provisions apply to group business meal expenses only. Payment for covered expenses should be sought using a business-related meal expense form (a sample is provided in section 7.0, Associated Documents). All business meal expenses must be approved in writing in advance by the presiding judge or his or her designee. Group business meals may not be scheduled to occur at the conclusion of a business function.

1. Breakfast: Permissible only if the actual business function starts at 8:30 a.m. or before and lasts at least three hours. Example: Breakfast meal period from 8:00 to 8:30 a.m., business function starts at 8:30 a.m. and concludes at 11:30 a.m. Coffee/tea only may be refreshed during the morning break;

   or

   Breakfast: Permissible for court-wide judges' business meetings before workday that cannot be conducted any other time due to courtroom schedules. The three-hour meeting duration does not apply.

2. If breakfast is *not* served, a morning break refreshment (pastries, coffee, tea, etc.) is permissible if a business function starts at 10:00 a.m. or before and only if there are three hours or more between the starting time of the function and the end of the function;

   or

3. Lunch: Permissible during the noon hour for court-wide functions that start no later than 11:00 a.m., have a business duration of at least three hours, and continue at least one hour after lunch. Example: Business function starts at 11:00 a.m., lunch is from 12:00 p.m. to 1:00 p.m., and business function concludes at 3:00 p.m.;

   or

   Lunch: Permissible during the noon hour for judges' business meetings that cannot be conducted any other time due to courtroom schedules. The three-hour meeting duration does not apply.

4. Afternoon Break Refreshment: Permissible only if there are three hours between the beginning of the business function or the end of lunch and the end of the function.

5. Dinner: Permissible only if the business cannot be conducted at any other time, the business function continues after 6:00 p.m., and advance approval in writing is provided by the presiding judge or his or her designee. The three-hour meeting duration does not apply.

6.6 Authorized Business Meal Rates

1. Business meals will be reimbursed only with the submission of valid receipts. A notation explaining that a receipt has been lost will not be accepted. The reimbursement rates authorized for business meals vary depending on the location of the meal and the method by which the meal is arranged. The maximum rates that trial courts may pay (directly or as reimbursement) for business meal expenses are provided below. The specified rates are intended to cover all expenses related to business meals, such as food, beverages (including water), service charge, tip, and taxes. Actual reimbursement or payment for meals other than those for individuals representing the trial court during a business meal function at an outside organization may not exceed the maximum rates below. Trial court judges and employees may purchase more expensive individual meals when requesting business meal expense reimbursement through the Travel Expense Claim process if they choose, but court reimbursement for such meals may not exceed the maximum rates listed below.

   a. Group Meals Provided at Trial Court or Government Facility or Individual Reimbursement, through a TEC

Breakfast:	Actual cost not to exceed $8 per person
Lunch:	Actual cost not to exceed $12 per person
Dinner:	Actual cost not to exceed $20 per person
Break:	Actual cost up to $4 per person (Group meals are centrally planned in accordance with the procurement and contracting guidelines only; reimbursement is *not* allowed via individual TEC.)

   Note: "Government facility" above refers to city, county, state, federal, state university, and community college sites.

   b. Group Meals Provided Offsite from Trial Court or Government Facility at a Conference Site

Breakfast:	Actual cost not to exceed $25 per person

Lunch:	Actual cost not to exceed $40 per person
Dinner:	Actual cost not to exceed $40 per person
Break:	Actual cost up to $15 per person

Note: Conference sites typically charge separate room rental and/or setup fees not included in the above rates. If properly itemized on the vendor invoice, these fees are permissible for events at hotels or conference sites. If the conference site engages an outside caterer, every effort should be made to negotiate the meal rate within the maximum allowable rate as listed in the Group Meals Provided at Trial Court or Government Facility section above.

c. Group Meals Provided Offsite From Trial Court or Government Facility at a Restaurant, Including Hotel Restaurant

Breakfast:	Actual cost not to exceed $12 per person
Lunch:	Actual cost not to exceed $18 per person
Dinner:	Actual cost not to exceed $40 per person
Break:	Actual cost up to $6 per person

Note: Meal charges at a restaurant must be itemized on the vendor invoice per meal. Court meetings do not pay a separate room rental charge at a restaurant, and setup fees are also not permissible.

6.7 Requests for Exceptions to Business Meal Expense Guidelines

Exceptions to the business meal expense guidelines will be considered only in extraordinary instances, justified as a result of official trial court business. When appropriate, exceptions may be authorized for business meal expenses and meetings not fulfilling the three-hour duration requirement. No exceptions will be granted for missing receipts or for exceeding maximum meal rates. All exception requests must be fully documented and submitted in writing to the presiding judge or his or her written designee for review and approval in writing.

6.8 Unallowable Business Meal Expenses

1. The trial court may pay or reimburse the costs of a group meal that is intended to recognize an individual for his or her work-related accomplishments on behalf of the court or in connection with a purpose that is part of the court's mission. However, the court may not pay or reimburse the costs of a group meal that is intended to be part of a retirement event for a judge or court employee. The latter are considered personal expenses.

2. There must be no payment or reimbursement for the expenses of a spouse or guest who accompanies a trial court judge or employee. Costs for alcoholic beverages, daycare, and attendance at entertainment or sporting events will not be paid or reimbursed.

3. Costs of business meals in excess of the maximum rates identified in this policy will not be incurred or authorized.

7.0 Associated Documents

Sample Business-Related Meal Form

SAMPLE
BUSINESS-RELATED MEAL FORM

Please attach a copy of the formal agenda for the event.

Cost of the Business-Related Meal(s): $
Account Code:
Meeting Title:
Date of Meeting:
Start Time of Meeting: **End Time of Meeting:**

Service Rendered (check all that apply)**:**

☐ **Breakfast** ☐ **AM Break** **AM Coffee/Tea Refresh** ☐ **Lunch**

☐ **PM Break** ☐ **Reception/Dinner** ☐ **Water** (for meetings of 2-plus hours or interviews only)

Meal Location (specify)**:**

Purpose for the Business Meal(s) (check all that apply)**:**

☐ **Working through meal** ☐ **Other (briefly explain below)**

_____

Expected Attendees (attach sheets if necessary)**:**

****

Approved (Project Manager/Coordinator – Authority to sign for Account Code)
Print Name:

Signature: _____Date_____
(I certify that these business meals are within budget and for the benefit of the state.)

****

Authorization to Incur a Business Expense (Presiding Judge or his or her written delegate)
Print Name:

Signature:_____**Date**_____

Rev. 8/16

THIS FORM MUST BE COMPLETED WHENEVER STAFF IS REQUESTING PAYMENT OF CATERED OR GROUP MEALS RELATED TO A BUSINESS MEETING.

Judicial Council of California

Trial Court Financial Policies and Procedures

FIXED ASSET MANAGEMENT

POLICY NUMBER: FIN 9.01

Revised June 2020

Back to Main TOC

Fixed Asset Management

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 Background
6.2 Asset Capitalization Policy
6.2.1 Disposable Items
6.2.2 Inventory Items
6.2.3 Software
6.2.4 Fixed Assets
6.3 Identification Tags
6.4 Responsibility for Fixed Assets
6.5 Equipment Utilization
6.6 Physical Inventory
6.7 Transfer and Disposal of Inventory Items and Fixed Assets
6.7.1 Transfer of Inventory Items and Fixed Assets
6.7.2 Disposal of Inventory Items and Fixed Assets
6.7.3 Notice of Disposal
6.7.4 Disposal of Technology Equipment
7.0 Associated Documents

2.0 Purpose

The purpose of this policy and the following procedures is to provide uniform guidelines for the trial court to acquire, capitalize, monitor and dispose of fixed assets.

3.0 Policy Statement

1. The trial court shall establish and maintain a Fixed Asset Management System to record, control and report all court assets in accordance with this policy's uniform guidelines.

2. Whether the Fixed Asset Management System is maintained and operated by the trial court or the county, the trial court's primary objectives shall be to:

   a. Ensure that court assets are properly identified and recorded.

   b. Ensure that court assets are effectively utilized.

   c. Safeguard court assets against loss or misuse.

4.0 Application

This policy applies to all trial court officials and employees who are involved in the acquisition, custody, record processing, transfer or disposal of trial court fixed assets and equipment.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Asset
Court Personal Property
Disposable Items
Equipment
Fixed Assets
Identification Number Register
Inventory
Inventory Item
Record of Physical Inventory
Software
Technology Equipment

6.0 Text

6.1 Background

1. The passage of the Lockyer-Isenberg Trial Court Funding Act of 1997 (Assembly Bill 233), which became effective on January 1, 1998, fundamentally changed the trial court administrative structure and its longstanding relationship with the county. Under the new operating framework, the trial courts receive their funding from the state and are separate and distinct organizations from the counties. Each trial court is now responsible for its own "court operations" (Gov. Code, § 77003).

2. Government Code section 68073.1 provided that all furniture, furnishings, and equipment used solely by a trial court on June 30, 1997, became the property of the court, unless the county was prohibited from transferring title by contract, agreement, covenant, or other provisions of the law. In addition, the county must continue to provide any other furniture, furnishings, or equipment made available to the court on June 30, 1997, unless otherwise agreed to by the court and the county. For anything transferred to the court, under Government Code section 68073.1, the court assumed responsibility for any rental or lease obligation as well as repair, maintenance, and replacement.

3. Court facilities are not within the definition of "court operations" (Gov. Code, § 77003).

6.2 Asset Capitalization Policy

1. All court assets, excluding court facilities as defined above, that were acquired either through transfer from the county to the court on June 30, 1997, or donated to or purchased by the court on or after July 1, 1997, must be recorded and classified in one of the following categories:

    a. Disposable items (subsection 6.2.1).

b. Inventory items (subsection 6.2.2).

c. Software (subsection 6.2.3).

d. Fixed assets (subsection 6.2.4).

6.2.1 Disposable Items

1. Disposable items are purchases with a value of *less than $1,000* that are intended for one-time use, or that have an anticipated useful life of less than one year. These purchases shall be recorded as an expense during the current fiscal year. Examples of disposable items are office supplies, courtroom supplies, consumables, etc.

2. The court is not required to record and track disposable items in the Fixed Asset Management System.

6.2.2 Inventory Items

1. Individual items transferred from the county, donated to, or purchased directly by, the court, with an individual value of *more than $1,000 and less than $5,000* and an anticipated useful life of more than one year, shall be classified as inventory items. In addition, property that is particularly subject to loss or theft that is valued at less than $1,000 shall also be classified as inventory items. Examples include small office equipment, calculators, adding machines, cellular phones, small tools, printers, monitors, etc.

2. The trial court shall maintain a detailed and up-to-date inventory listing of these items showing the appropriate description and quantities.

3. Periodic physical inventories shall be conducted to count the actual quantities on hand, determine the usefulness or obsolescence of the items and reconcile the accounting records. An annual inventory is recommended. An inventory must be performed no less than every three years.[34]

6.2.3 Software

1. The trial court uses a number of commercially available and custom computer software programs in its daily operations. It shall be the responsibility of the court's information systems department or, where there is none, a written designee of the court executive officer to maintain a current list of court-owned computer software.

2. Computer software developers typically impose limitations regarding the use of their products through licensing agreements. It shall be the responsibility of the court

[34] This corresponds with the requirements for counties established in Government Code section 24051.

information systems department to assure compliance with the license conditions of software products used by the court (e.g., limitations on the number of users, number of copies in circulation, etc.). Trial courts should be advised of the accounting required for intangible capital assets introduced in GASB 51: Internally Generated Intangible Assets may be classified as capital assets if they meet the criteria of "created or produced by the government or an entity contracted by the government, or if they are acquired from a third party but require more than minimal incremental effort on the part of the government to begin to achieve their expected level of service capacity."

3. The court information systems department will keep all software-related documentation, licenses, etc., in a designated location. Identification tags, if required, shall be placed in a file with the software license (see section 6.3, Identification Tags).

6.2.4 Fixed Assets

1. Individual items transferred from the county, donated to, or purchased directly by, the court, with a value of *$5,000 or more* and with an anticipated useful life of more than one year shall be capitalized (classified as fixed assets) and tracked separately. Examples of fixed assets are vehicles, security equipment, verbatim reporting equipment, servers, copiers, etc.

2. The trial court shall record all transactions associated with transferred or acquired fixed assets in the court's general ledger and subledgers (such as a Fixed Asset Management System).

3. The following information shall be maintained in the Fixed Asset Management System:

   a. Description of the fixed asset

   b. Date of acquisition

   c. Value of the fixed asset (based on acquisition cost or appraisal value at time of transfer)

   d. Estimated useful life

   e. Salvage value (if applicable)

   f. Remaining balance (net book value), if applicable

   g. Fund, if other than General Fund.

4. Fixed Assets shall be assigned to a responsible court unit using proper budgetary unit, program, department or organization codes.

6.3 Identification Tags

1. Once the necessary information has been recorded in the Fixed Asset Management System, a unique identification number must be assigned to each fixed asset or inventory item.

2. An identification number must be affixed to each item in the form of a tag or decal that is not easily removed. The tag should be located on the item so that it is readily legible during physical inventories.

3. The tags or decals should be serially numbered. Unused decals should be kept in a secure place and an Identification Number Register should be maintained for accountability of the assets. The register serves as a means for controlling identification numbers, and aids in verifying that all fixed assets and inventory items have been included in the inventory.

6.4 Responsibility for Fixed Assets

1. All fixed assets shall be assigned to a particular court unit or location.

2. A fixed asset management and tracking system shall be used to establish and maintain a complete listing of all tagged items assigned to a particular unit or location.

3. Each court unit or location shall maintain a Record of Physical Inventory that lists the tagged assets assigned to it. A copy of the Record of Physical Inventory shall also be maintained by the presiding judge or a designated employee for control purposes.

6.5 Equipment Utilization

1. It is the responsibility of the presiding judge and all trial court employees responsible for court assets and equipment to:

    a. Maintain control over assigned items.

    b. Identify underutilized items.

    c. Dispose of items that will not be used in the foreseeable future.

2. At a minimum, the court should make a periodic review of underutilized equipment to determine whether such equipment should be transferred or disposed.

6.6 Physical Inventory

1. The trial court shall conduct a physical inventory of all court assets and equipment on a periodic basis. An annual inventory is recommended. An inventory must be performed no less than every three years.[35]

2. The inventory count recorded at each unit or location shall be reconciled against the asset records. Variances shall be investigated and resolved. Unexplained losses or missing items shall be reported to the fiscal officer or another designated employee.

3. Written approval must be obtained from the fiscal officer or other designated employee before adjusting any asset records.

6.7 Transfer and Disposal of Inventory Items and Fixed Assets

Over time, new assets or equipment may be acquired, obsolete items disposed of, or items may be transferred between locations. To protect the integrity of the Fixed Asset Management System, a record of Asset Transfer or Disposal shall be used.

6.7.1 Transfer of Inventory Items and Fixed Assets

1. A listing of assets for transfer/disposal shall be prepared to record the permanent transfer of a fixed asset or equipment between units or locations. The list must include the following information:

   a. Serial number

   b. Description

   c. Acquisition date and

   d. Acquisition amount

2. The asset transfer/disposal list shall be approved by an authorized court official acting within the scope of his or her authority.

3. Copies of these asset transfer/disposal lists shall be maintained by the fiscal officer, the unit or location from which the item is being transferred, and the receiving unit.

6.7.2 Disposal of Inventory Items and Fixed Assets

1. California Rules of Court, rule 10.830 establishes the acceptable means of disposal for court personal property. The court may:

[35] This corresponds with the requirements for counties established in Government Code section 24051.

a. Sell personal property that is no longer needed for court use for fair market value.

b. Trade surplus personal property with another government or public agency if the property received in return is needed for court use.

c. Donate, sell at less than fair market value, or otherwise transfer personal property to another government or public agency if the court no longer needs the property for its own use.

d. Dispose of personal property that is no longer needed for court use and that has *negligible or no economic value* in a manner deemed appropriate by the court.

2. The court executive officer or his or her documented designee must approve the disposal of any asset or equipment.

3. An asset transfer/disposal form shall be prepared to record the disposal of the fixed asset or equipment.

4. Copies of the asset transfer/disposal form shall be maintained by the court executive officer or his or her documented designee and by the disposing unit or location.

5. Trial court officers, managers, or supervisors are prohibited from purchasing assets from the court in the disposition process. Court employees who participate in the planning, organization, or execution of an asset disposition process should be prohibited from purchasing assets from the court.

6. The proceeds resulting from any disposal of court personal property shall be deposited in the Trial Court Operations Fund.

6.7.3 Notice of Disposal

1. California Rules of Court, rule 10.830 also provides that the trial court must publicize its intention to transfer or dispose of court personal property. This must be accomplished at least one week before the transfer or disposal by placing a notice in at least one of the following:

   a. In three public places;

   b. On the court website; or

   c. In a newspaper of general circulation published in the county.

2. The notice of disposal requirement does not apply to property that is valued at less than $500 or for transfers of property to another California court.

6.7.4 Disposal of Technology Equipment

1. California Rules of Court, rule 10.830 defines the practices for disposing of technology equipment acquired by the court on or after July 1, 2000.

2. The court must list the technology equipment on the Trial Court Surplus Materials website,[36] where another trial court can claim the specific equipment it needs. This action fulfills the notice to the Administrative Director required by California Rules of Court, rule 10.830.

3. If no other court claims the equipment within 60 days, the trial court may dispose of the surplus technology equipment as described in subsection 6.7.2 of this policy.

7.0 Associated Documents

None

[36] Refer to the Judicial Resources Network for more information on the Trial Court Surplus Materials website; instructions and contacts can be found at *http://jrn.courts.ca.gov/surplus/*.

Judicial Council of California

Trial Court Financial Policies and Procedures

UNIFORM CIVIL FEES (UCF) AND CRIMINAL AND TRAFFIC FINES AND FEES COLLECTION AND DISTRIBUTION

POLICY NUMBER: FIN 10.01

Revised June 2020

Back to Main TOC

Uniform Civil Fees (UCF) and Criminal and Traffic Fines and Fees Collection and Distribution

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
- 6.1 Trial Court UCF and Criminal and Traffic Collection Activities
- 6.2 Case Management System
- 6.3 Enhanced Collections for Past-Due Criminal and Traffic Cases
- 6.4 Forthwith Collections for Current Cases
- 6.5 UCF and Distribution Bank Accounts
  - 6.5.1 UCF Depository Bank Account
  - 6.5.2 Distribution Bank Account
  - 6.5.3 Access to UCF Bank Account Balance Reporting
- 6.6 Daily Balancing and Closeout
- 6.7 Criminal and Traffic Receipts and Deposits
  - 6.7.1 Criminal and Traffic Deposits Directly to the County
  - 6.7.2 Criminal and Traffic Deposits to a Distribution Bank Account
- 6.8 UCF Receipts and Deposits
  - 6.8.1 UCF Bank Deposits Directly to the UCF Depository
  - 6.8.2 UCF Bank Deposits Directly to the County Treasurer or a Distribution Bank Account
  - 6.8.3 Correcting Deposit Errors
- 6.9 Daily Reporting
- 6.10 Criminal and Traffic Case Management System Revenue Distribution
- 6.11 UCF Distributions
  - 6.11.1 Interest Earned on UCF Depository and Distribution Bank Account Balances
- 6.12 Criminal and Traffic Monthly Cash Settlement Reporting
- 6.13 UCF Monthly Reporting
  - 6.13.1 Form TC-145 Reporting
  - 6.13.2 Replacement TC-145
  - 6.13.3 Supplemental TC-145

7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to establish uniform guidelines for the trial court to collect, process, and report all fees, fines, forfeitures, restitutions, penalties, and assessments resulting from court orders.

3.0 Policy Statement

It is the policy of the trial court to collect and process revenue in a manner that protects the integrity of the court and its employees and promotes public confidence. The trial court shall institute procedures and internal controls that assure the safe and secure collection of revenue, prompt deposit of all revenues received, accurate accounting that creates an audit trail, and the generation of reports required for sound financial management.

4.0 Application

This policy applies to all trial court officials and employees whose official job responsibilities involve any aspect of collecting or processing revenue whether received from the public either in-person, via Internet website, by telephone or by mail.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Audit Trail
Cash Change Fund
Cash Control
Check
Collection Record
Deposit
Deposit Permit Request
Internal Controls
Monthly Cash Settlement Report
Receipt
Revenue

6.0 Text

6.1 UCF and Criminal and Traffic Collection Activities

1. In addition to providing justice to the citizens of California, the trial court is also responsible for the collection and processing of fees, fines, forfeitures, restitution, penalties and assessments associated with traffic, civil, or criminal cases.

2. Payments collected by the trial court are in turn distributed to a number of recipients as defined by codes established by the state legislature.

3. Whenever the state is entitled to a portion of any criminal and traffic fines, penalties, assessments, fees, restitutions, bail forfeitures, and parking surcharges, the trial court is

required to deposit the state's portion of collections with the county treasurer as soon as practicable and to provide the county auditor with a monthly record of the collections.[37]

4. Uniform civil fees collections in accordance with the Uniform Civil Fees and Standard Fee Schedule Act of 2005 (UCF Act) should be deposited into the court's designated Judicial Council of California UCF bank account as soon as practicable by the day agreed on by the court and on file with the Judicial Council of California Trust and Treasury Services Unit, but not later than the last day of the calendar month following the month in which the UCF were collected.

5. In the absence of a statute or rule authorizing or prohibiting the superior court from charging a fee for a particular service or product, a court may charge a reasonable fee not to exceed the costs of providing a particular service or product under Government Code section 70631, provided the Judicial Council of California approves the fee.[38]

   California Rules of Court, rule 10.815 (fees to be set by the court), provides the particular services and products approved by the Judicial Council for which a court may set a reasonable local fee, not to exceed the costs of providing the service or product, and the guidelines for calculating the fee amount and implementing the fee.

   California Rules of Court, rule 10.613 (local court rules), referenced in rule 10.815, provides the requirements for giving notice of the new or amended local fee to the Judicial Council and the public.

   Government Code section 68071 requires that local fees adopted by court rule shall not take effect until January 1, or July 1, whichever comes first, following the 45th day after it has been filed with the Judicial Council and the clerk of the court, and made immediately available for public inspection.[39]

   Under California Rules of Court, rule 10.613(i) a fee adopted by rule may take effect on a date other than prescribed by Government Code section 68071, if the presiding judge submits the rule to the Judicial Council with a statement of reasons constituting good cause for making the rule effect on the stated date; the Judicial Council of California

[37] Gov. Code, § 68101. Note that this does not apply to UCF—that is, fees that are listed in Government Code section 68085.1(a) and reported on form TC-145. (Gov. Code, § 68101(c).)

[38] Gov. Code, § 70631: "In the absence of a statute or rule authorizing or prohibiting a fee by the superior court for a particular service or product, the court may charge a reasonable fee not to exceed the costs of providing the service or product, if the Judicial Council approves the fee. The fee shall be distributed to the court in which it was collected." (Added by Stats. 2005, ch. 75, § 121; effective July 19, 2005.)

[39] Gov. Code, § 68071: "No rule adopted by a superior court shall take effect until January 1 or July 1, whichever comes first, following the 45th day after it has been filed with the Judicial Council and the clerk of the court, and made immediately available for public examination. The Judicial Council may establish, by rule, a procedure for exceptions to these effective dates." (Amended by Stats. 2008, ch. 218, § 3; eff. January 1, 2009.)

chair authorizes the rule to take effect on the proposed date; and the rule is made available for inspection as set forth in rule 10.613(b) on or before the effective date.

Court questions regarding setting a local fee under Government Code section 70631 may be directed to the manager of Judicial Council of California Trust and Treasury Services.

6. The State Controller's Office is responsible for determining whether or not all collections remitted to the State Treasurer are complete, and is authorized to examine records maintained by any court for this purpose.

7. The State Controller's Office provides on its website, *www.sco.ca.gov*, the Trial Court Revenue Distribution Guidelines. They detail guidelines on how trial courts and counties should distribute these collections to properly and uniformly account for them in order to comply with law.[40]

8. Information regarding revenue distribution and other related materials are available on the State Controller's Office website at *www.sco.ca.gov*.

9. The State Controller's Office audits court revenues to ensure that the state and local agencies receive their proper shares of the various fees, fines, penalties, and forfeitures collected by the trial courts.

10. It is the responsibility of the trial court to assure the accurate distribution of the funds that it collects.

6.2 Case Management System

1. The collection process starts with the setup of a case in the trial court case management system. The trial court shall employ a case management system that can maintain separate accountability for civil, criminal and traffic cases.

2. The case management system should be capable of assigning unique case numbers to be used to track the status of each case from inception to final judgment.

3. The trial court shall track and account for the payments it receives in one of the following ways:

    a. The case management system should include a cash collection/ receipting module that will allow the court to collect fees, fines, forfeitures, restitutions, penalties, civil trust, criminal and traffic bail trust, or assessments associated with the cases.

[40] Gov. Code, § 71380.

b. The collection/receipting module (if separate from the case management system) shall be integrated with the case management system so that each financial transaction can be tracked and reconciled with the applicable unique case numbers.

4. For control purposes, court employees assigned to set up new cases, perform cash collection functions, and record collections in the case management system may not modify, void, initiate, adjust, delete, refund, or transfer amounts due information, or reverse case payment.

5. If court management authorizes certain employees to both (1) set up new cases, perform cash collection functions, and record collections within its case management system; and (2) modify, void, initiate, adjust, delete, refund, or transfer amounts due information, or reverse case payments, court management must:

   a. Monitor the case management system's audit log to verify modifications (e.g., initiations, voided transactions, adjustments, deletions, refunds, transfers) or that reentry of original transactions are approved by an authorized employee other than:

      i. The employee entering the correction or modification to the original transaction; or

      ii. The employee who entered the original transaction.

6. Court staff who maintain the general ledger system of the court's financial accounting system, including Phoenix Financials, shall not have the ability to maintain or update accounts receivable (e.g., initiate, void, adjust, delete, refund, transfer) in the court's collection/receipting module, or case management system.

6.3 Enhanced Collections for Past-Due Criminal and Traffic Cases

1. According to Government Code section 77003(b), court operations do not include collection enhancements as defined in California Rules of Court, rule 10.810 as it read on January 1, 2007. Rule 10.810 defines collection enhancement as "Collections performed in the enforcement of court orders for fees, fines, forfeitures, restitutions, penalties, and assessments (beginning with the establishment of the accounts receivable record)." Collection enhancements do not include forthwith payments made to counter clerks and cashiers.

2. The court and county may maintain the collection program that was in place on January 1, 1996, unless otherwise agreed to by the court and county. The program may wholly or partially be staffed and operated either by the court itself, by the county, or by a third-party contractor.[41]

[5] Pen. Code, § 1463.010(b).

3. The comprehensive collection program allows a county or court that meets program requirements to deduct its operating costs (excluding capital expenditures) from eligible collections before the distribution of revenues to other governmental entities.[42] However the payment amount of all fines, forfeitures, restitution, penalties and assessments associated with traffic or criminal cases must be recorded in the court's case management system in total without deduction for any credit/debit card merchant fees, banking service fees or other collection expenses.

4. The trial court may employ court personnel, county or private collection agencies to pursue delinquent accounts. State trial court funding should not be used to fund these positions.[43] Under all arrangements, the trial court shall ensure that its case management system is properly updated for all amounts collected or written off.

5. Outstanding balances from the case management system shall not be included in any accounts receivable account when the amount due to the trial court cannot be determined. A major portion of the outstanding balances will be distributed to other agencies. The portion of the outstanding balances that are state trial court funds are sent to the state and redistributed among all the trial courts.

6. Court employees who maintain and update (e.g., initiate, void, adjust, delete, refund, transfer) accounts receivable recorded in the court's collection/receipting module or case management system may not make adjustments in the general ledger module of the court's financial accounting system (Phoenix).

7. Court employees who maintain the general ledger module of the court's financial accounting system (Phoenix) may not maintain or update accounts receivable in the court's collection/receipting module or case management system.

6.4 Forthwith Collections for Current Cases

Cash control procedures are of primary importance to court managers in avoiding losses related to cash handling. Policy No. FIN 10.02 Cash Handling provides the procedures for the handling of cash collections.

6.5 UCF and Distribution Bank Accounts

6.5.1 UCF Depository Bank Account

1. An individual UCF Depository Bank Account (UCF Depository) has been established by the Judicial Council of California for each of the 58 trial courts for the deposit of UCF under the Uniform Civil Fee and Standard Fee Schedule Act of 2005 (UCF

[42] Pen. Code, § 1463.007.

[43] Penal Code section 1463.007 provides the costs of operating a "comprehensive collection program" may be deducted from revenues collected under the program.

Act). The UCF are those listed in Government Code section 68085.1(a) and on the form TC-145.

a. The trial court executive office may request, that additional subsidiary UCF depository bank account (UCF Subsidiary Depository) be opened for each of the court's UCF depositing locations. These UCF Subsidiary Depositories will automatically concentrate daily deposits made by each branch location of a trial court into its UCF Depository. UCF Subsidiary Depositories provide the ability to individually monitor the activities of each UCF depositing location within a trial court.

b. All UCF Depositories and UCF Subsidiary Depositories are to be used only for the deposit of UCF. The trial court does not have the ability, independent of the Judicial Council of California, to withdraw funds from a UCF Depository or UCF Subsidiary Depository. The court must not deposit criminal fines, fees, and penalties to any UCF Depository or UCF Subsidiary Depository.[44]

c. The trial court will deposit into its UCF Depository the total amount of UCF collected in accordance with the UCF Act as soon as practicable by the day agreed by the court and on file with the Judicial Council of California Trust and Treasury Services Unit per section 6.13, Uniform Civil Fee Monthly Reporting, paragraph 1, during the calendar month following the month in which the UCF were collected. The day agreed by the court and on file with the Trust and Treasury Services Unit per subsection 6.8.3 of this policy cannot be later than the 30th day during the calendar month following the month in which the UCF were collected.

d. All UCF Depositories and UCF Subsidiary Depositories of each trial court will reconcile each calendar month the amount of UCF deposited to its UCF Depository that calendar month to the amount of UCF recorded in its case management system as UCF collected that calendar month.

6.5.2 Distribution Bank Account

1. Under Government Code section 68085.9, the Judicial Council of California may open a Distribution Bank Account to which a trial court deposits money that otherwise is required to be deposited into a county's treasury or with the county treasurer. A Distribution Bank Account may be opened only with the written consent of the trial court's county and approval of the Administrative Director. See Policy No.

[44] For the benefit of the depositing trial court, the Judicial Council of California will invest the balance on deposit in each trial court's UCF Depository and UCF Subsidiary Depositories. The Judicial Council of California will periodically transfer to each trial court any investment earnings (which may consist primarily of interest and dividends) on the net deposits.

FIN. 13.01, section 6.1, paragraph 3, for detailed information about opening a Distribution Bank Account.[45]

2. After obtaining the required approvals, a trial court must (1) make deposits of cash receipts received by the trial court directly to the Distribution Bank Account, (2) transfer UCF to its UCF Depository as soon as practicable, (3) transfer civil trust and criminal and traffic bail trust funds to its Trust Bank Account as soon as practicable, and (4) distribute at least monthly to the county all monies required to be paid to the county treasury.

3. All Distribution Bank Accounts may be used only for the deposit of UCF, civil trust, criminal and traffic bail trust, and criminal and traffic fines, fees, and forfeitures.

4. Withdrawals from a Distribution Bank Account may be completed by either submitting a request to Trust and Treasury Services using the Electronic Funds Transfer Form (see 7.0, Associated Documents), or entering in Phoenix a properly approved Automated Clearing House (ACH) electronic funds transfer. Appropriate documentation should be attached to the Electronic Funds Transfer Form. Distribution Bank Accounts do not have checking services. The trial court may not, independent of the Judicial Council of California, withdraw funds from a Distribution Bank Account.

5. The Distribution Bank Account will not be used (1) to pay criminal or civil bail refunds to individuals, or (2) to make other refunds to individuals or vendors, either electronically or via check.

6. The trial court is responsible for reconciling on a monthly basis activity reflected in its Distribution Bank Account for that month to activity reflected in its case management system for that month.

6.5.3 Access to UCF Bank Account Balance Reporting

1. The trial court will have at minimum the ability to access through the bank's proprietary information reporting system daily bank balance information and monthly bank statements for (1) the trial court's UCF Depository, (2) its UCF Subsidiary Depositories, if any, and (3) its Distribution Bank Account, if any.

[45] For the benefit of the depositing court, the Judicial Council of California will invest the balance on deposit in the court's Distribution Bank Account. The Judicial Council of California will periodically transfer to each trial court and county, in proportion to their respective shares established by court-county agreement, any investment earnings (which may consist primarily of interest and dividends) on the net deposits.

2. Access to the bank's balance reporting and bank statement services should be limited to those individuals who require access to reconcile UCF bank deposit activity or otherwise to perform their normal job responsibilities.

    a. The trial court must resolve any reconciling items, including returned checks and other bank adjustments, for the current calendar month as soon as practicable but in no event later than the end of the succeeding calendar month.

3. The court should verify that it receives directly from the bank all correspondence necessary to reconcile bank activity to the court's case management system for any UCF Depository, UCF Subsidiary Depository, or Distribution Bank Account, including any returned checks.

6.6 Daily Balancing and Closeout

Refer to Policy No. FIN. 10.02 Cash Handling regarding the procedures for daily balancing and closeout of trial court cashiering operations.

6.7 Criminal and Traffic Receipts and Deposits

6.7.1 Criminal and Traffic Deposits Directly to the County

1. The trial court shall prepare appropriate documentation to deposit funds in the county treasury or its bank accounts or for pickup by an armored transport service. Policy No. FIN 13.01 Banking Services provides more detailed information regarding bank account deposits.

2. To deposit money in the county treasury, a deposit permit request must be prepared. This request, prepared in triplicate, must be supported by acceptable documentation such as duplicate receipts or a receipt listing.

3. The deposit permit request form and supporting documentation requirements shall be prescribed by the county auditor/controller.

4. Upon approval by the county auditor/controller, the deposit permit request and supporting documents, the permit request, and money held for deposit shall be transmitted to the county treasurer for deposit.

5. The trial court must obtain copies of all deposit permit requests receipted by the county treasurer.

6. The county treasurer shall deposit the money into the funds indicated on the deposit receipt (Gov. Code, §§ 26900–26903, 27008–27009).

7. The state's share of criminal fees, fines, forfeitures, and penalties must be remitted by the county auditor every month on a state remittance form (form TC-31). Submission of the TC-31 to the state is the county's responsibility. Instructions for the TC-31 can

be found on the back of the form, which is available on the State Controller's Office website at *www.sco.ca.gov*.

6.7.2 Criminal and Traffic Deposits to a Distribution Bank Account

If a trial court deposits Criminal and Traffic fines and fees directly into its Distribution Bank Account, the court must transfer these deposits to its county as soon as practicable, but at least monthly, by either submitting a request to Trust and Treasury Services using the Electronic Funds Transfer Form (see 7.0, Associated Documents) or entering in Phoenix a properly approved ACH electronic funds transfer. Appropriate documentation should be attached to the Electronic Funds Transfer Form.

6.8 UCF Fees Receipts and Deposits

6.8.1 UCF Bank Deposits Directly to the UCF Depository

1. Daily, or as often as practicable, each trial court must deposit fees collected under the UCF Act into its UCF Depository.

2. A trial court must deposit UCF into its UCF Depository using the preprinted bank account deposit slips supplied by the bank, which are encoded with the trial court's bank account number and cannot be used by any other trial court. If the trial court has one or more UCF Subsidiary Depositories, deposits into those bank accounts may be made only by the trial court locations for which those bank accounts were established. Each trial court location must only use the preprinted deposit slips supplied by the bank and encoded with the bank account number assigned to the specific location.

3. Each trial court location that accepts credit card payments solely for UCF should direct the credit card processor to deposit all proceeds in the trial court location's UCF Depository.

6.8.2 UCF Bank Deposits Directly to the County Treasurer or a Distribution Bank Account

1. If a trial court deposits UCF directly to its county treasurer, the court must direct the county treasurer to electronically transfer the UCF deposited from the county treasury to the trial court's UCF Depository bank account daily, or as often as practicable, but at least monthly.

2. If a trial court deposits UCF directly into its Distribution Bank Account, the court must transfer these deposits to the trial court's UCF Depository bank account, as often as practicable, but at least monthly, by either submitting a request to Trust and Treasury Services using the Electronic Funds Transfer Form (see 7.0, Associated Documents) or entering in Phoenix a properly approved ACH electronic funds transfer. Appropriate documentation should be attached to the Electronic Funds Transfer Form.

6.8.3 Correcting Deposit Errors

1. When funds are deposited in error to a UCF Depository or Distribution Bank Account, the trial court must return the funds to the appropriate bank account by either submitting a request to Trust and Treasury Services using the Electronic Funds Transfer Form (see 7.0, Associated Documents) or entering in Phoenix a properly approved ACH electronic funds transfer. Appropriate documentation should be attached to the Electronic Funds Transfer Form.

6.9 Daily Reporting

1. All collections made by the court must be recorded in a collection record, which may be created manually or generated by an automated system. The receipts from all cashiers should be posted daily and reconciled with the daily deposit of funds.

2. The collection record should show in chronological sequence and by unique receipt number all amounts collected by the court and the nature of the money collected. At the end of the month, each column of the collection record should be added and the totals recorded. A duplicate copy of the collection record may be prepared and attached to the monthly cash settlement report as supporting documentation.

6.10 Criminal and Traffic Case Management System Revenue Distribution

1. Each payment received by the trial court is ultimately distributed according to a schedule established by the Legislature.

2. The court must assure that:

   a. The state schedule for revenue distribution is accurately entered in the court's case management system. Revenue distribution tables are available on the State Controller's Office website at *www.sco.ca.gov*.

   b. The state schedule is consistently followed by every court location either through centralized input that serves all locations or by separately entering and verifying data entry for each location.

   c. It is able to track revenues collected by case number and reimbursement code for accounting purposes.

3. Criminal and Traffic Distribution of funds is made from the county treasury after revenues collected by the courts have been accepted for deposit by the county auditor/controller. Disbursement is made using county warrants upon the order of the court, except where the distribution of revenue is otherwise provided by law (Gov. Code, §§ 24353, 68084, 68101).

4. For Criminal and Traffic Distribution, the trial court shall pay into the county treasury all money collected that is due the treasury in timely manner and shall remit fee, fine, and

forfeiture data within 35 days after the end of the month in which the money was collected. If the county auditor determines that the court is responsible for a delinquent penalty levied under Government Code section 68085, the trial court shall reimburse the county general fund in an amount equal to the actual penalty.[46]

6.11 UCF Distributions

1. The uniform civil fees distributions are reported to the Judicial Council of California on the form TC-145. Upon receipt of the form TC-145 from each trial court, the form TC-145 is uploaded to the UCF Distribution System operated by Trust and Treasury Services. Trust and Treasury Services calculates the authorized distribution to the various state and local programs (monthly distribution) as required by law. On or before the 45th day after the form TC-145 reported calendar month, the Judicial Council of California will transfer the appropriate amount indicated on the trial court's form TC-145 from the trial court's UCF Depository to the State Treasurer's Office or other account, as applicable.

2. All monthly distributions of Local Program Distribution Types are sent to each trial court's county treasurer.

   However, the county may give written instructions to the Judicial Council of California to distribute all small claims advisory and/or Dispute Resolution Program Act funds to a local program beneficiary other than the county. The written instructions must indicate that a written agreement exists under which the designated local program beneficiary is performing the local program service. The Judicial Council of California will begin distributing the affected funds to the local program beneficiary as of the calendar month following receipt of the written instructions.

6.11.1 Interest Earned on UCF Depository and Distribution Bank Account Balances

1. Interest on UCF Depository Balances

   a. Interest earned on each trial court's UCF Depository Bank Account will be distributed to each court during the calendar month in which the interest is paid by the investment entity.

2. Interest Earned on Distribution Bank Account Balances

   a. Interest earned on each trial court's Distribution Bank Account will be distributed during the calendar month in which the interest is paid by the investment entity to

[46] Gov. Code, §§ 24353, 68083.5, and 68085.

each court. The court is responsible for distributing the interest earned to its county according to the agreement between the court and the county.[47]

6.12 Criminal and Traffic Monthly Cash Settlement Reporting

1. The proper accounting for or disposition of collections that have been or will be deposited to the county are detailed in a monthly report to the county prepared by the trial court and filed with the county auditor-controller. An example of the detail needed to facilitate distribution includes:

   a. Trial court cash on hand at the beginning of the month.

   b. Collections during the month.

   c. Payments received by credit card during the month.

   d. Adjustments.

   e. Deposits in the county treasury.

   f. Trial court cash on hand at the end of the month.

   g. The funds and accounts to which money deposited must be credited.

2. Proper development and maintenance of the collection record should provide the court with all the information necessary to prepare the Monthly Cash Settlement Report in an efficient, timely manner (Gov. Code, §§ 24352, 24353, 68101).

3. The Monthly Cash Settlement Report should be used as applicable to prepare the trial court's Quarterly Financial Statement (QFS) and Comprehensive Annual Financial Report (CAFR) information according to the requirements established by the Judicial Council of California.

6.13 UCF Monthly Reporting

1. All uniform civil fees collections for a calendar month must be reported on the form TC-145 and with its supporting reconciling Schedules D and F. The form TC-145 and supporting schedules must be delivered electronically to Trust and Treasury Services by the Reporting Delivery Date on file with Trust and Treasury Services.

2. The form TC-145 and supporting schedules must be submitted electronically by email to tc145@jud.ca.gov per the instructions on the Judicial Resources Network at

[47] The trial court's agreement with its county must satisfy the requirements of Policy No. FIN 13.01, section 6.1.

http://jrn.courts.ca.gov/programs/finance/fees.htm. The instructions for completing Schedules D and F are included.

3. Failure to deliver a form TC-145 with the reconciling Schedules D and F to Trust and Treasury Services by the Reporting Delivery Date may result in a penalty assessed on the delinquent trial court in accordance with Government Code section 68085.1(i).

4. All forms TC-145 must be certified by the trial court. The form TC-145 certification process is described on the "Certification" included in the form TC-145 instructions on the Judicial Resources Network at http://jrn.courts.ca.gov/programs/finance/fees.htm.

6.13.1 Form TC-145 Reporting

1. The total amount reported by each trial court on its form TC-145 for each calendar month must be greater than or equal to zero and must be equal to the amount deposited into the court's UCF Depository for the calendar month reported.

2. The amount of each UCF line item category reported by a trial court on a form TC-145 must equal each fee line item category on the trial court's case management system for the calendar month reported, less any applicable credit/debit card fees and/or costs of collecting civil assessments.

6.13.2 Replacement TC-145

A trial court's first monthly submission of a form TC-145 is defined as an "Original TC-145." Any revised form TC-145 submitted after the Original TC-145, but on or before the court's Reporting Delivery Date, is defined as a "Replacement TC-145."

6.13.3 Supplemental TC-145

1. Supplemental TC-145 submission is required when a trial court has under-remitted UCF collected in a prior calendar month and is unable to submit a Replacement TC-145 before the court's Reporting Delivery Date. A Supplemental TC-145 may be subject to penalties based on the amount of UCF remitted after the remittance date to either the state or local program beneficiaries. The penalty due the state is calculated and invoiced by the State Controller's Office, and penalties due local program beneficiaries are calculated and invoiced by Trust and Treasury Services.

2. Trust and Treasury Services will make every effort to remit the distribution amounts per a Supplemental TC-145 to the State Treasurer's Office and local program beneficiaries as quickly as possible to minimize penalties.

7.0 Associated Documents

Electronic Funds Transfer Form

SUPERIOR COURT OF CALIFORNIA

Court's Name
(Court Address)
(Court City, State, Zip)
(Court Telephone and Fax Numbers)

Rev: 09/05

Select One Box Only:

Federal Wire Transfer: ☐
Book Transfer: ☐
ACH : ☐
PHOENIX Payroll ☐ PR Lead Initials ☐

FT # : _____
(For PSSC use only)

ELECTRONIC FUNDS TRANSFER FORM

Transfer Amount : _____ **Value Date :** _____

CHARGE ACCOUNT

Transfer FROM (Debit) Acct # : _____ **Account Name :** _____

Routing Number : _____ Bank Name : _____

BENEFICIARY ACCOUNT

Transfer TO (Credit) Acct # : _____ **Account Name :** _____
Bank Name : _____
Routing Number: : _____ Bank Address : _____

Beneficiary Street: _____
Beneficiary City: _____
Beneficiary State & Zip Code: _____

Payment Description: _____
(Same as Line Item Text in SAP)

Special Instructions: _____

Account Coding:	G/L	CC	WBS	FA	Fund	Amount	Assignment
DR							
DR							
DR							
DR							
DR							
CR							
PHOENIX PAYROLL DOCUMENT #							
PHOENIX PAYROLL VENDOR #							

(Court Person)
Prepared By
_____
Date

(Court Approved Signer)
Authorized Signature
_____
Date

For PSSC Use Only

☐ *Check this box to indicate that you verified to Wire Log*
Initiated by: _____ Date of Completion

☐ *Check this box to indicate that you verified to Wire Log*
Released by: _____ Date of Completion

NOTES:
*Attach supporting documentation to this funds transfer request.
*Email or fax this form to: EFTRequests@jud.ca.gov or FAX No. 916-263-1318. Emailed forms should be emailed by an authorized signer. Faxed forms should be signed by an authorized signer.
****Please allow 24 hours for processing - Forms received by 4pm will be processed the following day****

ELECTRONIC_FUNDS_TRANSFER_FORM_050715_20150503163937.doc_x

Judicial Council of California

Trial Court Financial Policies and Procedures

CASH HANDLING

POLICY NUMBER: FIN 10.02

Revised June 2020

Back to Main TOC

Cash Handling

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 Safekeeping of Cash
6.1.1 Use of Safes and Vaults
6.2 Acceptable Forms of Payment
6.3 Payments Made In Person
6.3.1 Cash Change Fund
6.3.2 Beginning Daily Balance
6.3.3 Cash-Handling Procedures
6.3.4 Check, Money Order, and Cashier's Check Handling Procedures
6.3.5 Credit Card and Debit Card Payments
6.3.6 Dishonored Payments
6.3.7 Receipts
6.3.8 Void Transactions
6.3.9 Manual Receipts
6.3.10 Daily Balancing and Closeout
6.3.11 Overpayments, Partial Payments, and Cashiering Shortages and Overages
6.3.12 Surprise Cash Counts
6.4 Payments Received Through the Mail
6.5 Handling of Counterfeit Currency
6.5.1 Training
6.5.2 Identification
6.5.3 Confiscation
6.5.4 Replacement of Confiscated Currency
6.5.5 Preparation of Form SSF 1604
6.5.6 Notification
6.5.7 Detection of Counterfeit Currency by Bank
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to establish uniform guidelines for trial court employees to use in receiving and accounting for payments received.

3.0 Policy Statement

It is the policy of the trial court to collect and process payments received in a manner that protects the integrity of the court and its employees and promotes public confidence. The trial court shall institute procedures and internal controls that assure the safe, secure collection and accurate accounting of all payments.

4.0 Application

This policy applies to all trial court officials and employees whose official job responsibilities involve any aspect of collecting or processing payments received in person, via Internet website, telephone, or by mail.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Audit Trail
Cash Control
Cashier
Cash Change Fund
Check
Customer
Deposit
Internal Controls
Receipt
Revenue
Two-Party Checks

6.0 Text

6.1 Safekeeping of Cash

To reduce the potential for losses due to errors or irregularities, court employees involved in cash collection activities (including cashiers and supervisors) will observe and follow the guidelines provided in this section.

6.1.1 Use of Safes and Vaults

1. The preferred method for securing Cash Change Funds, unprocessed payments, or other valuable documents when not in use is to house them in a safe or vault. During the day, collections shall be secured in a lockable cash drawer or bag.

2. Safes that are moveable should be attached to the courthouse using a method that would prevent easy removal.

3. When using safes and vaults, the following procedures must be followed:

    a. The combination will be distributed to as few persons as possible consistent with operating requirements and the value of the cash or documents safeguarded.

    b. The combination should be memorized by trial court employees and should not be kept in legible form. If necessary to maintain the combination in legible form, it should not be kept in any written or electronic document that identifies it as the combination to the safe and should be maintained in a secure location not visible

or accessible to anyone else. Only the court executive officer or the court executive officer's designee is approved to maintain the combination to the safe in legible form that identifies it as such.

c. The combination should not be an easily guessable number such as birthdates or the dates of employment of trial court employees.

d. The court executive officer or his or her designee will maintain a record showing the following information:

   i. The date the combination was last changed; and

   ii. The names of persons knowing the current combination.

e. The trial court should change the combination when any of the following occur:

   i. The combination becomes known to an excessive number of trial court employees;

   ii. A trial court employee with knowledge of the combination separates from employment in the trial court;

   iii. A trial court employee with knowledge of the combination no longer requires the combination in the performance of his or her duties; or

   iv. The time interval (defined by the trial court) during which the combination shall remain valid has expired.

6.2 Acceptable Forms of Payment

1. The trial court may accept the following forms of payment:

   a. Cash.

   b. Personal checks.

   c. Bank checks or drafts.

   d. Traveler's checks.

   e. Money orders.

   f. Credit cards (subject to Judicial Council of California approval; see Government Code section 6159 and Policy No. FIN 13.01).

   g. Debit cards (subject to Judicial Council of California approval; see Government Code section 6159 and Policy No. FIN 13.01).

2. The court is not required to accept payment in coin.[48]

3. A court may reject any check or money order that does not meet the requirements of California Rules of Court, rule 10.821 and Government Code section 71386.

6.3 Payments Made in Person

6.3.1 Cash Change Fund

1. Trial courts may establish a Cash Change Fund in each location that the trial court collects payments to provide cashiers with access to currency and coin in denominations and amounts necessary to permit the making of change in the daily cash collection operations of a trial court.

2. The trial court must not commingle the Cash Change Fund with the Petty Cash Fund or any other fund. The Cash Change Fund must not be used for any other purpose other than for the making of change for trial court customers tendering cash.

3. A trial court must not establish a Cash Change Fund in excess of $100 unless the trial court has a safe, vault, or cash box that is adequate to safeguard the cash. A Cash Change Fund of $500 or more will be stored in a safe or vault.

4. The Cash Change Fund must be associated with a distinct subledger account separate from the trial court's other cash accounts. There should be a separate subledger accounting kept for each Cash Change Fund established by the trial court. General ledger account 119001 has been established for this purpose.

5. A person who is responsible for the Cash Change Fund to make change may perform other collection-related review or oversight duties but should not be a cashier.

6. The court executive officer or his or her designee must appoint a custodian for each Cash Change Fund that is $500 or more at any separately managed trial court location. The custodian is responsible for the safekeeping, replacement, disbursement, and accounting for the assigned Cash Change Fund. A copy of this policy must be given to the custodian to ensure that he or she understands the requirements for the Cash Change Fund.

    a. The designated Cash Change Fund custodian should have no other cash-handling responsibilities, as noted in subsection 6.3.1(5).

    b. The Cash Change Fund custodian must keep detailed records to document:

[48] Gov. Code, § 68083.5.

i. The establishment and replenishment of the Cash Change Fund.

ii. The amount and denomination of currency and coin held in the Cash Change Fund.

iii. All exchange transactions.

c. When custody of the Cash Change Fund is transferred to another custodian:

i. A personal audit of the fund must be made by the trial court employees directly concerned; and

ii. A Cash Change Fund Change of Custodian form (provided in 7.0, Associated Documents) must be completed and then approved by the court executive officer or his or her designee.

7. At the end of each business day, individuals responsible for making change from the Cash Change Fund must—in the presence of a court manager, supervisor, or his or her designee—count, verify, and reconcile the Change Fund monies to the day's beginning balance, and initial and date the verification/reconciliation.

8. A trial court employee, other than the individuals responsible for making change from the Cash Change Fund, should count the Cash Change Fund in accordance with the following schedule and report the count to the fiscal officer.

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

6.3.2 Beginning Daily Balance

1. At the beginning of each day, each cashier may receive a nominal amount of money (e.g., $30 in currency and coin) to enable him or her to return change to customers on cash transactions.

2. Cashiers who receive money at the beginning of each day must count and verify receipt of their assigned individual beginning cash funds in the presence of their supervisor or his or her designee, and both must sign and date a cash receipt log for each such verification and receipt.

3. Any beginning cash drawer/bag cash discrepancies (i.e., bag does not contain $30) must be resolved before the cashier may start his or her daily cash collection duties.

4. Trial courts must require cashiers to secure their assigned cash funds in individually locked drawers or bags.

6.3.3 Cash-Handling Procedures

1. Cash control procedures are of primary importance to court management in avoiding losses. The fundamental rules for controlling cash receipts include the following:

   a. Organization

      i. Designate specific individual responsibility for custody of cash funds during the workday and for securing cash in a safe, vault, or other secure storage place overnight.

      ii. Limit responsibility for receiving and handling cash to as few people as possible.

      iii. Assign each trial court employee who processes payments his or her own locking cash drawer so that he or she has exclusive access to, custody of, and responsibility for his or her cash on hand. Trial courts must not allow employees to share cash drawers or bags.

      iv. Separate cash handling from record keeping. For example, responsibilities for collection and deposit preparation should be segregated from those duties involving the recording of cash receipts into court accounting records and permanent court record entries. If conflicting duties cannot be sufficiently segregated due to staffing limitations, court management must apply alternative control methods to mitigate the risk of losses. For example, court management may require that a manager, supervisor, or his/ her designee (if neither a manager nor a supervisor is available) review the end-of-day daily balancing and closeout reports to ensure the daily collection totals reconcile to the associated deposits, and investigate and resolve any discrepancies as soon as is practicable. As another example of a mitigating control procedure—consistent with Policy No. FIN 1.03, section 6(d)—the court may conduct unannounced random reviews of cash collection operations in these situations.

      v. Require that bank reconciliations be prepared and reviewed by persons not responsible for handling cash.

      vi. Periodically reconcile cashiers' beginning cash funds to the amounts recorded in the trial court's general ledger.

   b. Receipt of payments

      i. When money is received at the public windows, the cashier should count it out loud in the presence of the customer.

ii. The cashier must immediately enter and record cash receipts into the cashiering system and/or automated case management system.

iii. The cashier must not put the money in the cash drawer/bag until after he or she issues a receipt and gives the customer the correct change.

iv. If a customer disputes the amount of change tendered at the counter, the cashier must notify a supervisor for assistance.

v. Cashiers must not return a disputed amount without the written approval of a supervisor.

vi. The cashier must refer customer payments involving relatives or personal friends to the supervisor for reassignment.

c. Before bank deposit, cash receipts should be secured in a cash drawer, vault, safe, or locked cabinet to which only authorized personnel have access.

2. Cash drawers/bags should be used for official court business only (i.e., the collection of payments).

3. Trial courts should establish cash drawer/bag limits for each cashier to reduce or eliminate opportunities for individuals to commit and conceal errors and to reduce the risk of robbery. The drawer/bag limits must be based on the amount of currency and coin collected. Drawer/bag limits may also be established for checks.

a. When establishing cash drawer/bag limits, the following factors should be considered:

i. The amount of currency and coin collected at the location.

ii. The remoteness of the location where payments are collected from the main courthouse or central location where bank deposits are processed.

iii. The history of overages and shortages at the location.

iv. The level of security available at the location taking cash, including the availability of sheriffs and other security personnel, the location of panic buttons, the placement of security cameras, and the adequacy of the physical barriers between cashiers and customers making payments.

b. When the cash drawer/bag limit is reached or exceeded at any time during the day, the cashier should perform a closeout under section 6.3.10 of this policy, except that the bundle may remain in the safe until the end of the day to complete the daily closeout and final signature.

6.3.4 Check, Money Order, and Cashier's Check Handling Procedures

1. When a check, money order, or cashier's check is received in person or in the U.S. mail, the cashier must verify the following before accepting payment:

    a. Name of the customer must be imprinted on the check.

    b. Numeric and written dollar amounts must match.

    c. Check must be signed by the customer.

    d. Check must be dated for the day it is written; postdated checks are not accepted.

    e. Check must be made payable to the trial court only; two-party checks are not accepted.

    f. Check must be written for the exact amount due.

    g. Case numbers must be written on the check, if applicable.

    h. Corrections to the check made by the customer must be initialed by the customer.

    i. Cashier's check, money order, or traveler's check is drawn on a banking institution located in the United States (unless received through the mail).

    j. The sum must be in U.S. currency.

2. When a check is accepted at the public window, cashiers must require the customer provide an acceptable form of picture identification, such as a driver's license or passport. Checks delivered by third parties (e.g., check runners or law firm staff) do not require personal identification.

3. Change may be made only for:

    a. Cash;

    b. Bank cashier's checks or drafts;

    c. Traveler's checks; and

    d. Money orders.

4. Cashiers shall not accept personal checks, cashier's checks, money orders, or traveler's checks when the check is in excess of $300 from a defendant who is in

custody, as a deposit of bail for any alleged violation of the Penal Code or for a deposit of bail for any felony offense.[49]

5. If a trial court receives a check with a blank payee line, the cashier must immediately enter the court's name in the payee line.

6. Checks received by the trial court that are made payable to another state government entity may be endorsed and deposited by the trial court when they are known to be a proper payment to the court. The endorsement by the court must contain a statement equivalent to "Absence of Prior Endorsement Guaranteed."[50]

7. The trial court must elect to either reject or process an unsigned check received through the U.S. mail. To minimize its risk of potential loss, the trial court must establish a maximum dollar limit it will elect to process if the check is unsigned. The suggested maximum dollar limit is $500.

   a. When the trial court elects to reject an unsigned check, it must write "Void" on the face of the check and return the unsigned check to the customer with a letter stating that the check was not accepted because it was unsigned.

   b. When the trial court elects to process an unsigned check, it must perform the following steps before endorsing and depositing the check:

      i. The face of the check must be stamped with the following statement:

      Signature lacking
      Superior Court of California, County of [Name]

      ii. The case number for which payment is being made must be noted on the unsigned check.

   A notation will be made on the customer's record in the trial court's case management system that the customer's check was received unsigned. The check number and amount of the check must be included in the notation.

8. The trial court may accept checks marked "Not to Exceed [Amount] Dollars" for matters pending court action. When the amount of the payment becomes known, the person presenting the check shall fill in the exact amount due. If received in the mail the cashier shall write the exact amount.

[49] Gov. Code, § 71386(b).

[50] This policy is comparable to the policy adopted by the executive branch; see *State Administrative Manual* section 8034.4.

9. The trial court must restrictively endorse all checks, warrants, money orders, and other negotiable instruments immediately upon receipt and acceptance. Endorsements must contain the following information:

    a. The name of the bank and branch number in which the deposit will be made.

    b. The statement "For Deposit Only" followed by the name of the trial court.

    c. The account name and number.

10. If a foreign check is received, the court should consider depositing on a separate deposit slip as some banks have special handling instructions. In some instances, banks will reject foreign checks if not deposited according to their special handling instructions. Courts may also contact the Trust Unit for special handling instructions of such deposits. A foreign check includes any check drawn on a foreign bank either in U.S. dollars or foreign currency.

6.3.5 Credit Card and Debit Card Payments

1. Government Code section 6159 authorizes the acceptance of credit card payments by the trial court and establishes the conditions under which payment by credit card is allowed. The same requirements apply to debit card payments.

2. If the trial court desires to accept credit card or debit card payments, it must first receive approval from the Judicial Council of California or the Administrative Director.[51] For the procedures to receive Judicial Council of California approval to accept credit or debit card payments, see Policy No. FIN 13.01 Banking Services.

3. The trial court may accept the following types of payments by credit card or debit card:

    a. Bail deposits for any offense not declared to be a felony.[52]

    b. Filing fees or other court fees.

    c. Any court-ordered fee, fine, forfeiture, penalty, or assessment.

    d. Restitution.

4. The court may accept credit card or debit card payments in person, over the telephone, over the Internet, or by mail.

[51] Gov. Code, § 6159(c); Cal. Rules of Court, rule 10.820(a).

[52] Gov. Code, § 6159(b)(1).

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

6. For payments made via the Internet, the same information must be obtained from the customer as for telephone payments.

7. When receiving payments via the Internet, the primary focus is to assure that the trial court's website is secured against the unauthorized use or the3ft of customer information:

    a. Internally, access to customer information shall be limited to a small number of authorized court employees. For internal control purposes, system access codes shall be assigned to these employees.

    b. Externally, the trial court must protect against electronic data theft. The trial court shall ensure the security of Internet transactions by establishing firewalls and other protection devices, or by outsourcing the Internet payment function to a qualified vendor or the trial court's Internet service provider or website host with the appropriate logical and physical security.

8. Before accepting any credit card or debit card payment, the validity of the payment must be verified by obtaining the authorization code from the credit card processor.

9. Trial courts should refrain from writing down any identification information on the credit card transaction form or otherwise, as a condition to accepting the credit card payment. However, if the customer does not produce the credit card upon request to verify the number, the cashier may record the card presenter's driver's license or identification card number.

6.3.6 Dishonored Payments

1. For checks that are dishonored and returned by the bank to the trial court for reasons including, but not limited to, insufficient funds:

    a. The trial court should arrange with its local bank to automatically resubmit for payment the dishonored checks because most redeposited dishonored checks are subsequently paid.

    b. Upon receipt of a dishonored check that either cannot be redeposited or has been redeposited and dishonored a second time, the trial court should reverse the payment out of its case management system and enter a note that the check was returned by the bank as dishonored.

i. For civil filing fees:

(1) The clerk must notify the party who tendered the check of all the following by mail:[53]

(a) The check has been returned by the bank without payment.

(b) An administrative charge has been imposed to reimburse the trial court for the costs of processing the returned check and providing notice. The administrative charge must be either $25 or a reasonable amount that does not exceed the trial court's actual costs.[54]

(c) The party must pay the filing fee and the administrative charge by a date that is specified in the notice. If payment is not made by the specified date, the trial court will void the filing and proceed as if the document had not been filed.[55] (The trial court must specify a date by which the payment is due, which must be within 20 days from the date that the trial court mails the notice to the party. If a trial or other hearing has been scheduled to occur before the 20-day period expires, the trial court must specify an earlier date by which payment is due before the date of the scheduled trial or hearing or reschedule the trial or hearing.)

(d) Payment of the filing fee and the administrative charge must be made by cash, certified check, or other means acceptable to the trial court. The trial court, however, must not accept payment by traveler's check or personal check.

(2) If the person who tendered the check is not a party to the action, the clerk or designee per written court procedure must notify both the person who tendered the check and the party on whose behalf payment was tendered or, if the party is represented, the party's attorney.

ii. For other services or issuance of documents in a civil case:[56]

(1) If the clerk performs a service or issues any documents for which a fee is required, and payment is made by check that is later dishonored and returned without payment by the bank, the trial court may order further

[53] See Code Civ. Proc., § 411.20(a).

[54] See Code Civ. Proc., § 411.20(g).

[55] See Code Civ. Proc., § 411.20(b) & (e).

[56] See Code Civ. Proc., § 411.20(f).

proceedings suspended as to the party for whom the payment was tendered.

(2) If ordered by the trial court, the clerk must notify by mail the party who tendered the returned check of all the following:

(a) The check has been returned without payment.

(b) An administrative charge has been imposed to reimburse the trial court for the costs of processing the returned check and providing notice. (The administrative charge must be either $25 or a reasonable amount that does not exceed the trial court's actual costs.[57] The notice mailed to the party should specify the amount of the administrative charge that has been imposed.)

(c) Proceedings have been suspended until the trial court receives payment of the required fee and the administrative charge.

(d) Payment must be made by cash, certified check, or other means acceptable to the court. The trial court, however, must not accept payment by traveler's check or personal check.

(3) If the person who tendered the returned check is not a party to the action, the clerk must notify both the person who tendered the returned check and the party on whose behalf payment was tendered or, if the party is represented, the party's attorney.

iii. For traffic cases:

(1) A deficiency notice will be sent to the party whose check was dishonored and returned without payment by the bank, and the appropriate justice partners notified of nonpayment, when necessary.

(2) Trial courts may impose a reasonable charge for returned checks to recover processing and collections costs, not to exceed the actual costs incurred.[58]

(3) The trial court may prescribe a different method of payment.

iv. For any other fee, fine, or forfeiture not covered above:

[57] See Code Civ. Proc., § 411.20(g).

[58] Gov. Code, §§ 6157(b) and 71386(d).

(1) A deficiency notice will be sent to the party whose check was dishonored and returned unpaid by the bank. The clerk will notify the party in the case that the check has been returned by the bank without payment.

(2) Trial courts may impose a reasonable charge for the returned check to recover processing and collection costs, not to exceed the actual costs incurred.[59]

(3) The trial court may prescribe a different method of payment.

2. For credit card or debit card payments not accepted by the card issuer or charged back to the court:

   a. The trial court will void any record of payment and/or receipt issued by the trial court. The payment obligation of the cardholder shall continue as if no attempt at payment has been made.

   b. The clerk may notify the party in a manner determined by the trial court that the card has not been accepted and that payment must be made by a date specified in the notice.

   c. If a credit card or debit card payment is returned without payment, the court may impose a reasonable charge for the chargeback or return of a credit card or debit card payment, not to exceed the actual costs incurred.[60]

6.3.7 Receipts

1. All payments to the trial court must be acknowledged by a unique sequentially numbered receipt. Courts should post a sign or notice advising customers to ask for and obtain a receipt from the cashier before leaving the cash window for any payment made to the court. Receipts issued by the trial court should provide information sufficient to create an adequate audit trail that ensures the proper accounting of the monies received, including:

   a. A unique receipt number.

   b. The date of payment.

   c. The case number.

[59] *Id.*

[60] Gov. Code, § 6159(g).

d. The amount received.

2. The trial court shall keep a record of all receipts issued. The trial court shall cancel or void the receipt if an associated payment made by check, money order, credit card, or debit card is later dishonored and returned unpaid by the bank.

3. The trial court shall periodically monitor receipt sequence numbers to identify gaps and assure that all receipts are accounted for.

6.3.8 Void Transactions

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

2. The trial court's case management system should keep an appropriate audit trail of voided transactions by maintaining a record of both the original transactions entered into the case management system as well as the subtraction caused by the void. The original transactions entered into the case management system should be voided, not deleted.

3. Once the daily end-of-day closeout process is completed, the case management system should be configured to prevent payments included in the daily closeout from being voided.

6.3.9 Manual Receipts

1. Manual receipts should only be used as a backup procedure when the cashiering system and/or automated case management system is unavailable or cannot be accessed to enter case payment transactions, including the issuance of system receipts.

2. Manual receipts should not be used for nonpayment-related transactions (e.g., to acknowledge receipt of a personal item or property from a party).

3. Separate receipt books for other payment transactions (such as for photocopies, etc.) must be maintained and appropriately labeled if these payment transactions cannot be entered in the cashiering system and/or automated case management system. For example, some courts with older case management systems are not able to enter fee payments for photocopies into their case management system cashiering systems. In these situations, courts should use separate manual receipt books for photocopies so as not to further complicate the daily case management system closeout process.

4. Manual receipt book acquisition and control

    a. Trial courts should acquire manual receipt books centrally at each physical location and a designee should inventory the books when received.

        i. Sequential numbers in the books should not be duplicated in any other books.

        ii. Unissued books should be safeguarded in a locked, secure cabinet or safe until issued.

        iii. Unissued books should be individually shrink-wrapped.

        iv. Unissued books should be inventoried periodically (at a minimum annually) with a record of the inventory maintained by the supervisor of the area responsible for the books.

    b. Each manual receipt within the book will be a sequentially numbered three-part form that includes:

        i. A customer original;

        ii. A deposit record copy; and

        iii. A copy retained in the book.

    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 the book was issued to a court facility location supervisor;

        iv. The name of the court facility and supervisor the book was issued to; and

        v. The date the book was returned from the court facility location supervisor.

5. Issuance of manual receipt books by trial court to court facility supervisor

    a. When the court facility supervisor receives the manual receipt books, the facility supervisor must record each book on a log for the facility.

b. The log must include the date received, book number, and receipt number sequence (from and to receipt numbers).

c. The supervisor must ensure the completeness of the manual receipts in the book by verifying that all receipts and receipt numbers are accounted for in the book. The supervisor will initial the log to document the verification.

d. Once verified, the supervisor must store and secure the receipt books in a locked cabinet or safe.

6. Issuance of manual receipt book by court facility supervisor or his or her designee to cashiers

   a. The supervisor or his or her designee must maintain control and oversight of the manual receipt books. When the cashiering system and/or case management system is not available to process automated receipts, the supervisor or designee will retrieve and issue books of prenumbered receipts to cashiers. Manual receipt books should only be used when the cashiering system and/or case management system is down.

   b. The supervisor or his or her designee issuing the prenumbered manual receipt books must monitor and maintain an accounting of the receipt books, including:

      i. The receipt books issued;

      ii. To whom the receipt book was issued;

      iii. The date issued;

      iv. The name of the person returning the book;

      v. The date the books were returned (should be the end of the same day); and

      vi. The receipt numbers used within each book.

7. Issuance of manual receipts by cashier to customers

   a. The cashier must complete the handwritten manual receipt with all required information and issue the customer the original copy of the handwritten manual receipt for payments the cashier accepts but cannot immediately enter into the cashiering system and/or automated case management system.

   b. The cashier must attach the first copy of the handwritten manual receipt with the payment for later processing when the system is again available for payment processing.

c. The second copy of the handwritten manual receipt must remain intact in the manual receipt book and must not be torn or removed.

8. Voiding of manual receipts

   a. Any manual receipts that must be voided for any reason must have "VOID" written clearly on the face of the original and all the copies. If the original manual receipt and copies were already removed from the manual receipt book, a supervisor or his or her designee must match and verify them to ensure they are all the same receipt sequence number. The supervisor or his or her designee must either staple the manual receipts to the inside of the manual receipt book or staple the original and first copy to the second copy that remains intact in the book. If the original manual receipt is missing, the supervisor or his or her designee should annotate the reason the original manual receipt is missing on the copies.

9. Handling of manual receipt documentation until automated system returns to active status

   a. The trial court must keep payments processed with manual receipts during the time when the automated system is unavailable separate from payments processed through the system while in active status.

   b. Payments, manual receipts, and any associated case files must be kept in a designated secure locked drawer or cabinet until they can be processed in the automated cashiering system or automated case management system.

10. Processing manual receipt transactions

    a. Handwritten manual receipt transactions must be processed as soon as possible after the automated system is restored to active status.

    b. The transactions must be entered into the automated system from the first copy of the handwritten manual receipts documentation before the payments are transferred to a cash drawer/bag.

    c. Cashiers must submit the first copy of the handwritten manual receipts and associated payments with the end-of-day closeout and balancing documentation for review and verification by the supervisor or his or her designee.

11. Return of completely used manual receipt books to central location

    a. Completely used manual receipt books must be returned to the fiscal office and logged in by recording the date returned and the facility supervisor or designee returning the books.

    b. The fiscal office must verify the completeness of the numerical sequence of the used receipts and initial and date the log.

6.3.10 Daily Balancing and Closeout

1. At the end of each workday, each cashier and the designated supervisor, or designee, must balance the payments collected in his or her individual cash drawer/bag with the payments and collections recorded in the cashiering system and/or automated case management system. Cashiers may not leave the premises or transact new business until the daily balancing and closeout processes are complete.

2. The balancing and closeout process includes the following steps:

    a. The cashier completes and signs the recap of daily collections report independent of information contained in the case management daily collections report; attaches a calculator tape for checks; and submits the report, collections, and beginning cash to the supervisor or his or her designee for verification;

    b. The supervisor or his or her designee verifies in the presence of the cashier that the beginning cash is fully accounted for and the submitted collections balance with the recap of daily collections report;

    c. The supervisor or his or her designee then verifies that the submitted collections balance with the associated payments and collections reported on the cashier's case management system daily collections closeout report;

    d. If the collections balance with the amounts in the case management system, the cashier and supervisor or his or her designee must both sign and date the case management system daily collections closeout report.

    e. If the collections do not balance with the amounts recorded in the case management system, the cashier and supervisor or his or her designee must perform additional research to determine and resolve the differences. If the differences cannot be resolved, the cashier may need to prepare and sign a shortage or overage report that will be included with the case management system daily collections closeout report. Both the cashier and supervisor or his or her designee must sign and date the case management system daily collections closeout report.

3. After the daily balancing and closeout processes are completed, the beginning cash drawers/bags are secured and the collections are prepared for deposit with the county or bank. If the daily collections are not deposited on the same day they are collected, they must be locked overnight in a safe, vault, or secure locking cabinet.

4. For the process trial courts should follow when physically depositing monies at the bank or the county treasury, see Policy No. FIN 13.01 Banking Services.

6.3.11 Overpayments, Partial Payments, and Cashiering Shortages and Overages

1. The process used by a trial court to account for shortages and overages depends on whether the county board of supervisors (or county auditor if such responsibility was delegated by the board of supervisors) established a cash difference fund[61] and overage fund[62] for the trial court. If such funds were created by the county board of supervisors or county auditor for the trial court, the trial court must comply with Government Code sections 29372 through 29381 until the county board of supervisors adopts a resolution that discontinues the overages and shortages funds established for the trial court. If no such funds were created or the county board of supervisors adopts a resolution to discontinue such funds, the trial court will follow the remaining policies and procedures in this section.

2. Trial court employees who receive and disburse money are accountable for the money in their custody. They are personally responsible for any cash discrepancies.

3. Each trial court must establish written standards of performance for cashiers and prescribe corrective actions to be utilized when performance standards are not satisfied.

4. Cashiers must report all overages and shortages to their supervisor. Overages and shortages must be tracked and handled separately, never combined or netted together because their accounting treatment is different.

5. The responsible trial court employee must complete and sign an Overage or Shortage Report and submit it to the appropriate supervisor with the case management system daily collections closeout report.

6. Supervisors will monitor all reports of overages and shortages to determine if there is a pattern meriting further investigation, modification of collection procedures, retraining of personnel, or disciplinary action.

7. Cash overages that result from cashier errors and cannot be identified with a customer or case (representing cash in excess of a cashier's accounting of the transactions receipted identified during the end-of-day balancing and closeout process) will be credited to a general ledger 353031 or 353631 Overpayments general ledger liability account at the time the overage is identified.

    a. The Overpayments general ledger liability account will be cleared to Cashiering Overages general ledger revenue account 823004 at least once a quarter.

[61] Gov. Code, § 29375.1.

[62] Gov. Code, § 29371.

8. Cash shortages that result from cashier errors and that cannot be identified with a customer or case (representing the amount by which the cash is less than the cashier's accounting of the transactions receipted) will be debited to Partial Payments general ledger asset account 353030 or 353630 at the time the shortage is detected.

    a. The Partial Payments general ledger asset account will be cleared to a cashiering Shortages general ledger expense account 952599 at least once per quarter.

9. For cash shortages where the customer who made an underpayment can be identified, the trial court should apply the payment to the case and attempt to collect the underpayment from the customer.

10. Cash overpayments represent any amount paid that exceeds the amount due for any account/case. The trial court may immediately deposit these cash overpayments to general ledger 823004, the overage revenue account, if such overpayment does not exceed $10.

    a. If the customer who made an overpayment exceeding $10 can be identified, the amount of the overpayment should be recorded to an Overpayments of Fees general ledger liability account, general ledger 353031 or 353631. This liability account will be reduced by the amount of any refund paid by the trial court to the customer.

6.3.12 Surprise Cash Counts

1. To assure that payment processing errors and irregularities do not go undetected, the trial court will conduct surprise cash counts on all trial court staff who handle payments in the normal course of their duties. A surprise cash count is an independent balancing of a cash drawer or register that is:

    a. Conducted in the presence of the cashier by a trial court supervisor, manager, or fiscal officer who does not have direct responsibility for processing payments. A record of these cash audits should be maintained for audit and management purposes;

    b. Performed on a random day determined by the supervisor or manager—that is, the date picked to perform the surprise cash count should not be easily determinable by trial court staff (e.g., the third Thursday of each quarter); and

    c. Not previously communicated to trial court staff.

2. The frequency of the surprise cash counts will depend on factors including the size of the trial court, the amount of currency processed, the number of checks and money orders processed, the frequency of overages and shortages at a particular trial court location, and the experience of the trial court staff involved. Surprise cash counts should be conducted quarterly, at a minimum, and as frequently as monthly.

6.4 Payments Received Through the Mail and Drop Boxes

1. Checks and money orders received through the mail and drop boxes should be processed on the day they are received (i.e., endorsed with an immediately restrictive endorsement for deposit in the court bank account, entered into the court's receipting system, and deposited to the appropriate bank account). Any exceptions are to be brought to the attention of a supervisor, placed under dual control, and processed as soon as practicable. Money received through the mail and drop boxes will be deposited and entered in the court's cashiering system and/or automated case management system on the day received.

2. To provide for the strongest protection of trial court assets and to protect the integrity and reputation of the trial court, the trial court should use a team approach to maintain accountability for payments received through the mail and drop boxes. When processing such payments, the court should adhere to the following procedures:

    a. Mail and drop box payments should only be processed when both team members are present. Alternatively, if two people cannot be present during mail and drop box payment opening, then one person may open the mail or drop box payments and create the payment receipts log if he or she is being recorded on video camera and the video is retained for at least six months. Another alternative if two people cannot be present is one person—without opening the envelopes—may start the payment receipts log by sequentially numbering the envelopes and documenting the envelope number and the sender's name in the payment receipts log. When the second person opens the mail and/or drop box payments, he or she should complete the payment receipts log for each envelope identified by the first person. A field should be added to the payment receipts log to indicate when an envelope does not contain a payment; not all fields listed in paragraph 3.a will be completed.

    b. Two-person team combinations should be rotated regularly.

    c. To maintain the separation of duties, team members who open and log mail and drop box payments should not also enter the mail and drop box payments in the court's cashiering system and/or automated case management system, if possible.

3. To provide for the strongest oversight and monitoring of payments received through the mail and drop boxes, courts should maintain a payments receipt log. Without a payments receipt log, courts have no record to reference or research if a mail or drop box payment is lost or stolen. The following method should be used for processing payments received through the mail and drop boxes:

    a. The payments receipts log sheet should include the following information:

        i. Case or docket number;

        ii. Name of the person making the payment;

iii. Amount of cash, check, or money order;

iv. Check or money order number;

iv. Date received in the mail or drop box; and

vi. Name of the person opening the mail or drop box payments and the person recording the payment on the payments receipt log.

b. An adding machine tape of all cash, checks, and money orders should be run and the total amount received should be matched to the total amount entered on the payments receipt log sheet.

c. The person logging the payments received through the mail or drop boxes shall sign the bottom of the payments receipt log sheet after running the adding machine tape.

d. The adding machine tape should be attached to the payments receipt log sheet and the cash, checks, and money orders delivered to a designated cashier for entry into the cashiering system and/or automated case management system. The cashier must sign a transmittal receipt acknowledging receipt of the payments receipt log and the payments received for entry evidencing the transfer of control of the payment items. Any payment that cannot be processed will be highlighted on the payments receipt log sheet.

e. After the payments have been entered into the cashiering system and/or automated case management system, a system report should be reconciled against the payments receipt log sheet to ensure that all payments were entered. A copy of the payments receipt log sheet will be included with the daily closeout documentation.

f. Any payment that cannot be processed will be attached to the payments receipt log sheet and appropriately safeguarded in the safe until the payment can be processed the next business day.

g. The trial court will send receipts for payments received in the mail to customers only if a stamped, self-addressed envelope is included with the payment.

4. To provide for strong oversight and monitoring of payments not processed on the day they were received in the mail or drop boxes, courts must adhere to the following steps:

a. Trial court staff responsible for processing payments must review on a daily basis all payments that are held over from a previous day's work to determine if any of the held payments can be processed. This requirement can be met by reviewing the held payments receipt log sheets and associated payments to determine if the payment can be processed.

b. The supervisor/manager responsible for the trial court staff who process payments must identify and log any payment that has been held for more than 5, 15, and 30

calendar days without being processed. The log must specify the reason why the payment cannot be processed. The log must identify any cash payment being held in suspense for more than 5, 15, and 30 calendar days.

c. The supervisor/manager responsible for the trial court staff who process payments must provide a report, at least on a monthly basis, to the court executive officer and the court fiscal officer, and/or to his or her written designee, that lists by age (length of time held) any payment that has been held for more than 15 and 30 calendar days without being processed. The report must provide the following details, if known, for each payment being held:

   i. Case or docket number;

   ii. Name of the person mailing the payment;

   iii. Payment amount;

   iv. Check number (if applicable);

   v. Date received in the mail; and

   vi. Reason why payment cannot be processed.

5. If a check received through the mail or drop boxes is not payable in U.S. dollars, the check should be delivered to the bank in a separate deposit as a "Special Collection" item. Once the check's U.S. dollar equivalent is determined, the payment amount should be entered as appropriate in the financial records of the court.

6. If a check is received through the mail or drop boxes for an amount either greater than or less than the amount due, the check should be deposited with the bank, entered in the financial records of the court, and a refund or a request for the remaining amount due (as appropriate) should be sent to the check writer and case party. Please refer to subsection 6.3.11(10) (overages) and subsection 6.3.11(8) and (9) (shortages) of this policy.

6.5 Handling of Counterfeit Currency

6.5.1 Training

As soon as practicable after hiring and at least annually thereafter, all cashiers and their supervisors shall be trained in the handling of counterfeit currency. Training sources include the U.S. Secret Service website, local law enforcement, and the U.S. Treasury offices. No-cost, onsite group presentations are also available through the U.S. Secret Service. (See *www.secretservice.gov/contact/field-offices/* for a list of the nearest field offices and their telephone numbers.) The court's Finance and/or Human Resources department should coordinate all training and maintain documentation in a central file.

6.5.2 Identification

1. At a minimum, cashiers must test all $50 and $100 bills for possible forgery. Depending on volume, $20 bills may also be tested at the option of the court executive officer or his or her designee. Counterfeit detector pens, although not foolproof, are an effective way to identify computer-generated counterfeit bills because the iodine solution in a detector pen reacts with starch, which is commonly found in a wood-based copy paper used by most printers. If the bill is counterfeit and the paper is wood-based, the iodine in the pen solution will react with the starch and leave a dark-brown mark. If the bill is authentic and the paper is fiber-based, there will not be any starch and the pen will not leave a mark. (Manufacturers of counterfeit detection pens will sometimes add a biodegradable pastel coloring to the iodine solution so that users can easily see which bills they have already screened—the pastel coloring usually fades within a day or so.) Counterfeit detection pens may be obtained through local sources.

2. In 1996 the United States began issuing currency with a new design and additional security features. These elements were incorporated to make U.S. currency easier to recognize as genuine and more secure against advanced reproduction technology that could be used for counterfeiting. Preexisting security features such as the security thread and micro-printing are included in the new notes and have changed only slightly. For additional information on how to visually identify counterfeit currency, please refer to the U.S. Currency Education Program website at *www.uscurrency.gov*. Links provide information on the design and security features built into currency issued after 1996.

6.5.3 Confiscation

1. Each cashier who receives currency suspected of being counterfeit should contact his or her supervisor immediately. Care should be taken in discussing confiscation with the customer because of the risk of physical harm and/or legal action. Discussion with the customer should include the following:

   a. The customer understands that he or she is not being accused of counterfeiting;

   b. Federal regulations require confiscation of the currency;

   c. The court must obtain contact information from the customer and issue the customer a copy of U.S. Secret Service Form SSF 1604, Counterfeit Note Report (see subsection 6.5.5 of this policy); and

   d. The court must document this exchange in the case management system as a nonmonetary transaction.

2. Trial court security staff should be asked to observe (but not detain) the customer, if this can be done unobtrusively.

3. The U.S. Secret Service has exclusive jurisdiction for investigations involving the counterfeiting of U.S. currency and coin. Procedures to be followed by court staff are detailed at *www.treasury.gov/about/organizational-structure/offices/Treasurer-US/Pages/if-you-suspect.aspx*.

4. If feasible, the supervisor should telephone the closest U.S. Secret Service office to supply the serial numbers of the currency believed to be counterfeit, but not in the presence of the customer.

5. Section 492 of title 18 of the United States Code requires the surrender of counterfeit currency; it must not be returned to the customer. Refer to subsection 6.5.4, Replacement of Confiscated Currency, and subsection 6.5.5, Preparation of Form SSF 1604.

6. In the border area of each suspect currency, the supervisor should write his or her initials and the date. After confiscation and pending instructions from the U.S. Secret Service, the supervisor should put the suspect currency in a sealed envelope and place it under lock and key; handling of it should be minimized. The U.S. Secret Service or an appropriate law enforcement agency will return the currency to the trial court if the currency is determined not to be counterfeit. It is the responsibility of the trial court to return noncounterfeit currency to the customer from whom it was confiscated.

7. Under no circumstances are cashiers permitted to retain possession of counterfeit currency.

6.5.4 Replacement of Confiscated Currency

1. If a supervisor believes that currency received by the trial court may be counterfeit, he or she should explain to the customer that the currency cannot be accepted and must be confiscated, but that other currency or other acceptable forms of payment (per section 6.2.1) may be substituted.

2. The customer should always be informed that if he or she does not replace the currency, the transaction is incomplete.

6.5.5 Preparation of Form SSF 1604

1. Form SSF 1604, Counterfeit Note Report, is a fillable form available on the U.S. Secret Service website at *www.secretservice.gov/investigation/ssf1604.pdf.* Trial court staff should obtain this form directly from the website, since it is updated frequently.

2. To help identify the customer, cashiers should observe the customer and any companions and record a description, and, if practicable, the customer's driver's license number.

3. Court staff should complete the Description of Counterfeit Note or Raised Note section of Form SSF 1604 to the extent possible.

6.5.6 Notification

1. The supervisor should telephone the U.S. Secret Service regarding the receipt of counterfeit or potentially counterfeit currency.

2. Form SSF 1604 should be submitted to the closest U.S. Secret Service office.

3. If the trial court is unable to collect funds because of the acceptance of counterfeit currency, the court executive officer or his or her designee should initiate appropriate collection efforts if the customer is identifiable.

6.5.7 Detection of Counterfeit Currency by Bank

1. If the bank detects counterfeit currency in a trial court's deposit, the bank is required to submit form SSF 1604 to the U.S. Secret Service. Once informed, the court executive officer or his or her designee should initiate appropriate collection efforts if the customer is identifiable.

   In addition, the trial court will void any record of payment and/or receipt issued relating to the transaction.

2. If the tendered currency payment is returned by the bank as counterfeit the court must notice the customer in writing to pay the remaining balance due. If the customer does not pay the balance due during the grace period specified in the notice, the original payment will be voided in the court's cashiering system and/or automated case management system. A notification should be mailed to the customer indicating that the entire original amount is immediately due upon receipt due to counterfeit currency received.

3. If the customer is not known, the cash deficiency will be treated as a cash shortage and the procedures in subsection 6.3.11 of this policy must be followed.

7.0 Associated Documents

Change Fund Custodian Form

To: Court Executive Officer

From: Court Fiscal Officer

Trial court policy requires the Court Executive Officer or designee to appoint a custodian for each Change Fund when any Change Fund is $500 or more by location. The policy also requires that any change in custody of an existing fund must be documented in writing and the amount of the transfer verified. The Court Fiscal Officer must notify the Court Executive Officer in writing when the custodian of a Change Fund changes. In addition, the Court Fiscal Officer must document that the procedures that must be followed in using a Change Fund were provided to the new custodian.

Completion of this form is sufficient verification that the above requirements have been met.

Change Fund Custodian Form

As the Present Custodian, I currently have the following combination of currency and coin totaling the amount authorized for my Change Fund.

Currency on hand $ Coin on hand $ = $

_____ _____

Signature Telephone # Date

As the new custodian, I agree that I received the total currency and coin in the amount of $ on (date) . I have read and agree to follow the procedures specified in Policy No. FIN 10.02 Cash Handling, *Trial Court Financial Policies and Procedures Manual* and any specific trial court procedures concerning my responsibilities for safeguarding and disbursing cash from the Change Fund.

_____ _____ _____

Signature Telephone # Date

Court Fiscal Officer
Name:_____
Signature:_____
Date: _____

Judicial Council of California

Trial Court Financial Policies and Procedures

AUDITS

POLICY NUMBER: FIN 11.01

Revised June 2020

Back to Main TOC

Audits

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 Audit Roles and Responsibilities
6.1.1 Judicial Council of California—Audit Services
6.1.2 State of California—Other Audit Organizations
6.1.3 County Government
6.2 Audit Support
6.3 Audit Findings, Report Distribution, and Issue Resolution
6.3.1 Exit Meeting
6.3.2 Audit Reports
6.3.3 Corrective Action
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to establish uniform guidelines for the trial court to follow before, during, and after the completion of audits conducted by governmental units or other organizations with audit rights over court operations and finances.

3.0 Policy Statement

There are many legal requirements and restrictions surrounding the use of public resources that can lead to audits of trial court operations and finances. The court shall, as part of its standard management practice, conduct its operations and account for its resources in a manner that will withstand audit scrutiny. During an audit, the court shall fully cooperate with the auditors to demonstrate full accountability, efficient use of public resources, and compliance with all requirements. Substantiated audit findings shall be investigated and corrected in a timely fashion.

4.0 Application

This policy applies to all trial courts.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Audit
Fiscal Year-End GAAP Reports
Generally Accepted Government Auditing Standards (GAGAS)
Single Audit Act

6.0 Text

6.1 Audit Roles and Responsibilities

The financial records, internal controls, regulatory compliance and other aspects of the trial court's operations are subject to audit by various entities. The rights of various governmental units to audit the trial court's operations and finances are discussed below.

6.1.1 Judicial Council of California—Audit Services

1. Government Code section 77009(h) authorizes the Judicial Council of California, or its representatives, to perform audits, reviews, and investigations of trial court operations and records wherever they may be located. The scope of such audits may include, but is not limited to, an evaluation of whether a court has complied with state law, grant requirements, and the rules, policies and requirements as promulgated by the Judicial Council of California.

2. Under Government Code section 77212(d), the Judicial Council of California may also audit service contracts between the trial courts and their counties to ensure that the amounts of any indirect or overhead costs are calculated in accordance with state law.

3. Audit Services manages the Judicial Branch Whistleblower Hotline (1-866-865-6400), which court employees or the public can use to report improper governmental activities (such as fraud, waste or abuse). Audit Services also accepts written complaints via a Whistleblower Complaint Form. Audit Services will forward credible complaints of the trial courts to the applicable court executive officer for further review and possible investigation. Courts are encouraged to inform Audit Services of the ultimate results of their investigations and reviews. Additional information regarding the whistleblower process can be found on the Judicial Resources Network (*http://jrn.courts.ca.gov*) under the "Audit Resources" Tab.

4. Audit Services' selection of trial courts for audit are generally included in an annual audit plan that is approved by the Advisory Committee on Audits and Financial Accountability for the Judicial Branch (audit committee) per California Rules of Court, rule 10.63. The approved annual audit plan is available for review on the Judicial Resources Network (*http://jrn.courts.ca.gov*) under the "Audit Resources" tab. The Judicial Council of California may also conduct periodic audits of the trial courts through the use of independent contractors at the Judicial Council's expense.

5. Trial courts shall notify the head of Audit Services when it is being audited by an organization external to the judicial branch. Such mandatory notification primarily pertains to audits focusing on grant awards received through a grant agreement with the Judicial Council (such as AB 1058 grants where the audits are conducted by the Department of Child Support Services). Trial courts are encouraged, but not required, to notify Audit Services when they are audited by other state audit organizations, such

as the California State Auditor's Office (CSA), State Controller's Office (SCO), or the Department of Finance (DOF).

6.1.2 State of California—Other Audit Organizations

1. Under Government Code sections 68103 and 68104, the SCO must check the reports and records received regarding the transmittal of fines and forfeitures submitted to it. Whenever the state is legally entitled to receive any portion of any money, forfeited bail or fines received by a judge of any court, the records kept by any judge are open to public inspection, and may be checked by the State Controller, the Attorney General, or the district attorney of the particular county.

2. Under Government Code section 77206(c), the Legislature may request the SCO to perform financial and fiscal compliance audits of the reports of court revenues and expenses. The SCO shall report the results of these requested audits to the Legislature and the Judicial Council of California.

3. Under Government Code section 77206(h), any of the three state auditing organizations (SCO, DOF, CSA) may audit a trial court's compliance with the governing statutes, rules, and regulations relating to revenues, expenditures, and fund balances of all material and significant funds, including General Fund funds, funds generated from fees or fines, federal funds, grants, and any other funds within the trial court's administration or control. The Judicial Council selects which of the three audit organizations will perform these audits per Government Code section 77206(j).

4. The CSA audits the financial statements of the state, as reported in the Comprehensive Annual Financial Report (CAFR). Each trial court's financial statements are prepared in accordance with GAAP and are submitted to the State Controller's Office for consolidation in the CAFR. The scope of this audit also includes evaluating compliance with the requirements of significant federal grants under the federal Single Audit Act. CSA may also conduct audits of a trial court's operations under the approval of the Joint Legislative Audit Committee, per Government Code section 8546.1(b). Finally, CSA periodically selects trial courts to audit their compliance with the Judicial Branch Contracting Law, per Public Contract Code section 19210.

6.1.3 County Government

Since passage of the Lockyer-Isenberg Trial Court Funding Act of 1997 (Assembly Bill 233), the county no longer has audit rights over the trial court. Court operations are now primarily funded by the state. If the court conducts enhanced revenue collection and distribution operations on behalf of the county, the county may request an audit of these activities.

6.2 Audit Support

1. The court executive officer or his or her designee shall be the primary point of contact for all auditors examining the operations and records of the court.

2. The trial court shall cooperate fully with the auditors' requests for information. Auditors shall be provided access to trial court records, files, policies, procedures, computer systems, and personnel for the purpose of gathering information that is within the nature and scope of their audit assignments.

3. The trial court shall not withhold relevant information, misrepresent any fact or mislead auditors.

6.3 Audit Findings, Report Distribution, and Issue Resolution

6.3.1 Exit Meeting

At the conclusion of field (onsite) activities, external auditors (such as the State Auditor's Office or State Controller's Office) and Judicial Council of California Audit Services must offer to hold an exit meeting with court representatives to present preliminary audit findings and discuss issues, reportable conditions, material weaknesses, or unacceptable risk levels discovered during the audit. The trial court shall use the exit meeting as an opportunity to provide additional information, clarify questionable items, and attempt to resolve the issues before the issuance of the audit report. If necessary, the trial court should request additional reasonable time to further research the auditor's findings.

Periodically during the course of the audit (frequency to be determined by the court) the court will be kept informed of all potential issues that have been identified.

1. Audit Services will have ongoing discussions with the trial court throughout the audit regarding any audit findings and will provide the trial court with a draft copy of each audit finding, before the exit conference, for its review and official comment. Audit Services will provide the trial courts with a reasonable amount of time—up to three weeks—to prepare its official response and corrective action plan. The trial court's response will be published with the audit finding in the audit report.

2. State audit organizations that perform audits in accordance with Generally Accepted Government Auditing Standards (GAGAS) must similarly provide the trial courts with an opportunity to review and comment on any audit report and include the court's perspectives in the final, published version of the report. The CSA generally allows five business days to provide official comment, while other state audit

organizations provide much longer review and comment periods.[63] At the beginning of any audit, trial courts should ensure they understand how much time they have to evaluate and formally respond to any audit findings.

3. When formally responding to audit findings for inclusion in the final audit report, the trial court shall indicate the following:

   a. Whether the court agrees or disagrees with the audit finding and why.

   b. What corrective action, if any, the trial court plans to take in response to the finding and related recommendations.

   c. The trial court employee (name, title, department/division) responsible for ensuring corrective action is taken and the anticipated date for completion.

6.3.2 Audit Reports

California Rules of Court, rule 10.63 establishes the Advisory Committee on Audits and Financial Accountability for the Judicial Branch (audit committee). The audit committee is tasked with making recommendations to the entire Judicial Council on audit reports of the judicial branch that identify substantial issues, and approving audit reports for public posting.

Audits performed by Audit Services will not be considered final until approved by the audit committee and will be heard in closed session. In closed session, trial courts will be able to provide their views to audit committee members regarding the audit findings. Completed and finalized audit reports prepared by audit organizations external to the judicial branch will be discussed by the audit committee in public session. All audit reports will be posted on the "Audit Reports" webpage of the judicial branch's public website at *www.courts.ca.gov/12050.htm*.

6.3.3 Corrective Action

1. The trial court is responsible for taking reasonable steps to ensure timely corrective action is taken in response to all audit findings that are not in dispute with the auditors. When a court disagrees with an audit finding, it will follow subsection 6.3.1(3) and provide similar information upon any follow-up or further inquiry from the auditors.

   The trial court has the discretion to decide what corrective action it will take based on its available resources.

[63] See *Generally Accepted Government Auditing Standards*, Chapter 7, Reporting Standards for Performance Audits, sections 7.32 and 7.38 (U.S. Government Accountability Office, Comptroller General of the United States, Dec. 2011), available at *www.gao.gov*.

2. While the trial court shall always strive to improve on its system of internal controls, the costs of taking corrective action should not exceed the value of the benefits they are expected to provide. In cases where a court cannot comply with the requirements and/or suggested guidance of the *Trial Court Financial Policies and Procedures Manual*, the court shall seek the Judicial Council's approval of alternative procedures (see Policy No. FIN 1.01, section 6.4, paragraph 4).

3. Audit Services may periodically follow up with the court to verify it has taken corrective action in response to any audit finding and recommendation.

7.0 Associated Documents

None

Judicial Council of California

Trial Court Financial Policies and Procedures

RECORD RETENTION

POLICY NUMBER: FIN 12.01

Revised June 2020

Back to Main TOC

Record Retention

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 General Guidelines
6.2 Specific Record Retention Requirements
6.2.1 Claims and Warrants
6.2.2 Deposit Certificates
6.2.3 Receipts
6.2.4 Bank Account Records
6.2.5 Contracts
6.2.6 Purchase Requisitions
6.2.7 Grant Records
6.2.8 Other Financial Documents
6.3 Destruction of Records
6.3.1 Authorization
6.3.2 Duplicate Records
6.3.3 Permanently Reproduced Records
6.3.4 Two-Year Retention
6.4 Record Indexing, Filing, and Retrieval
6.5 Record Storage and Preservation
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to establish uniform guidelines for the trial court to retain financial and accounting records. This policy is not intended to provide guidance on case management records. Case management records are covered by the *Trial Court Records Manual*.

3.0 Policy Statement

It is the policy of the trial court to retain financial and accounting records in compliance with all statutory requirements. Where legal requirements are not established, the trial court shall employ sound business practices that best serve the interests of the court. The trial court shall apply efficient and economical management methods regarding the creation, utilization, maintenance, retention, preservation, and disposal of court financial and accounting records.

4.0 Application

This policy applies to all trial court officials and employees who create, handle, file, and reproduce accounting and financial records in the course of their official responsibilities.

5.0 Definitions

Refer to the Glossary for the following key term used in this policy.

Record

6.0 Text

6.1 General Guidelines

1. The trial court is part of the judicial branch of the California state government. As such, the court shall observe all applicable requirements of the Government Code.

2. Some departments or court officers may find it advisable to preserve certain accounting and financial records, papers, or documents for longer periods than required if their content is material to the administration of their duties or if the records may have future value to the court. The main reason for retaining records is for research purposes and to support audits and litigation.

3. The trial court shall establish and administer a records management program to efficiently and economically manage the retention, utilization, preservation, and disposal of court accounting and financial records.

4. As shown in the following table, the Judicial Council of California has established a five-year (current year plus four) retention period as the standard for retention of a wide range of court financial documents. The trial court must comply with this standard in the absence of a specific retention period required by statute or the Judicial Council of California. Specific record retention periods are provided in section 6.2, Specific Record Retention Requirements.

5. Records that are required for any audit currently in progress, or an upcoming audit with formal notice to the court prior to the retention period expiration, shall not be destroyed until such audit has concluded.

Trial Court Financial and Business Record Retention Standards

Type of Record	Required Minimum Retention Period
Accounts receivable	Current year plus four additional years
Accounts payable	Current year plus four additional years
General ledger, journals	Current year plus four additional years
Payroll	Current year plus four additional years
Cash statements	Current year plus four additional years
Claims and warrants	Current year plus four additional years

Type of Record	Required Minimum Retention Period
Receipts for fines, fees, penalties collected and other collection receipts	Current year plus four additional years (or from the close date of the State Controller's Office audit, whichever is longer)
Budgets	Current year plus four additional years
Fixed assets	Current year plus four additional years
Inventory records	Current year plus four additional years
Banking records	Current year plus four additional years

6. Under Civil Code section 1633.12:

   a. If a law requires that a record be retained, the requirement is satisfied by retaining an electronic record of the information in the records, if the electronic record reflects accurately the information set forth in the record at the time it was first generated in its final form as an electronic record or otherwise, and the electronic record remains accessible for later reference.

   b. A record retained as an electronic record in accordance with paragraph 5.a satisfies a law requiring retention for evidentiary, audit, or like purposes, unless a law enacted after the effective date of the California Uniform Electronic Transactions Act (enacted in 1999) specifically prohibits the use of an electronic record for a specified purpose.

   For more information regarding electronic documents and signatures, see Policy No. FIN 2.01, section 6.4(2).

6.2 Specific Record Retention Requirements

The following subsections provide the record retention periods for specific types of documents as established by statute or by the Judicial Council of California in the absence of a statute or state guideline. The court shall follow the requirements provided in this procedure for documents in its control. However, for documents that are in the county's possession, county retention policies apply.

6.2.1 Claims and Warrants

Claims and warrants documents/documentation shall be retained for five years. The trial court may destroy any claim, warrant, or other paper issued as a warrant voucher that is more than five years old. Any index or warrant register may also be destroyed after five years. These records may be destroyed at any time if they have been permanently reproduced and the copies are retained for five years after the date of the document. Any

index or warrant register that is more than five years old may be destroyed without being reproduced.

6.2.2 Deposit Certificates

The county treasurer cannot accept a deposit to the treasury unless it is accompanied by the certificate of the county auditor/controller. The trial court shall obtain copies of the certificates and retain them for five years or shall ensure that the county shall retain the certificates for five years. The original certificates may be destroyed after one year if they are permanently reproduced and the copies are retained for five years (or from the close date of the State Controller's Office audit, whichever is longer) after the date of the document.

6.2.3 Receipts

Receipts issued for money collected by the court shall be retained for a period of five years.

6.2.4 Court/County Fines and Fees Remitted to the State

As stated above, banking records are required to be retained for the current fiscal year, plus an additional four years. Records associated with Government Code sections 68101 through 68103 shall be retained for the current fiscal year, plus an additional four years, unless ordered to be retained for a longer period by the presiding judge or assigned designee. These records must be available to allow auditors to perform required audits. Pertinent records include:

1. Documents supporting the monthly amount remitted to the county, including revenue reports, collections reports, and cash statements;

2. Records/reports supporting the 50 percent excess of qualified revenues calculations; and

3. Case records and support for distributions to verify the accuracy of revenue distributions.

6.2.5 Contracts

Records pertaining to all contracts involving expenditures of public funds in excess of $10,000 shall be retained for a period of five years after final payment has been made under the contract, or until any pending audits of the same have been resolved, whichever is later.

6.2.6 Purchase Requisitions

Purchase requisitions shall be retained for three years. After the three-year retention period has expired, these records may be destroyed.

6.2.7 Grant Records

Financial records, supporting documents, and other records pertinent to a grant shall be retained by the trial court for a period of three years after submittal of the final grant expenditure report. Records related to audits, appeals, litigation or the settlement of claims arising out of a grant program or project shall be retained until such audits, appeals, litigation or claims have been resolved or until the end of the normal three-year retention period, whichever is later (28 C.F.R. § 66.42).

6.2.8 Other Financial Documents

Financial documents including, but not limited to, Quarterly Financial Statements, annual financial reports, audit reports, etc. shall be retained for five years.

6.3 Destruction of Records

6.3.1 Authorization

The destruction of court accounting and financial records may only be authorized in writing by the court executive officer or written designee.

6.3.2 Duplicate Records

The court executive officer may at any time authorize the destruction of any duplicate record, paper or document if the original or a permanent photographic reproduction is in a court file.

6.3.3 Permanently Reproduced Records

1. The court executive officer may authorize the destruction of any original or duplicate record, paper or document that is not expressly required by law to be filed and preserved, if it has been permanently reproduced. Acceptable reproduction media for permanent retention include:

    a. Photographs.

    b. Microphotographs.

    c. Reliable electronic medium.

    d. Film of a type approved for permanent photographic records by the National Bureau of Standards.

6.4 Record Indexing, Filing, and Retrieval

1. The trial court shall develop and implement an effective indexing and filing system to facilitate the timely and convenient identification and retrieval of retained accounting and financial records. The trial court filing system shall establish:

    a. Consistent standards and procedures for classifying, indexing and filing accounting and financial records.

    b. The official file locations for records retained on various media.

    c. The trial court personnel responsible for the management, maintenance and disposition of accounting and financial records.

    d. Standard procedures for finding, charging out, and refiling records stored on various media to minimize the risk of loss or unauthorized additions, deletions or alterations.

2. Trial court accounting and financial documents shall be segregated by fiscal year. Documents from more than one fiscal year shall not be intermixed.

3. Document file folders, file drawers, storage boxes, and shelves shall be clearly and consistently labeled.

4. A reference of retained documents shall be established and maintained to facilitate the retrieval of stored accounting and financial documents. At a minimum, the following information shall be included in the reference:

    a. The type of document being filed or stored (e.g., bank statements, accounts payable, inventory, etc.).

    b. The time period covered by the record or records (e.g., Fiscal Year 2001, January through March).

    c. The location where the record or records will be kept (e.g., Trial Court Records Room, File Cabinet or Box No., Shelf No.).

    d. The date the record or records are originally put into storage.

    e. The department that submitted the record or records for storage.

5. The trial court shall inform employees about the types of records that must be retained and the procedures for record filing, retrieval and refiling.

6.5 Record Storage and Preservation

1. The trial court shall establish the following provisions:

a. Provisions must be made for preserving, examining, and using retained records. Security measures will be taken to prevent the loss of records and to safeguard information.

b. Microfilm will be stored in a fireproof cabinet to ensure the safety of those records for the specified retention periods. Adequate equipment shall be provided to view and provide printouts of stored records.

c. Information that is maintained on a computer shall be retained on a reliable medium and shall not be destroyed, discarded, or written over, for the time periods prescribed. The trial court may transfer computer data in machine-readable form from one reliable computer medium to another.

7.0 Associated Documents

None

Judicial Council of California

Trial Court Financial Policies and Procedures

BANKING SERVICES

POLICY NUMBER: FIN 13.01

Revised June 2020

Back to Main TOC

Banking Services

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 Authority for Trial Courts to Establish Bank Accounts
6.2 Opening Bank Accounts
6.3 Administration and Reporting of Opened Bank Accounts
6.4 Deposits
6.4.1 Endorsement Requirements
6.5 Withdrawals
6.6 Acceptance of Credit Card and Debit Card Payments
6.6.1 Obtaining Authorization to Accept Credit Card Payments
6.6.2 Obtaining Authorization to Impose Fee for Use of Credit Card
6.7 Bank Account Reconciliation
6.8 Uncashed, Unclaimed, and Canceled Checks
6.9 Revolving Fund and Jury Disbursement Balances
6.10 Overdrafts
6.11 Maximizing Interest Earned
6.12 Segregation of Duties
6.13 Closing Bank Accounts
6.14 Record Retention
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to establish the conditions and operational controls under which the trial court may open bank accounts and maintain funds outside of the county treasury.

3.0 Policy Statement

With the prior approval of the Judicial Council of California, the trial court may establish bank accounts outside of the county treasury to deposit money for trial court operations and any other money under the control of the courts. The bank accounts must be established and operated as prescribed in this policy. The trial court shall implement the procedures and controls described below to manage and safeguard court funds.

4.0 Application

This policy applies to all trial court officials and employees who are responsible for the receipt, deposit, control, and disbursement of funds used to conduct trial court operations.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Bank Account
Bank Reconciliation
Cash-in-Transit
Demand Depository Accounts (DDA)
Payee
Revolving Fund
Statewide Trial Court Concentration Account

6.0 Text

6.1 Authority for Trial Courts to Establish Bank Accounts

1. Government Code section 77009(a) provides that the Judicial Council of California may establish bank accounts for the trial courts and require the courts to deposit money for trial court operations, and any other money under the control of the courts, into those accounts. This may include money held in trust, money appropriated in the Budget Act and allocated or reallocated to the trial court by the Judicial Council of California, and other monies as deemed necessary or appropriate.

2. Under the Uniform Civil Fees and Standard Fee Schedule Act of 2005 (UCF Act), filing fees, most other civil fees, civil assessments, and court-ordered sanctions must be deposited as soon as practicable after collection and on a regular basis into a bank account established for this purpose by the Judicial Council of California (Gov. Code, § 68085.1(b)). These deposits must be reported monthly to the Judicial Council of California on form TC-145.

3. The court may deposit payments from a party or a defendant for any criminal fees, fines, or forfeitures into a Judicial Council of California established bank account for that purpose, consistent with Government Code section 77009(b), if the court and the county enter into a contract providing for the same, and with the Judicial Council of California's Administrative Director's approval. The contract must identify the scope of service, method of service delivery, term of agreement, anticipated service outcomes (including interest earned on monies held on deposit and how it is shared), and the cost of the service. The amount of any indirect or overhead costs must be individually stated with the method of calculation of the indirect or overhead costs (Gov. Code, § 77009(b)). Before opening the bank account, the contract must be fully executed and forwarded to the Judicial Council of California Trust and Treasury Services Manager. An example of such a contract is contained in Appendix A, Memorandum of Understanding Court/County Services, in 7.0, Associated Documents. Under no circumstances should criminal fine, penalty, fee, and forfeiture payments be commingled with court operating funds.

4. Under Penal Code section 1463.1, trial courts may elect, with prior approval of the Administrative Director, to deposit in a bank account under Government Code section 53679, all monies deposited as bail with the court, or with the clerk thereof. The Judicial Council of California is authorized to regulate the bank accounts provided it does so in a

manner that is consistent with any procedures established by the State Controller for proper and uniform accounting of all monies that are received and disbursed through the accounts.

6.2 Opening Bank Accounts

1. The Judicial Council of California, or its designee, must give its approval before the trial court may open any bank account. Trial court requests to open bank accounts must be made in writing and be signed by both the presiding judge and court executive officer (submitted using Appendix B, Request to Open Bank Account, as found in 7.0, Associated Documents). Requests to open bank accounts must be sent to Trust and Treasury Services Manager and include the following information:

   a. The justification and purpose for opening the account.

   b. The name and location of the proposed financial institution.

   c. The type of account to be opened, the amount to be deposited and the interest rate to be received.

   d. The official designation of the account (e.g., "Superior Court of California, County of [Name], Operations Account").

   e. Whether the funds to be deposited in the account will be insured by the Federal Deposit Insurance Corporation (FDIC) or Federal Savings and Loan Insurance Corporation (FSLIC).

   f. A clear statement indicating that opening the bank account will not create a conflict of interest for any judge, court officer or any other court employee.

   g. A statement on the bank's letterhead indicating its capitalization status, including the current capitalization ratios, on its most recent regulatory compliance. Only banks that are "well capitalized" as defined by federal statute[64] and that have received an "unqualified" opinion on their most current financial statement from an independent auditor will be acceptable to the Judicial Council of California. In addition to the foregoing, the bank must be within one of the three highest credit rating categories of S&P, Moody's or Fitch Bank Watch unless otherwise approved by the Trust and Treasury Services Manager.

   h. A statement on the bank's letterhead indicating that money deposited by the trial court will be collateralized as specified by the Government Code section 53649. A

[64] FDIC Rules and Regulations § 325.103(b)(1).

copy of a sample contract for securing collateral to be pledged by the bank must accompany the statement.

i. The Trust and Treasury Services Manager must promptly review all trial court requests to open bank accounts (submitted using Appendix B, Request to Open Bank Account, as found in 7.0, Associated Documents) and make a recommendation for acceptance or rejection of the court's request to the Judicial Council of California. The Judicial Council of California or its designee may request additional information or may confer with trial court officials before issuing a decision. The trial court must receive written notice of the acceptance or rejection of its request from the Judicial Council of California, or its designee, within 60 days of the receipt of the request.

6.3 Administration and Reporting of Opened Bank Accounts

1. All accounts opened by the Judicial Council of California on behalf of the trial courts must have the Trust and Treasury Services Manager and at least two other Judicial Council of California manager level or above employees as authorized signatories.

2. All new bank accounts must be opened under the Judicial Council of California master banking agreement then in effect unless otherwise approved in writing by the Judicial Council of California, or its designee. The bank providing services under the Judicial Council of California master banking agreement has been chosen as the preferred bank due to its extensive operating resources, geographic coverage of the state, and providing the capability to effectively manage the cash resources of the trial courts as a whole.

3. If the Judicial Council of California or its designee approves opening a new bank account at a bank other than the bank providing services under the Judicial Council of California's master banking services agreement, the trial court must notify the Judicial Council of California Trust and Treasury Services Manager when such new bank account has been opened by the bank and is available for use, via email with the information required in Appendix C, Notification of Opening a Bank Account (as found in 7.0, Associated Documents.

4. Each trial court must report the annual bank balance and financial accounting cash balance information for all of its bank accounts annually, as of June 30, by completing Appendix D, Annual Report of Trial Court Bank Accounts (as found in 7.0, Associated Documents) no later than August 30 of each year. These annual reports will be used in part to satisfy the annual State Treasurer's Office requirement to report bank accounts held outside of the state treasury system and not managed in the centralized state treasury.

6.4 Deposits

1. Courts are required to deposit receipts in a timely and economical manner. Courts will adhere to the following guidelines in determining when to deposit receipts into an appropriate court approved bank account.

a. All court locations that have safes, vaults, or other comparable storage that is adequate to safeguard cash may accumulate collections until they amount to $1,000 in coin/paper currency or $10,000 in any combination of coin/paper currency, checks, money orders, and warrants (excluding state warrants and state checks), whichever occurs first.

b. All court locations that do not have a safe, vault, or other comparable storage may accumulate collections until they amount to $250 in coin/paper currency or $2,500 in any combination of coin/paper currency, checks, money orders, or warrants (excluding state warrants and state checks), whichever occurs first. When such funds are not in use, they will be locked in a desk, file cabinet, or other mechanism adequate to safeguard cash.

c. Accumulated coin/paper currency, checks, money orders, and warrants of any amount will not remain undeposited for more than 10 working days. A court may deposit more often than once a day at its discretion and when it is economical or practical to do so because of the amount of its receipts.

2. Courts will maintain adequate security of monies in transit to banks and assure that the delivery is made consistent with safety, court needs, and the requirements of this policy. Following are the different methods to be used for depositing state monies into trial court bank accounts.

a. Trial Court Employee: A trial court messenger or other assigned employee may deliver bank deposits to the bank, provided that such direct delivery of deposits does not exceed $3,000 in coin and paper currency, and does not subject trial court employees to the hazard of robbery or compromise their safety, and if:

i. The bank does not furnish bank deposit messenger service; or

ii. An armored car service is not available or not economically justified.

b. Trial court employees may use the following bank services to make bank deposits directly:

i. Bank Teller: During regular banking hours a court employee may deliver the deposit to the merchants' window within the lobby of their selected bank. Delivery of deposits to the bank by a court employee is normally a routine task for courts which collect revenue regularly. Employees may perform this service either routinely or occasionally in conjunction with other court duties while in the vicinity of the bank.

ii. Night Deposit Drop Safe: Night deposit drop safe service will be used by courts not equipped with proper safes or vaults for safeguarding cash overnight and by courts in outlying areas where a night deposit can be made en route by a court employee returning home at the end of the workday.

b. Armored Car: Armored car service should be considered as an option to ensure employee safety. Special arrangements may be made with armored car companies for armored car service during a particular collection period, or when special service is required.

c. Bank Messenger: Bank messengers are restricted from picking up deposits that include coin or paper currency. When bank messenger service is available, courts may arrange for their paper check (i.e. not coin/paper currency deposits) deposits to be picked up and delivered to a selected branch of an approved depository bank. Deposits will be placed in sealed bags and will be receipted by the bank messenger at the time the deposit is picked up. This receipt will be kept by the court along with any other documentation verifying the deposit.

3. Deposits consisting of coin and paper currency in excess of $100 will be prepared as follows:

a. If the amount of coin in the deposit exceeds $50, a separate deposit slip must be prepared and submitted for only the coin portion (a separate deposit slip will be prepared and submitted for the paper currency).

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) before tendering the deposit to an armored car service, a court employee for deposit to a bank night deposit drop safe, or a bank teller within the lobby of the bank.

c. Paper currency and coin (unrolled) will be placed in the deposit bag and sealed in the presence of two court employees who will sign a court copy of the deposit slip indicating they have verified the coin and paper currency amount contained in the deposit bag.

d. The court must obtain a signed receipt from the armored car service employee or court employee delivering the deposit, before tendering the sealed bank deposit bag. If the combination of coin and paper currency to be deposited exceeds $3,000 and the armored car service is either not available or excessively expensive, two court employees should be assigned to deliver the deposit jointly. Coin and paper currency deposits may be divided into smaller amounts and delivered to the bank in separate deposits to reduce the amount of cash transported in any single delivery. Some armored car services may require the court to provide advance notice of a deposit pickup if the combination of coin and paper currency exceeds a specific dollar threshold.

e. Occasionally, exceptionally large deposits may be handled by requesting an escort from the local police department or sheriff's office. A single court employee will not transport more than $3,000 in coin and paper currency at one time.

4. For safety, security, and internal control reasons, trial courts must establish written procedures consistent with the requirements of this policy for the deposit of coin and paper currency, which applicable court employees shall be required to review. Courts must maintain the written procedures in a permanent file.

5. The bank must accept liability in writing for the failure of the bank messenger to deliver the bank provided sealed deposit bag to the bank.

6. If the court elects to use an armored service provider, the court will comply with the *Judicial Branch Contracting Manual* requirements before using this method of deposit. Any such armored car service agreement will contain provisions in which the armored car vendor accepts all liability in writing for the failure of the armored car to deliver the bank provided sealed deposit bag to the bank.

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

8. All employees involved in the collection of trial court monies, either by check, coin and paper currency, credit/debit card, or other forms of payment, should be covered by a commercial crime and employee dishonesty insurance policy.

9. Under no circumstances should uniform civil fees or criminal fees, fines, penalties, and forfeiture deposits be commingled with court operating funds.

6.4.1 Endorsement Requirements

1. The trial court must restrictively endorse all checks, warrants, money orders, and other negotiable instruments immediately upon receipt. Endorsements must contain the following information:

   a. The name of the bank and branch number in which the deposit will be made.

   b. A statement reading “For Deposit Only” followed by the name of the trial court.

   c. The account name and number.

   For additional procedures, see Policy No. FIN 10.02 Cash Handling.

6.5 Withdrawals

1. Local Bank Account Withdrawals

   a. Trial court disbursements from local bank accounts not established under the Judicial Council of California’s master banking agreement must be made by check or electronic funds transfer. Local Bank Accounts include principally Revolving Fund, Jury Disbursement, and Local Payroll bank accounts.

b. The court executive officer shall designate in writing those individuals who are authorized to sign checks for the trial court for local bank accounts. The court fiscal officer must keep a copy of this designation and a current list on file of the employees who are authorized to sign checks, including:

   i. The name of each employee authorized to sign checks;

   ii. The types of check payments the employee is authorized to sign (e.g., payroll, procurement, etc.);

   iii. The dollar limits of each employee's authorization; and

   iv. An example of the employee's signature.

c. Checks made out to "Cash" and the signing of blank checks is prohibited.

d. Any check that exceeds $15,000 must be signed by two authorized check signers unless it is made payable to the State Treasurer or another state agency. The trial court may establish more restrictive signature requirements at its discretion.

e. All checks issued by the trial court must be recorded in a check register that includes the following minimum information:

   i. The check number;

   ii. The date the check is issued;

   iii. The name of the party to whom the check is issued; and

   iv. The amount of the check.

f. The trial court must safeguard its check stock. Each court must keep its working check stock under locked control. Each court must also keep its long-term check stock under locked control and separate from the working check stock. Receipt of long-term check stock must be receipted, verified, recorded, and initialed by two authorized court employees on the check stock register. Transfers of long-term check stock to working check stock must be documented by the signatures of two authorized trial court employees in the check stock register. The following information must be recorded:

   i. The date and time of the transfer.

   ii. The numbers of the checks being transferred (i.e., from check no. [number] to check no. [number]).

   iii. The name of the person removing the checks from long-term check stock.

iv. The name of the person taking possession of the transferred checks.

v. The signatures of the employees making the transfer.

g. Trial courts must clearly mark "VOID" across the face of voided checks and cut off or block out the signature block, unless they are voided for specimen purposes. The disposition of specimen checks must be documented in trial court files by an employee who is not authorized to sign checks. Trial courts must retain all voided checks for audit purposes.

h. If a trial court determines that its blank check stock is missing, the court must notify the bank of the missing check numbers, the account number, and the date it discovered that the checks were missing. If the trial court believes the checks were stolen, local law enforcement officials and Judicial Council of California Audit Services should be notified.

2. Judicial Council of California Established Bank Account Withdrawals

a. Operating, Trust, and Payroll Bank Accounts

i. Trial court approved disbursements from Operating, Trust, and Payroll bank accounts established under the Judicial Council of California's master banking agreement can be made via paper check or electronic funds transfer through Trial Court Administrative Services. Trial courts are required to follow Trial Court Administrative Services' operating practices and procedures for processing all disbursements.

b. Uniform Civil Fees Depository and Distribution Bank Account Withdrawals

i. UCF Depository bank accounts established under the Judicial Council of California's master banking agreement for the deposit of Uniform Civil Fees under the Uniform Civil Fees and Standard Fee Schedule Act of 2005 (see subsection 6.1(2) of this policy) do not have checking services. Disbursements made from UCF Depository bank accounts are made via electronic funds transfer executed by Trial Court Administrative Services staff based on certified distribution information from the trial courts. A trial court cannot independently make withdrawals from its UCF Depository.

ii. Distribution Bank Accounts established under the Judicial Council of California's master banking agreement for the deposit of criminal traffic, criminal bail, criminal fines, fees, and forfeitures, Uniform Civil Fee, and civil trust do not have checking services. Disbursements made from Distribution Bank Accounts are made via electronic funds transfer executed by Trial Court Administrative Services staff based on payment instructions from the trial courts, principally to transfer criminal balances to counties for distribution, to a court's UCF Depository, or Trust bank account. Distribution Bank Accounts cannot be

used (1) to pay criminal or civil bail refunds to individuals, or (2) to make other refunds to individuals or vendors, either electronically or via check. A trial court cannot independently make withdrawals from its Distribution Bank Account.

6.6 Acceptance of Credit Card and Debit Card Payments

1. Government Code section 6159 authorizes the acceptance of credit card payments by the trial courts and provides some of the regulations under which payment by credit card is allowed. The remaining regulation is given to the Judicial Council of California.

2. Before a trial court can accept credit card or debit card payments, it must first receive Judicial Council of California approval. The Judicial Council of California, through rule 10.820(e) of the California Rules of Court, ratified approvals existing as of December 31, 1999, made by county boards of supervisors to allow trial courts to accept payment by credit card. Once a trial court obtains Judicial Council of California approval for accepting credit card payments, the trial court may elect to:

   a. Utilize the county's contract with a credit card processor vendor providing authorization and settlement services for credit/debit card transactions, if the trial court received approval to accept credit and/or debit card payments from the county's board of supervisors before December 31, 1999;

   b. Enter into its own contract with one or more credit card processors; or

   c. Participate in any master agreement between the Judicial Council of California and credit card or debit card processors.

   The trial court's decision to establish an arrangement with a credit/debit card processor services provider will be based on a cost analysis to determine which of the above three alternatives is most economically advantageous to the trial court. Any cost analysis performed by the trial court must be documented and retained for audit purposes.

3. The Administrative Director may authorize a review of a trial court's authorization to accept credit card payments at any time, consistent with Government Code section 6159.

4. Government Code section 6159(i) allows trial courts to deduct the merchant card fees[65] cost of accepting credit or debit cards from collections paid by credit or debit card before such collections' statutory distribution to the extent not recovered from the cardholder

[65] Gov. Code, § 6159(i): "Fees or discounts provided for under [Government Code section 6159(d)(3) (commonly referred to as "merchant card fees")] shall be deducted or accounted for before any statutory or other distribution of funds received from the card issuer, funds processor, or draft purchaser to the extent not recovered from the cardholder or accountholder pursuant to subdivision (h)."

Gov. Code, § 6159(d)(3): "[The contract shall provide for the following matters:] The payment to the card issuer, funds processor, or draft purchaser of a reasonable fee or discount [(commonly referred to as "merchant card fees")].

under Government Code section 6159(h). If approved by the Judicial Council per subsections 6.6.1 and 6.6.2 of this policy, Government Code section 6159(h) allows trial courts to impose a fee to recover the cost[66] of accepting credit or debit cards for the payment of collections.

6.6.1 Obtaining Authorization to Accept Credit Card Payments

1. Under California Rules of Court, rule 10.820, the Administrative Director is authorized to approve a trial court's request to accept credit cards if all the following are true:

   a. The trial court:

      i. Imposes a fee for use of the credit card; or

      ii. Demonstrates that the cost of acceptance of credit cards is not greater than the cost of acceptance of other means of payment; or

      iii. Demonstrates that it can absorb the cost of accepting credit card payments without imposing a fee;

   b. The court has obtained a credit card acceptance contract that is competitive with other possible contracts the court could obtain; and

   c. The court provides alternative means of payment (i.e., cash, check, money order, etc.) for persons who choose not to pay with a credit card.

2. Before the trial court may begin accepting credit cards, a memorandum must be submitted to Trust and Treasury Services at the at the following address:

   Trust and Treasury Services
   Judicial Council of California
   455 Golden Gate Ave
   San Francisco, CA 94102-3688

[66] Gov. Code, § 6159(h): "Notwithstanding [Civil Code sections 1747 et seq.], a court, city, county, city and county, or any other public agency may impose a fee for the use of a credit or debit card or electronic funds transfer, not to exceed the costs incurred by the agency in providing for payment by credit or debit card or electronic funds transfer [(includes "merchant card fees" and court "administrative costs"—court's labor and overhead costs associated with accepting credit/debit card payments, as well as costs for equipment required to process credit/debit card payments)]. These costs may include, but shall not be limited to, the payment of fees or discounts as specified in [Government Code section 6159(d)(3) (commonly referred to as "merchant card fees")]. A fee imposed by a court or agent of the court pursuant to this subdivision shall be approved by the Judicial Council. A fee imposed by any other public agency pursuant to this subdivision for the use of a credit or debit card or electronic funds transfer shall be approved by the governing body responsible for the fiscal decisions of the public agency."

a. The Credit Card Request Memorandum and an example (supplied only as guidance in preparing the court's request) of a completed Credit Card Request Memorandum is provided in Appendix F in 7.0, Associated Documents.

b. Unless clarification or other documentation is necessary, the request for acceptance of credit cards will be presented to the Administrative Director with a staff recommendation. The trial court will receive notification regarding its request within 15 days, unless otherwise communicated.

3. If a court intends to deposit credit card proceeds from the payment of criminal fees, fines, penalties and forfeitures into a court bank account held outside its county treasury, the court must in addition to having obtained the Administrative Director's approval to accept credit cards, must also obtain its county's prior written consent in accordance with subsection 6.1(3) of this policy. Under no circumstances should criminal fee, fine, penalty and forfeiture credit card payments be commingled with court operating funds. The Judicial Council of California or its designee is authorized to withdraw its approval of credit card acceptance approval if a court fails to comply with the requirements of this section.

6.6.2 Obtaining Authorization to Impose Fee for Use of Credit Card

1. The court may impose a fee for acceptance of a credit or debit card payment in an amount not to exceed the cost incurred by the court in providing for payment by credit card or debit card. This fee charged to the cardholder, often referred to as a "convenience fee,"[67] may be imposed if approved by the Judicial Council of California (or the Administrative Director of the Judicial Council of California, if delegated, per rule 10.820 of the California Rules of Court). The Administrative Director is authorized by California Rules of Court, rule 10.820 to approve such a fee only if both of the following are true:

   a. The proposed fee is not greater than the cost for acceptance of the credit card; and

[67] Gov. Code, § 6159(h).

As of December 2012, all major credit card brands—VISA, MasterCard, American Express, and Discover—permit the courts to charge a "convenience fee" for both "card-present" transactions (e.g., card transactions accepted in person by the court's cashiers) and "card-not-present" transactions (e.g., card transactions accepted via an Internet website or by a telephone interactive voice-recognition (IVR) system). Certain card brands, however, require the government entity to submit a registration application before allowing the entity to charge a convenience fee for card-present transactions (e.g., VISA requires government merchants to register under its Government and Higher Education Payment Program before allowing the merchant to charge a convenience fee for card-present transactions).

b. The proposed fee would not result in an undue hardship on people wishing to use credit cards for payment of fees.[68]

2. Before the trial court may begin imposing a fee for the use of credit cards, a memorandum must be submitted to Judicial Council of California Budget Services with a description of the fee, how the amount of the fee was determined, and how the fee is applied.

3. The trial court may begin to impose a fee for the use of a credit card after it receives authorization from the Administrative Director or his or her designee.

4. The trial court must notify the public of any fee that it charges by providing information concerning the fee in a conspicuous place such as the trial court's fee schedule.

   For the conditions and circumstances under which acceptance of payment by credit card is permitted, refer to Policy No. FIN 10.02, subsection 6.3.5.

6.6.3 Payment Card Industry Compliance

1. It is the court's responsibility to arrange with the court's credit/debit card processors and/or gateway vendors to supply certain credit card acceptance information to its credit/debit card processors and/or gateway vendors necessary for the court to be in compliance with the Payment Card Industry Data Security Standard (PCI DSS)[69] for handling credit/debit card acceptance information.

2. A credit/debit card processor facilitates the authorization and settlement of accepted credit/debit card transactions, and may supply equipment for such acceptance. A credit/debit card gateway vendor is a company that usually maintains a court website and/or equipment for accepting credit/debit cards either online or in person at the court's cashiering lines. A gateway vendor may charge the customer a convenience fee that covers some, or all, of the vendor's total cost of processing the credit/debit card transaction, including merchant fees, administrative cost, and equipment cost.

6.7 Bank Account Reconciliation

1. Bank accounts managed under the Judicial Council of California master banking agreement will be reconciled monthly by the General Ledger unit in Trial Court Administrative Services.

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[68] Per Cal. Rules of Court, rule 10.820(c) (note that this only refers to credit cards, not debit cards).

[69] See PCI Security Standards Council, *Best Practices for Maintaining PCI DSS Compliance* (Jan. 2019), *www.pcisecuritystandards.org/documents/PCI_DSS_V2.0_Best_Practices_for_Maintaining_PCI_DSS_Compliance.pdf?agreement=true&time=1556294615375*.

2. The trial court must reconcile all bank accounts for which court employees are authorized signers, for example local revolving and jury bank accounts. These bank accounts must be reconciled at least monthly, and more frequently if required to maintain adequate control over trial court funds.

3. The bank account reconciliation must be reviewed and approved by a person other than the person who prepared the reconciliation. The person who prepares the court's monthly Bank Reconciliation cannot also review and approve the reconciliation. The monthly bank reconciliation must be signed and dated by both the person who prepared it and the person who reviewed and approved the reconciliation.

4. A copy of the monthly bank statement for the period ended June 30 should be provided to the general ledger lead to include in the year-end balance sheet in Phoenix.

5. A detailed record must be kept for all money received by a trial court for bail, litigation deposits, jury fee deposits, payments on judgments, etc. that it holds in trust and for which it has a fiduciary responsibility. The record must be maintained by case number at a sufficient level of detail to properly account for all funds held by the court. Records must contain at minimum the following information:

   a. Date received.

   b. From whom payment was received.

   c. Purpose.

   d. Case number.

   e. Payments received.

   f. Disbursements made.

   g. Method of payment.

   For more information on the accounting of trust and agency funds, refer to Policy No. FIN 3.01, section 6.4, Special Revenue Funds.

   Adherence to the requirements of section 6.6 will be necessary to continue authorization for trial court bank accounts.

6.8 Uncashed, Unclaimed, and Canceled Checks

Trial court checks issued from any of the court's bank accounts (i.e., operating, revolving, payroll, jury, or trust bank accounts) that are not cashed by the payee eventually become an uncashed, unclaimed, or canceled check. Trial court checks generally have a printed statement on the face of the check indicating the check is void after expiration of a specified period from the check's issue date.

1. Uncashed Checks

   a. Uncashed checks are those that have been issued by the trial court but remain uncashed by the payee. Through the monthly bank reconciliation process, outstanding uncashed checks should be aged to determine those that are beyond the time period printed on the face of the check specifying the date after which the check is void. Uncashed checks drawn on any trial court bank account beyond one year of the issue date will be canceled in the trial court's accounting system and moved from the appropriate cash-clearing general ledger account to the appropriate general ledger liability account for stale-dated checks (i.e., the general ledger has separate liability accounts for operations, trust, and criminal stale-dated checks) Cash-Operations Clearing general ledger account to Liability for Deposits Stale-Dated Check-Operations general ledger liability account in the fund in which the check was written. Trial courts will maintain a Canceled Check Schedule that identifies the payee's name, dollar amount, and date of issuance. This schedule will be kept on file and detail each check until the check is either cashed or the liability created from the check has been otherwise appropriately reduced.

   b. The payee may make claim for an uncashed check up to the date the check is escheated to the court under Government Code section 68084.1, which cannot be any earlier than three years from the date of issuance, plus 45 days after the required public notice. (For further information on trial court escheatment, refer to Policy No. FIN 15.03 Escheat.) If a canceled check is claimed by the payee before escheating the check to the court and a check is reissued to settle the claim, the trial court will record the payment as a reduction in the appropriate general ledger liability account for stale-dated checks (i.e., the general ledger has separate liability accounts for operations, trust and criminal stale-dated checks). The total dollar amount of the canceled check schedule must agree at all times with the balance of the general ledger stale-dated check liability account.

2. Unclaimed Checks

   Unclaimed checks are those that have been returned to the trial court or their accounting office and for which the payee cannot be reasonably located. Unclaimed checks issued from a court's bank account, not revolving account, should be immediately canceled upon receipt and added to the canceled check schedule organized by court bank account and kept by the trial court or its designee. (For procedures regarding the escheatment of unclaimed checks, refer to Policy No. FIN 15.03 Escheat.)

3. Canceled Checks

   A canceled check is a check that has been recorded and is later reversed from the accounting records as void and was confirmed as not having been paid by the bank. As part of the voiding process, either a stop payment must be placed on the canceled check with the bank, or the canceled check must be removed from the list of outstanding checks maintained at the bank, to prevent the bank from paying the canceled check.

6.9 Revolving Fund and Jury Disbursement Balances

1. Revolving Fund bank accounts will be used only for nonroutine urgent disbursements. The imprest balances of these accounts will be maintained at a level reasonably expected to meet these nonroutine urgent disbursement needs, for example at 1 percent of the trial court's operating expense budget. A trial court may request the Judicial Council of California's Phoenix Shared Services Center to replenish its Revolving Fund by submission of complete and appropriate documentation. At least monthly, any payments from the Revolving Fund must be recorded as an expenditure on the financial records of the trial court. For courts that cannot meet this requirement, a Request for Alternative Procedure form should be submitted to the Judicial Council of California Director of Branch Accounting and Procurement per Policy No. FIN 1.01 Trial Court Organization (form provided in 7.0, Associated Documents). The trial court will follow any additional instructions regarding the Revolving Fund replenishment that the Judicial Council of California's Phoenix Shared Services Center may issue. The trial court will complete a monthly reconciliation of the bank balance and determine if there are any checks outstanding in excess of one year. By submitting the justification for approval to the Judicial Council of California Trust and Treasury Services Manager, a trial court may also request additional funding to temporarily augment the Revolving Fund to meet a specific temporary cash disbursement need.

2. Courts may also establish a separate bank account to process disbursements to pay local jury expenses. In conjunction with the trial court, the Trust and Treasury Services Manager will approve the amount maintained in such accounts. A court may request the Judicial Council of California's Phoenix Shared Services Center to replenish its jury disbursement bank account by submission of complete and appropriate documentation. At least monthly any payments from the jury bank account must be recorded on the financial records of the trial court as an operating expenditure. The trial court will complete a monthly reconciliation of the bank balance and determine if there are any checks outstanding in excess of one year.

6.10 Overdrafts

1. Trial court officials must manage their financial affairs and must not authorize expenditures in excess of available resources.

2. The trial court must take all appropriate measures to assure that sufficient funds are available in its bank accounts to cover its disbursements in accordance with Government Code section 77206(a). Overdrafts of trial court bank accounts are not permitted.

6.11 Maximizing Interest Earned

It is important to maximize the interest earned on funds deposited in bank accounts. Every dollar earned reduces the need to request additional funding. In general, interest earnings can be maximized through the earliest possible deposit of receipts and the latest possible

disbursement of funds. However, the trial court should obtain the highest net return on its funds while complying with payment terms.

6.12 Segregation of Duties

Trial court executives and managers are responsible for establishing and maintaining a system of internal controls as outlined throughout this manual. Appropriate segregation of the duties assigned to court employees is a key element to this system. For tasks associated with bank accounts, the same person should not perform more than one of the following types of duties:

1. Receiving and inputting receipt information.
2. Depositing collections.
3. Authorizing disbursements.[70]
4. Controlling check stock.
5. Preparing checks.
6. Operating a check-signing machine.
7. Signing checks or comparing machine-signed checks with authorizations and supporting documents.
8. Reconciling bank accounts and posting the general ledger or any subsidiary ledger affected by cash transactions, and/or reconciling system input to output.

6.13 Closing Bank Accounts

1. The trial court must maintain the minimum number of bank accounts necessary for efficient court operations. With the Judicial Council of California's designee's prior written approval, the court must close any bank accounts that are no longer necessary to conduct trial court operations.

   Requests to close bank accounts must be made in writing by completing Appendix E, Notification to Close Bank Account, as found in 7.0, Associated Documents, and be signed by both the presiding judge and court executive officer. Requests to close bank accounts must be sent to the Judicial Council of California Trust and Treasury Services Manager.

[70] In computerized systems, the initiation, approval, and input of disbursement information to the system must be performed by different people.

2. The Judicial Council of California Trust and Treasury Services Manager must promptly review all trial court requests to close bank accounts and make a decision to accept or reject the court's request. The Judicial Council of California, or its designee, must issue a written notice of the acceptance or rejection of the trial court's request within 30 days. A copy of the written notification will also be provided to the Judicial Council of California and its Trust and Treasury Services Manager for filing and record purposes. The Judicial Council of California or its designee may request additional information or may confer with trial court officials before approving the request.

3. The trial court must send written notice of the date the account has been closed by completing the "FINAL CLOSURE" section of Appendix E, Notification to Close Bank Account, as found in 7.0, Associated Documents.

4. If the trial court does not demonstrate that it is competent to maintain its own bank accounts, either established by the Judicial Council of California on behalf of the court or established by the court, and control its funds held outside of the state treasury, the Judicial Council of California may order the court to close its bank accounts, and conduct operations in a way that is satisfactory to the Judicial Council of California. Examples of unsatisfactory performance include the failure to reconcile bank accounts, repeated issuance of overdraft checks, inadequate implementation of internal controls, etc.

6.14 Record Retention

1. Bank account records must be retained according to the requirements established in Policy No. FIN 12.01 Record Retention. Records that must be retained include, but are not limited to, bank statements, check registers, canceled checks, and bank reconciliations.

2. Bank account records must be safeguarded and securely stored.

7.0 Associated Documents

Appendix A: Memorandum of Understanding Court/County Services, Collection Bank Account for Criminal Fines, Penalties, and Forfeitures
Appendix B: Request to Open Bank Account
Appendix C: Notification of Opening a Bank Account
Appendix D: Annual Report of Trial Court Bank Accounts
Appendix E: Notification to Close Bank Account
Appendix F: Sample Credit Card Request Memorandum and Sample Associated Forms

Appendix A

MEMORANDUM OF UNDERSTANDING
COURT/COUNTY SERVICES

COLLECTIONS BANK ACCOUNT FOR
CRIMINAL FINES, PENALTIES, AND FORFEITURES

[*Note: Because this is drafted as an appendix to a court/county MOU, it does not restate the names of the parties to the MOU, which would be identified in that document. If this document is not an appendix to the MOU, it should restate the names of the parties and other pertinent information.*]

1. Bank Account Authorization
As authorized by California Government Code section 68085.9, the parties agree that beginning **[(insert date)]** / **[the date when both parties have signed this Appendix (insert Appendix number)]**, the Court will deposit into a **bank account**, which has been established by the Judicial Council of California ("JCC") and which is separate from the County treasury, all money that is received by the Court and would otherwise be required by law to be deposited into the County treasury or with the County treasurer ("County Money").

County Money includes, but is not limited to, money to which Sections 24353, 68085, 68085.5, and 68101 of the Government Code and Section 1463.001 of the Penal Code apply. Money collected under Government Code section 68085.1 will be deposited as provided in that section. The separate **bank account** has been approved by the County and the Administrative Director in accordance with Government Code section 68085.9.

2. Interest
The interest accrued on the County Money will be apportioned in the following manner:
_____% to the Court and _____**%** to the County

3. Payment to County
[By the_____day of each calendar month] / [On (insert date), (insert date), (insert date), and (insert date) of each year], the Court will transfer to the County treasury all County Money then deposited by the Court in this separate **bank account**, plus the County's portion of any accrued interest. Before each transfer of County Money, the Court will deduct any costs due to the Court, as described in paragraph 5 [and paragraph 6] below, from the amount of the transfer. [Note: this sentence should be removed if there will be no deductions for the Court's costs.]

4. Payment Method
The parties agree that each transfer will be made by **[check postmarked no later than the applicable transfer date to the following address:_____] / [electronic fund transfer] / [automated clearing house system]**. The County will provide all necessary transfer information and instructions to the Court.

5. Banking and Administrative Costs
The parties agree that the County will pay the Court's reasonable banking and administrative costs for the amount attributable to the collection of County Money. **[Rather than deducting the County's banking and administrative costs from each transfer of County Money, the Court will invoice the County for these costs on a [monthly] / [quarterly] basis. The County will pay each invoice within (insert figure) days of its receipt.]** or **[The Court will deduct the County's banking and administrative costs for the preceding [month] / [quarter] from each transfer of County Money.]**

[Note: This paragraph should be removed if there is no remuneration or costs due to the Court for collection services]

[6. Remuneration or Costs for Collection Services
The Court and the County have an existing separate agreement dated (insert date) for the provision of comprehensive collection services by the Court. The parties agree that Court will deduct from each transfer of County Money any remuneration or costs then due to the Court under the separate agreement for collection services.]

[Name of County]	**[Name of Court]**
By _____	**By** _____
Title _____	**Title** _____
Date _____	**Date** _____

Appendix B

REQUEST TO OPEN BANK ACCOUNT

SUBMIT ORIGINAL to JUDICIAL COUNCIL OF CALIFORNIA, Trust and Treasury Services, Manager, 455 Golden Gate Avenue, 7th Floor, San Francisco, CA 94102-3688, phone: 415 865-7956, with the ORIGINAL SIGNATURE from the PRESIDING JUDGE and COURT EXECUTIVE OFFICER.

Trial Court:	
Proposed financial institution **Name:** **Address:**	
Type of account: ☐ **Bail** ☐ **Other Trust** ☐ **Payroll** ☐ **Operations** ☐ **Other, specify:** **Purpose of account (include justification):**	
Account number: (to be provided upon approval)	
Expected interest rate:	**Expected volume of checks (avg. per month):**
Account name (e.g., Superior Court of California, County of_____, Operations Account)	
Funds will be insured by the Federal Deposit Insurance Corporation (FDIC) or Federal Savings and Loan Insurance Corporation (FSLIC) ☐ **Yes** ☐ **No**	
A conflict of interest will not exist for any judge, court officer or any other court employee by opening a bank account**.** ☐ **Yes** ☐ **No – specify: (attach additional pages, if necessary)**	
Capitalization status of bank ☐ **Well capitalized** ☐ **Other - specify:**	
Financial statement opinion ☐ **Unqualified** ☐ **Other – specify:**	

Page 1 of 2

CHECKLIST ON BANK ACCOUNT PROCEDURES

Ref.	Section description	Yes	No	N/A	Reason/justification for noncompliance
A	Application				
B	Definitions				
C	Authority for Trial Courts to Establish **Bank Accounts**				
D	Opening **Bank Accounts**				
E	Deposits				
F	Withdrawals				
G	**Bank Account** Reconciliation				
H	Overdrafts				
I	Escheatment of Unclaimed Money				
J	Maximizing Interest Earned				
K	Segregation of Duties				
L	Closing of **Bank Accounts**				
M	Record Retention				

I have reviewed Policy No. FIN 13.01 Banking Services. The procedures as outlined are being followed or explanations concerning reasons / justification for exception are detailed on the checklist above.

Signature: Presiding Judge	Date
Signature: Court Executive Officer	Date

Judicial Council of California Use Only

Remarks

Recommendation:

- ☐ **Approve with conditions (may require certain statements)**
- ☐ **Approve subject to:**
- ☐ **Approve with circumstances:**
- ☐ **Deny**

(Provide additional pages as necessary)

Signature: Representative of the Judicial Council or Administrative Director

Approval Date:

Page 2 of 2

Appendix C

NOTIFICATION OF OPENING A BANK ACCOUNT

For Banks Other than Bank of America, N.A. opened under the Judicial Council of California's Master banking services agreement.

Bank Name:
Bank Address:

Bank Account Name:
Bank Account Number:

Date Available for Use:
The First Month a Bank Statement will be Available:

Bank Contact Name:
Bank Contact Address:

Bank Contact Phone:
Bank Contact Fax:
Bank Contact email:

Appendix D

ANNUAL REPORT OF TRIAL COURT BANK ACCOUNTS

Information as of: [Date]

The schedule must have the indicated information under the following column titles:

Bank Account Name:

Bank Account Number:

Bank Account Description:

Purpose of Account:

Bank/Financial Institution Name:

Bank Address:

Authority: Bank Balance:

Financial Accounting Bank Balance:

Bank Representative's Name:

Bank Representative's Contact Phone Number:

Bank Representative's Contact Fax Number:

Bank Representative's Contact Email Address:

Authorized Signatories Names:

Appendix E

NOTIFICATION TO CLOSE BANK ACCOUNT

SUBMIT ORIGINAL to JUDICIAL COUNCIL OF CALIFORNIA, Trust and Treasury Services, Manager, with ORIGINAL SIGNATURE from the PRESIDING JUDGE and COURT EXECUTIVE OFFICER.

Trial Court:	
Financial institution Name: Address:	
Type of account: Δ Bail Δ Other Trust Δ Payroll Δ Operations Δ Other, specify: Reason for account closure:	
Account number:	
Date bank account is planned for closure:	Balance of any outstanding payment items (i.e. checks, ACH transactions): Outstanding Items as of Date:
Account name (e.g., Superior Court of California, County of _____, Operations Account)	
FINAL CLOSURE Account Closed as of Date:	
Bank Account Balance as of Actual Closure Date:	
Remaining Balance to be Transferred to: Bank: Bank Address: Bank Account Name: Bank Account Number: ABA Number: Bank Person Contact:	

Page 1 of 2

CHECKLIST ON BANK ACCOUNT PROCEDURES

Ref.	Section description	Yes	No	N/A	Notes
A	Transfer of remaining balance				
B	Destruction of check stock				
C	Record retention of bank final bank statement				
D	Delivery of final bank statement to Sacramento Phoenix Shared Services Center				

Signature: Presiding Judge	**Date**
Signature: Court Executive Officer	**Date**
Judicial Council of California Use Only	
Remarks	
Receipt Acknowledged: **(Provide additional pages as necessary)**	
Signature: Representative of the Judicial Council or Administrative Director	
Approval Date:	

Page 2 of 2

Appendix F

CREDIT CARD REQUEST MEMORANDUM

TO: JCC Trust and Treasury Services

FROM: Superior Court of California, County of _____

DATE:

SUBJECT / PURPOSE of MEMO: Request to Accept Credit Card for Payment of Court Fees

Under California Rules of Court (Rule 10.820) it is requested that the Administrative Director authorize the Superior Court of California in and for the County of _____ to accept credit cards for the payment of court fees and impose a convenience fee,[71] if required, for its use.

In support of this request the following information is provided:

THIS SECTION IS TO BE COMPLETED BY THE COURT:

Please refer to the attached "**Example" supplied only for guidance in preparing your court's request**.

The court ***must*** include in its request, at minimum, the following items a., b. and c. as described below.

a. At least one of the following :
- *(i) a description of proposed convenience fee charged, how it was calculated, and affirmation that it meets the criteria established by California Rules of Court section 10.820(c);*
- *(ii) a statement that the costs of accepting credit cards is not greater than the cost of accepting other forms of payment; or*
- *(iii) a statement that the cost of accepting credit cards can be economically absorbed by the court and therefore no fee will be charged.*

b. Attach a copy of the proposed credit card acceptance contract and describe here the methodology used to determine that it is the most competitive structure compared with other possible contracts. Also include a description of the manner in which the credit cards will be accepted by the court, indicating whether acceptance will be "in-person" or "non in-person" or both.

c. Description of alternative means for the payment of court fees.

[71] As of December 2012, all major credit card brands—VISA, MasterCard, American Express, and Discover—permit the courts to charge a "convenience fee" for both "card-present" transactions (e.g., card transactions accepted in person by the court's cashiers) and "card-not-present" transactions (e.g., card transactions accepted via an Internet website or by a telephone interactive voice-recognition (IVR) system). Certain card brands however, require the government entity to submit a registration application before allowing the entity to charge a convenience fee for card-present transactions (e.g., VISA requires government merchants to register under its Government and Higher Education Payment Program before allowing the merchant to charge a convenience fee for card-present transactions).

By submitting this request, it is expressly understood that under no circumstances will any fees, fines, penalties or forfeitures that are the county's responsibility to remit to the State Treasurer's Office be deposited into any bank account approved for trial court use.

_____ _____

Presiding Judge Court Executive Officer

COURT REQUEST TO ACCEPT CREDIT CARDS

[*Example—For Guidance Only*]

[Court Letterhead]
[Month, day, year]

To: Trial Court Accounting Systems

From: Superior Court of California, County of _____

Subject: Request to Accept Credit Card for Payment of Court Fees

Under California Rules of Court (Rule 10.820) it is requested that the Administrative Director authorize the Superior Court of California in and for the County of _____ to accept credit cards for the payment for court fees and impose a convenience fee, or charge back fees before distributing funds:

In support of this request the following information is provided:

A) Interactive Voice Recognition ("IVR") or internet payments will be charged a convenience fee under the Bank of America /Fiserv master merchant services agreement(s) with the Judicial Council of California Any fee's charged directly to the Court for Credit Card usage will be deducted from monthly collections before distribution per GC 6159(i) which meets the requirements established by California Rules of Court section 10.820(c).

B) Per the Trial Court Financial Policies and Procedures, No. FIN 13.01 Banking Services, which superseded Financial Memo TC2006-003, "Credit Card Acceptance in the Courts," and the Superior Court of California County of___requests credit card processing be accepted under the terms and conditions of the master merchant services agreement(s) with Bank of America Merchant Services and Fiserv, Inc. The court intends to initially obtain the necessary processing services to accept credit cards via IVR, but may consider in the future accepting credit cards at its cashiering lines and/or via a court established website.

C) The Superior Court of California, County of _____ will continue to accept other forms of payment currently in place such as cash, check, and money order.

_____ , Presiding Judge

_____ , Court Executive Office

Judicial Council of California

Trial Court Financial Policies and Procedures

COURT SECURITY

POLICY NUMBER: FIN 14.01

[***Under Revision***]

Revised June 2020

Back to Main TOC

Judicial Council of California

Trial Court Financial Policies and Procedures

GIFTS OF PERSONAL PROPERTY

POLICY NUMBER: FIN 15.01

Revised June 2020

Back to Main TOC

Gifts of Personal Property

1.0 Table of Contents

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2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 Introduction
6.2 Acceptance of Gifts
6.2.1 Criteria to Be Considered Before Gift Acceptance
6.2.2 Unacceptable Gifts
6.2.3 How Gifts Are to Be Used
6.2.4 Designation of Gifts of Personal Property
6.3 Processing of Gifts
6.4 Gift Monitoring and Reporting
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to establish uniform guidelines for the trial court to use in deciding what unsolicited gifts of personal property it may accept and acknowledging, documenting, monitoring, accounting for, and reporting those gifts. Judicial branch entities are also referred to in the *Judicial Branch Contracting Manual*, Chapter 1, Section 1.1(C)(2)(c).

3.0 Policy Statement

1. The trial court will not solicit gifts from private individuals or entities, or accept gifts of real property.[72] Under California Rules of Court, rule 10.102, the Administrative Director has delegated to the court executive officer the authority to accept unsolicited gifts of personal property on behalf of the court. The court executive officer will decide whether acceptance of a gift of personal property and any terms and conditions is in the best interest of the court and the State of California. In making this decision, the court executive officer will consider the factors listed in the Administrative Director written delegation of authority.

2. The trial court will acknowledge, document, inventory, account for, monitor, and report all gifts of personal property that it accepts and will use such gifts only for the purposes provided herein.

[72] This prohibition does not extend to private grant applications. The court may apply for private grants in accordance with the requirements in Policy No. FIN 5.03 Grant Accounting and Administration and any further guidance that the Judicial Council of California may issue.

3. The trial court will refer any unsolicited offer of a gift of real property to the Administrative Director for a decision regarding acceptance under California Rules of Court, rule 10.102.

4.0 Application

This policy applies to all trial courts, including their officers and employees.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Appraisal
Donation
Fair Market Value
Financial Gift
Forbearance
Nonfinancial Gift
Personal Property
Real Property

6.0 Text

6.1 Introduction

1. Trial courts may accept unsolicited gifts of personal property (financial and nonfinancial) if doing so would create neither the appearance of partiality nor a conflict of interest for the court and the requirements specified in this policy are met. All expenditures from financial gifts will be exclusively for the benefit of the court, to assist the court in carrying out its public functions and duties, and consistent with any donor conditions or instructions.

   Under California Rules of Court, rule 10.102, only the Administrative Director or his or her designee may accept gifts of real or personal property on behalf of the Judicial Council of California or an individual court. The Administrative Director has delegated to the executive officers of the trial courts the authority to accept gifts of personal property on behalf of their courts in specified circumstances. (A copy of the Administrative Director's delegation is included in 7.0, Associated Documents.) The delegation will remain in effect until revoked. The Administrative Director may revoke the delegation at any time.

2. The trial court will ensure that its court executive officer has sufficient information to properly decide on gift acceptance and that such acceptance is consistent with the requirements of this policy.

6.2 Acceptance of Gifts

1. The court executive officer has the authority to accept unsolicited gifts of personal property on behalf of the court, if the court executive officer concludes that acceptance of the gift and any terms and conditions:

   a. Is in the best interest of the court and, therefore, the State of California;

   b. Is consistent with the law, including the California Code of Judicial Ethics;

   c. Is consistent with the factors developed by the state Department of Finance under Government Code section 11005.1 (Budget Analyst Guide, *www.dof.ca.gov/budget/Resources_for_Departments/Budget_Analyst_Guide/* (select Gifts));

   d. Is consistent with this policy and any other guidelines that the Judicial Council of California may establish regarding trial court gift acceptance; and

   e. Does not require assumption of a financial obligation extending more than 12 months beyond the date of acceptance other than reasonable maintenance costs.

2. No officer or employee of the trial court may, for private gain, accept or receive money, or other compensation from anyone other than the trial court for the performance of his or her trial court duties. Nor may any officer or employee of the trial court solicit, accept, or receive any gift from a private individual or entity doing or seeking to do business with the court.

6.2.1 Criteria to Be Considered Before Gift Acceptance

The court executive officer may only accept a gift on behalf of the court if the court executive officer concludes that acceptance is in the best interest of the court and would not create the appearance of partiality or a conflict of interest for the court. To make this determination, the court executive officer will obtain and consider the following information:

1. The prospective donor's name and address;

2. A description of the gift;

3. The value of the gift (i.e., for financial gifts, the amount of a financial gift; for nonfinancial gifts, the donor-estimated fair market value if the estimate is up to $5,000 or an appraisal provided by the donor of a gift exceeding $5,000);

4. The estimated costs, if any, that the court expects to incur as a result of accepting the gift (e.g., needed repairs, periodic maintenance, matching costs, accessories, and connection fees) and the approximate dates or intervals on which the court expects to incur each cost;

5. Advantages and disadvantages to the court of accepting the gift;

6. The prospective donor's conditions or instructions concerning the use of the gift and disposition of any residual balance;

7. Whether the prospective donor currently does or is seeking to do business with the court;

8. Whether acceptance of the gift would create the appearance of undue influence or a conflict of interest for the court, or would impair public confidence in the court's integrity or impartiality; and

9. Whether the prospective donor's publicly endorsed values or policies conflict with the court's values or policies.

6.2.2 Unacceptable Gifts

The trial court should not accept a gift if:

1. Acceptance would require the court to assume an expense (other than reasonable maintenance costs) or financial liability extending more than 12 months beyond the date of acceptance;

2. The gift would cost more to administer than the value of the gift to the court, or would be burdened by unreasonable restrictions or conditions;

3. A condition of the gift would be that the court use or display the prospective donor's name or logo;

4. The prospective donor currently is, or is reasonably likely to come, before the court in litigation, either as a party or an attorney (e.g., companies that conduct business in the court's jurisdiction);

5. The donor's interests or the interests of the donor's funding sources currently are, or are reasonably likely to come, before the court (e.g., associations whose members are affiliated with a particular side in litigation (landlords, plaintiff's bar, etc.) or with a social or political cause that reasonably could come before the court); or

6. The publicly endorsed values or policies of the donor conflict with those of the court or are controversial (e.g., a private entity that maintains a policy of, or publicly has been accused of, discriminating based on race, gender, or other illegitimate criteria).

6.2.3 How Gifts Are to Be Used

The court will use any gifts that it accepts exclusively for the benefit of the court, to assist the court in carrying out its public functions and duties, and in a manner that is consistent with any donor conditions or instructions.

6.2.4 Designation of Gifts of Personal Property

All financial gifts, regardless of value, should be made payable to the trial court. Donors may choose to have their gift fully expended or endowed, and may direct their gift to a department within the trial court, provided that:

1. Nothing of value, benefit, influence, or consideration accrues or is promised to the donor as a result of the gift; and

2. The directed gift does not benefit any person dealing at arm's length with the donor.

6.3 Processing of Gifts

The trial court will ensure that its officers and staff follow the procedures set forth below in processing all gifts.

1. The court executive officer or a designee will document the following information:

   a. The court's acceptance of each gift;

   b. The date that the court received the gift;

   c. The name and address of the donor;

   d. A description of the gift;

   e. The value of the gift (i.e., for financial gifts, the amount of a financial gift; for nonfinancial gifts, the donor-estimated fair market value if the estimate is up to $5,000 or appraisal provided by the donor of a gift exceeding $5,000);[73] and

   f. Any donor conditions or instructions.

2. Any personal property that the trial court may acquire through gifts belongs to the court, regardless of value, and, as such, will be accounted for in the inventory and accounting records of the trial court, as appropriate.

3. Financial gifts will be segregated in the court's accounting records. Moreover, deposits and expenditures of financial gifts will be maintained, monitored, and accounted for separately.

[73] The trial court may want to note that donors should refer to IRS Publication 561 and/or their tax advisor regarding the proper method for valuing gifts for purposes of deduction.

4. Gifts will be used exclusively for the benefit of the court, to assist the court in carrying out its public functions and duties, and in a manner that is consistent with any donor conditions and instructions.

5. Upon acceptance of a gift, the trial court will issue a written acknowledgment to the donor containing the following information:

   a. The name, address, and federal tax identification number of the trial court;

   b. The donor's name and address;

   c. The amount of a financial gift or the donor-estimated fair market value or appraisal of a nonfinancial gift and, if the fair market value of a nonfinancial gift exceeds $5,000, the name and address of the appraiser (the donor should provide a copy of the appraisal to the court, if available);

   d. The date that the court received the gift;

   e. When applicable, a statement that the court does not necessarily affirm the donor-estimated fair market value of a nonfinancial gift up to $5,000;

   f. A statement that the court did not solicit the gift and nothing of value, benefit, influence, or consideration was or will be promised or given as a result of the gift; and

   g. A statement that the gift will be used exclusively for the benefit of the court and the State of California, to support and assist the court in carrying out its public functions and duties, and in a manner that is consistent with any donor conditions or instructions.

6.4 Gift Monitoring and Reporting

1. The trial court will monitor actual financial gift expenditures against its available financial gift resources on a regular basis. Financial gift expenditures will not exceed available resources and will be used exclusively for the purpose for which they were originally donated.

2. Within 45 days of receipt, the trial court will prepare and submit to the Judicial Council of California Director of Budget Services a report of gifts that the court accepted. The report will include:

   a. All donor names and addresses;

   b. The date on which the court received the gift;

   c. A description of the gift;

d. The value of the gift (e.g., the amount of each financial gift or the estimated fair market value or appraisal of the nonfinancial gift);

e. A list of the costs that the court expects to incur as a result of accepting the gift (e.g., needed repairs, periodic maintenance, matching costs, accessories, and connection fees) and the approximate dates or intervals on which the court expects to incur each cost;

f. Any donor conditions or instructions concerning the use of an individual gift, and the disposition of any residual balance;

g. A statement confirming that the court has determined, in each instance, that the donors currently do not, and are not seeking to, do business with the court;

h. A statement confirming that the court has determined, in each instance, that acceptance of the gift will not create the appearance of undue influence or a conflict of interest, and will not impair public confidence in the court's integrity or impartiality; and

i. A statement confirming that the court has concluded that the donor's publicly endorsed values and policies do not conflict with the court's policies or goals.

3. The trial court will follow any additional instructions regarding gift reporting that the Judicial Council of California may issue.

4. The court executive officer will review and approve all reports regarding gift acceptance before they are submitted.

5. The trial court will retain for its records copies of all gift acceptance reports that it submits.

7.0 Associated Documents

Delegation of Authority to Accept Gifts
Sample Written Acknowledgment for Financial Gifts
Sample Written Acknowledgment for Nonfinancial Gifts

Delegation of Authority to Accept Gifts Under California Rules of Court, Rule 10.102(b)(1)

Under rule 10.102(b)(1) of the California Rules of Court, I hereby delegate to the executive officer of each superior court of the State of California the authority to accept any gift of personal property (i.e., money, goods, or other movable property, see Civ. Code, §§ 14, 657) on behalf of his or her court, if the executive officer finds that acceptance of the gift and any terms and conditions:

1. Is in the best interest of the court and, therefore, the state; and
2. Is consistent with:
   a. the law, including the California Code of Judicial Ethics;
   b. the factors developed by the state Department of Finance under Government Code section 11005.1; and
   c. any guidelines established by the Judicial Council of California; and
3. Does not require assumption of a financial obligation extending more than 12 months beyond the date of acceptance other than reasonable maintenance costs.

Courts must properly document and report to the Judicial Council of California all gifts that they accept under this delegation, according to the guidelines set forth in the *Trial Court Financial Policies and Procedures Manual*. The ability to accept gifts of real property is not included in this delegation.

This delegation replaces earlier delegations by former Administrative Directors.

Dated: _____

_____

Martin Hoshino
Administrative Director

Sample Written Acknowledgment for Financial Gifts

Written Acknowledgment for Financial Gift

Donation Information

Date Court Received Gift: _____

Donation to Superior Court of California, County of _____

Court Address: _____

_____

Court Telephone No.: _____

Court's Federal Tax ID #: _____

Donation Amount:_____

Check ❑ Check No. _____

Cash ❑ Other ❑ _____

Purpose of Donation: The donor has expressed a desire that this gift benefit the Superior Court of California, County of _____, and that the gift be used to support and assist the court in carrying out its public function and duties.

Donor Conditions or Instructions:

The court did not solicit this gift. Nothing of value, benefit, influence, or consideration was, or will be, promised or given as a result of the gift. The court will use this financial gift exclusively for the benefit of the court, to support and assist the court in carrying out its public functions and duties, and in a manner that is consistent with any donor conditions or instructions set forth above.

Donor Information

Name (Donor): _____

Address: _____

_____

Telephone No.: _____

Issued By: _____

Title: _____

Date Issued: _____

Sample Written Acknowledgment for Nonfinancial Gifts

Written Acknowledgment for Nonfinancial Gift

Donation Information

Date Court Received Gift: _____

Donation to Superior Court of California, County of _____

Court Address: _____

_____

Court Telephone No.: _____

Court's Federal Tax ID #: _____

Proof of Value/Receipts Attached: Yes ❑ No ❑

If "No," Est. Value of Gift[1]: _____

Appraisal Completed: Yes ❑ No ❑ Name of Appraiser: _____

Appraisal Attached: Yes ❑ No ❑ Address of Appraiser: _____

Purpose of Donation: The donor has expressed a desire that this gift benefit the Superior Court of California, County of _____, and that the gift be used to support and assist the court in carrying out its public functions and duties.

Donor Instructions or Conditions:

The court did not solicit this gift. Nothing of value, benefit, influence, or consideration was, or will be, promised or given as a result of this gift. The court will use this nonfinancial gift exclusively for the benefit of the court, to support and assist the court in carrying out its public functions and duties, and in a manner that is consistent with any donor conditions or instructions set for above.

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Judicial Council of California

Trial Court Financial Policies and Procedures

INDIRECT COST RATE PROPOSAL (ICRP)

POLICY NUMBER: FIN 15.02

Revised June 2020

Back to Main TOC

Indirect Cost Rate Proposal (ICRP)

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 General Information
6.2 Method and Basis for Developing the ICRP
6.2.1 Court Indirect Costs
6.3 How to Prepare an ICRP
6.3.1 Preliminary Steps in the Preparation of an ICRP
6.3.2 Steps in the Preparation of the ICRP Calculation Form
6.4 Application of the Indirect Cost Rate
6.5 Documentation Requirements
6.6 Responsibilities
6.6.1 Court
6.6.2 Budget Services
6.6.3 Private, Local, State, or Federal Entity
6.7 Indirect Cost Rate Implementation
6.8 Record Retention
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to establish uniform guidelines for the trial court to use in developing an ICRP. The ICRP provides a basis for billing other entities for an appropriate share of indirect costs.

3.0 Policy Statement

1. The trial court will prepare an ICRP annually. The trial court will follow the guidelines contained herein; except a trial court with a multiple rate method approved by a federal entity will be excluded from the guidelines contained in section 6.3, How to Prepare an ICRP (applicable to the simplified method only).

2. The trial court will comply with applicable federal and state guidelines in allocating and distributing costs.

4.0 Application

This policy applies to all trial courts, including their officers and employees, developing an ICRP.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Benefits
Indirect Cost Rate Proposal (ICRP)
Simplified Method
Program, Element, Component, and Task (PECT)

6.0 Text

6.1 General Information

1. The full cost recovery of services includes all costs directly attributable to an activity, plus an appropriate share of indirect costs that can be attributed reasonably to the activity or service provided. Indirect costs, such as administrative expenses, benefit more than one cost center or program and therefore cannot be readily associated with a specific cost center or program without effort disproportionate to the results achieved. Indirect costs are normally charged to other entities by the use of an indirect cost rate and will assist courts when they bill other entities for services.

2. For cost recovery, courts should refer to the federal Office of Management and Budget guidelines in preparing indirect cost rate proposals when applicable. There are exceptions (i.e., when the federal government stipulates a particular indirect cost recovery rate in connection with a federal grant) or requests that a separate rate be negotiated for specific programs. Also, indirect cost recovery rates must be adjusted in connection with the court's comprehensive collections program because capital expenditures, including equipment allowances based on capital expenditures, are excluded by statute from recovery.

3. Anyone who prepares, reviews, or approves indirect cost rates or who prepares billings for services rendered to private, local, state, or federal governments either directly or indirectly through other agencies should become familiar with the indirect cost rate proposal procedure set forth below. The information detailed in this procedure provides helpful information, including how to identify costs that can be included in the indirect cost rate and those that cannot.

6.2 Method and Basis for Developing the ICRP

1. Two basic methods are used to calculate indirect cost rates, either the simplified method or the multiple-rate method. The procedures in this policy (contained in section 6.3, How to Prepare an ICRP) pertain to the simplified method since the multiple rate is used only by one court. In this method, each major function of an entity benefits from its indirect costs to approximately the same degree.

2. An equitable base is required for the allocation of indirect costs. Most ICRPs are developed using the salaries/wages and benefits, as these costs are usually easier to identify and account for the largest percentage of an entity's budget. To establish a standard statewide basis, the courts will use salaries/wages and benefits as the basis for allocating indirect costs and developing an ICRP for each fiscal year.

3. The type of rate the courts will develop for the ICRP is a fixed rate with a carry-forward adjustment. Initially, the fixed rate is based on the court's budget. No carry-forward adjustment was included in the ICRP calculation in the first or second fiscal years. In the third fiscal year, the actual costs for the first year will be available. Calculate the carry-forward adjustment by comparing the budgeted first fiscal year indirect and direct figures to the actual costs for that year. The difference between the budgeted and actual amounts will result in the carry-forward adjustment. This adjustment could be either an increase or a decrease and must be included in the ICRP calculation for the third fiscal year. Each year thereafter, as the actual figures become available, compare them to the budgeted amounts and include the carry-forward adjustment on the ICRP Calculation Form by listing it on the ICRP Worksheet.

6.2.1 Court Indirect Costs

1. Court indirect costs include such items as administration, legal, accounting, information technology, and outside entities providing similar services. In general, indirect costs include:

    a. Costs of budgeted salaries/wages and benefits of court administrative, supervisory, and executive staff;

    b. Costs of budgeted salaries/wages and benefits of support units, including accounting, business services, human resources, internal audit, legal, information technology, and clerical support; and

    c. Costs of operating expenses and equipment associated with the court administrative, supervisory, executive, and support unit staff. These costs will include, but are not limited to, costs for services provided by an outside entity, including county costs, for handling the court's payroll, accounting, information technology, etc.

2. Characteristics of indirect costs include:

    a. Costs that benefit more than one cost center or program;

    b. Costs that are not cost effective either to identify or to allocate to a specific direct cost center or program;

    c. Costs that are necessary and reasonable for efficient administration;

    d. Costs that are authorized and not prohibited by federal, state, or local laws or regulations;

    e. Costs that are in conformity with any limitations or exclusions required by regulations, policy, or grant terms; and

f. Costs that are consistent with policies, regulations, and procedures apply equally to both federal and nonfederal activities.

6.3 How to Prepare an ICRP

The following information provides a brief overview for developing an indirect cost rate using the simplified method and explains, in general terms, how to prepare an ICRP.

6.3.1 Preliminary Steps in the Preparation of an ICRP

1. Budgeted costs included in the ICRP must ultimately be reconciled with the court's official budgeting/accounting records. The reconciliation process requires the use of detailed budgeting/accounting records such as the Schedule 1, Schedule 7A Salaries and Wages, and Financial Report, or similar budget and expenditure documents. The information in these statements should provide the necessary information to determine that costs have been properly classified as either direct or indirect.

2. Whenever possible, budgeted costs should be directly allocated to a specific cost center or program. No universal rule provides for classifying certain costs as either direct or indirect under every budgeting/accounting system. Similar costs must be treated in the same manner across the cost center or programs. For example, travel costs should be charged to the benefiting cost center or programs in the same manner court-wide. Specific costs such as storage rent or telecommunications should be directly allocated to all benefiting cost centers or programs, as well as to indirect units, if applicable. For example, telephone line charges should be allocated across all cost centers or programs (direct and indirect) on a reasonable basis such as number of employees. It is important to be consistent. (Note: An entity may require a separate rate for a particular program or project.)

3. Once the reconciliation is complete, a careful examination of budgeted costs is necessary to ensure that all appropriate costs are included in the ICRP and are properly classified as either direct or indirect costs. As part of this examination, the court will identify and document:

   a. Unallowable costs

   b. Unallocable costs

4. To assist the court in determining whether a cost is unallocable, review the typical characteristics of allocable costs as stated below:

   a. A cost is allocable to each cost objective receiving an appropriate share of the benefits (goods or services) for which the cost was incurred;

b. Costs allocable to a particular program should not be charged to other programs to make up for funding deficiencies, to avoid restrictions imposed by law or terms of a contract or award, or for other reasons; and

c. Costs must be allocable to and not specifically prohibited or restricted by the contract, award, or grant for the private, local, state, or federal entity.

Note: Unallowable costs will be identified and adjusted on the ICRP Calculation Form. Unallocable costs (e.g., a cost classified as indirect that should be a direct charge) will be identified and deducted from the indirect costs on the ICRP Calculation Form. In addition, if the unallocable costs pertain to salaries/wages and benefits, the costs will be added to the direct costs on the ICRP Calculation Form. This will ensure that the costs are properly reflected in the calculation. All items that should be adjusted will be listed in detail on the ICRP Detail Worksheet. This will provide a clear record of all adjustments for use in both the review process and the calculation of the carry-forward adjustment.

5. The manner in which costs are charged to and reimbursed by the federal government is governed by regulations published by the federal Office of Management and Budget (OMB), specifically in OMB Circular A-87 (relocated to 2 C.F.R. part 225). The objective of that circular is to provide specific and consistent principles and standards for determining costs of federal awards carried out through grants, cost reimbursement contracts, and other agreements with governmental agencies. The circular may be obtained online at *www.whitehouse.gov/omb/information-for-agencies/circulars/*. Expenses must be identified as either allowable or unallowable. Refer to Allowable and Unallowable Costs for Consideration in the Development of an ICRP, in 7.0 Associated Documents, for some factors that will assist in identifying allowable and unallowable costs associated with the ICRP.

6.3.2 Steps in the Preparation of the ICRP Calculation Form

1. Section I of the ICRP Worksheet:

2. Total budgeted indirect costs (salaries/wages, benefits, and operating expenses and equipment for indirect cost centers or programs for all funding sources) are posted on the ICRP Worksheet;

   a. Deduct unallowable and unallocable budgeted indirect costs, such as equipment; late fees, capital expenditures, etc. (detail each one on the ICRP Detail Worksheet). Equipment is defined as having a useful life of at least one year and a unit acquisition cost of at least $5,000. Courts use Major Equipment–Non-EDP and Major Equipment–EDP objects of expenditure to record equipment costing at least $5,000 for indirect cost centers or programs. The indirect equipment costs are not allowed at the full rate; instead, an equipment allowance at a depreciated rate of 6.67 percent is allowed;

b. Add the 6.67 percent equipment allowance (formula driven), except for the comprehensive collection program ICRP; and

c. Courts post the indirect cost carry-forward increase or decrease (beginning with the third fiscal year and thereafter).

d. Section I—Total Allowable Indirect Costs. This line contains a formula capturing the total budgeted indirect costs, deducting the unallowable/unallocable costs, and adding the equipment use allowance.

3. Section II of the ICRP Worksheet:

   a. Total budgeted salaries/wages and benefits (direct and indirect cost centers or programs for all funding sources, including the total state-level salaries, wages and benefits paid on behalf of the court for judges) are posted on the ICRP Worksheet;

   b. Deduct the total budgeted indirect salaries/wages and benefits; and

   c. Add any indirect salaries/wages and benefits that should be charged directly to a cost center or program.

   d. Section II—This line is the Total Direct Salaries/Wages and Benefits.

4. The indirect cost rate is a formula and is automatically calculated in Section III of the ICRP Calculation Form as follows:

   a. Section I—Total Allowable Indirect Costs divided by Section II—Total Direct Salaries/Wages and Benefits.

   b. The above formula will provide the courts with the indirect cost rate, expressed as a percentage.

   The ICRP preparation instructions may be downloaded from the Judicial Resources Network at *http://jrn.courts.ca.gov/programs/finance/*.

6.4 Application of the Indirect Cost Rate

1. When the court bills any entity (private, local, state, or federal), the applicable indirect cost rate percentage in effect is applied to the direct salaries/wages and benefits listed in the billing, unless the contract, award, or grant prohibits, restricts or "caps" the dollar amount of indirect costs charged. Each billing will include:

   a. Direct cost center or program charges for salaries/wages and benefits;

   b. Direct cost center or program charges for operating expenses and equipment; and

c. Indirect costs (based on the percentage of salaries/wages and benefits charged to direct cost center or programs).

6.5 Documentation Requirements

1. An ICRP's documentation includes the rate proposed, organization charts, cost schedules, financial data, and other supporting documentation detailing the court's indirect cost distribution method to its cost centers or programs. The ICRP must be reviewed and approved by the court executive officer or his or her designee and recommended for approval by Judicial Council of California Budget Services staff. Refer to the Indirect Cost Rate Checklist Form for additional information and assistance regarding ICRP documentation requirements. If a court is seeking reimbursement directly from the federal government, the ICRP will be submitted to the court's primary federal agency for review, negotiation (where appropriate), and approval after the internal approvals as stated above have been acquired. In this instance, a form entitled Certificate of Indirect Costs is required and must accompany the ICRP. Depending on the circumstances, the federal government may also require additional data.

2. An ICRP that is developed for review and approval by the federal government may be more restrictive than one developed to recover indirect costs for an activity or service provided to a nonfederal entity. If that proves to be the case, it may be necessary to develop a separate ICRP for a specific federal program.

6.6 Responsibilities

The following information highlights the responsibilities of the court, the Judicial Council of California Budget Services staff, and the primary federal, state, or other entity.

6.6.1 Court

Annually, as soon as practicable after the fiscal year budget is finalized and reconciled, the court is responsible for preparing the ICRP via a prepopulated template provided by the Judicial Council of California Budget Services staff. The template may be found on the Judicial Resources Network at *http://jrn.courts.ca.gov/programs/finance/*. In addition, the court is responsible for complying with federal and state guidelines in allocating and distributing costs, as well as with the guidelines contained within this procedure. The court is responsible for sending supporting documentation to Judicial Council of California Budget Services for review and recommendation of approval, regardless of the method used to calculate the indirect cost rate. The ICRP documentation is subject to audit and must be retained by the court in accordance with the record retention requirements as detailed in section 6.8, Record Retention.

6.6.2 Budget Services

It is the responsibility of the Judicial Council of California Budget Services staff to review the court's ICRPs and supporting documentation and to make recommendations

to the Judicial Council of California Director of Budget Services on each of the court's ICRPs. An approved copy will be returned to the court within 60 days of receipt. Judicial Council of California Budget Services staff may contact the court for additional information, if necessary. Judicial Council of California Budget Services staff will also assist the court by providing clarifying information regarding the ICRP process.

6.6.3 Private, Local, State, or Federal Entity

A contract, award, or grant with a private, local, state, or federal entity may prohibit, restrict, or "cap" the amount of indirect costs. Typically, a separate ICRP is not required in these instances, excluding ICRP requirements related to the federal government. In most cases, the primary federal agency is the federal entity that provides the largest federal award to the court. The primary federal agency is known as the recognized federal agency; it is responsible for reviewing, negotiating, and approving the ICRP on behalf of all other federal agencies. A federal agency may, however, require a separate, indirect rate for specific programs.

6.7 Indirect Cost Rate Implementation

To achieve full cost recovery, each court will apply the applicable indirect cost rate (in effect at the time the billing is prepared) to the total salaries/wages and benefits of direct cost centers or programs, unless an indirect cost rate exception is in effect for the entity being billed (as may be the case with the federal government). Occasionally, a court may receive an award from the federal government that covers a period extending beyond the date of a single fiscal year's approved indirect cost rate. This is likely when the award period does not correspond to the fiscal year of the court. In such a case, the ICRP rate may require negotiation with the federal agency. This may result in multiple indirect cost rates being applied to billings in a given fiscal year.

6.8 Record Retention

Generally, records must be retained for current year plus four years from the submission date of the final financial report for that funding period.

However, if any litigation, claim, negotiation, audit, or other action involving the records has been initiated before the current year plus four-year retention period has expired, the records must be retained until the action is completed and all issues arising from it have been resolved.

7.0 Associated Documents

Allowable and Unallowable Costs for Consideration in the Development of an ICRP
Federal Allowability Determination of Selected Items
Indirect Cost Rate Checklist Form
Certification of Indirect Costs

Allowable and Unallowable Costs for Consideration in the Development of an ICRP

Expenses must be identified as either allowable or unallowable. Most expenditures are allowable; the court will need to specifically track the unallowable costs. Listed below are some of the factors considered in determining allowable or unallowable costs.

Allowable Cost Principles

- Necessary and reasonable for the efficient administration of the private, local, state, or federal government contract, award, or grant.
- Allocable to the private, local, state, or federal contract, award, or grant.
- Authorized and not prohibited by applicable laws and regulations.
- In conformity with any limitations or exclusions required by private, local, state, or federal law, regulations, policy and terms of contract, award, or grant.
- Consistent with policies, regulations, and procedures. In addition, costs must be applied equally to federal and nonfederal activities.
- Treated consistently. For example, a cost must not be charged as a direct cost to a private, local, state, or federal program if a similar cost incurred for the same purpose is allocated to a private, local, state, or federal program as an indirect cost. Another example is final payout costs for staff that have terminated employment. Final payout costs should not be directly charged but should be included in the indirect costs category. Otherwise, all staff's termination costs would require that their time be directly charged to all programs that they worked on during their employment at the court.
- In conformity with generally accepted accounting principles, unless alternative treatment is allowed or approved in private, local, state, or federal law, regulation, policy, or other specific approval document.
- Net of all applicable credits. Receipts or credits must reduce or offset allocable direct or indirect costs.
- Adequately documented.

Unallowable Costs

- Fines and Penalties—Except when (1) incurred as a result of compliance with specific private, local, state, or federal contact, award, or grant provisions or (2) when the court receives advance written approval from the private, local, state, or federal government to bill the entity for the cost.
- Entertainment—Costs associated with entertainment, social activities, sports events, shows, etc.
- Fundraising—Costs of fundraising, financial campaigns, gift solicitations, and similar expenses regardless of the purpose for which the funds will be used.
- Contingencies—Contributions to a contingency reserve or a reserve for uncertainties.
- Legal Costs—Legal expenses incurred to prosecute claims against the private, local, state, or federal government (or for the defense of legal action brought by the private, local, state, or federal government).
- Lobbying—Costs incurred to influence obtaining contracts, awards, or grants.
- Personal amusement, social activities, or entertainment (outside of activities directly related to functions or purposes, including employee-employer relations, performance improvement, etc.).
- Personal social or travel club dues.

- Parking permits for employees or students, unless specifically negotiated and included as a benefit in an approved bargaining union agreement.
- Traffic citations for either personal or court vehicles.
- Personal, non-court-related services or purchases.
- Cost overruns in a private, local, state, or federal contract, award, or grant cannot be charged to another contract, award, or grant.
- Costs disallowed by court policy.
- Accrued leave balances, such as vacation, sick leave, bereavement leave, and holiday credits.

Costs With Restrictions

- Advertising and public relations are allowable as direct costs for recruitment, procurement, disposal of surplus materials, and any other specific purposes that directly pertain to the private, local, state, or federal contract, award, or grant.
- To provide public or press notification of private, local, state, or federal contracts, awards, or grants related financial matters, and specific activities or accomplishments of the federal program.
- Bad debts are restricted, unless specifically provided for in the contract, award, or grant.
- Cost of membership in civic, community, and social organizations as a direct cost, with the approval of the private, local, state, or federal government.
- Investment advice costs for pension, self-insurance, and other funds. Approval required for funds that include federal participation.
- Federal regulations restrict interest, unless an exception is received to finance previously approved costs to acquire, construct, or remodel buildings or equipment.
- Costs of preparing a federal grant proposal require prior approval of the primary federal agency.
- Advertising and public relations designed solely to promote the court. Any other advertising and public relations costs not specifically approved are unallowable.
- Typically, conventions, meetings, or similar events related to other court activities that are not specifically approved. These include the cost of displays, demonstrations, exhibits, meeting rooms, hospitality suites, and other special facilities for shows and special events (including the salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings).
- Promotional items and memorabilia, including models, gifts, and souvenirs.

Specific Federal Cost Items

These principles apply whether a cost is treated as direct or indirect. Under the prescribed principles, costs are unallowable if they do *not* benefit federal programs or if they are:

- General government costs, such as elected officials.
- Specifically unapproved (or require approval that has not been secured).
- Contrary to federal, state, or local law and policy.

Federal Allowability Determination of Selected Items

The following items are excerpts from the Office of Management and Budget (OMB) Circular A-87, Attachment B. The following selected cost items are allowable/unallowable as indicated:

Selected Items of Cost	Allowable/Unallowable	OMB Circular A-87 Reference
Advertising and Public Relations	Allowable with restrictions	Section 1
Advisory Councils	Allowable with restrictions	Section 2
Alcoholic Beverages	Unallowable	Section 3
Audit Services	Allowable with restrictions	Section 4
Bad Debts	Unallowable	Section 5
Bonding Costs	Allowable	Section 6
Communications	Allowable	Section 7
Compensation for Personal Services	Allowable with specific criteria to support salaries and wages, fringe benefits, pension plan costs, postretirement health benefits, severance pay, and donated services	Section 8 (paragraphs a. through *l*.)
Contingencies	Unallowable	Section 9
Defense/Prosecution (Criminal/Civil)	Allowable with restrictions	Section 10
Depreciation and Use Allowance	Allowable with restrictions	Section 11
Donations and Contributions	Unallowable	Section 12
Employee Morale, Health, and Welfare Costs	Allowable with restrictions	Section 13
Entertainment	Unallowable	Section 14
Equipment and Capital Expenditures	Allowable as direct costs when approved	Section 15
Fines and Penalties	Unallowable (with exceptions)	Section 16
Fundraising Costs	Unallowable	Section 17
Gains and Losses on Disposition of Property	Accounting treatment prescribed	Section 18
General Government Expenses	Unallowable	Section 19

Selected Items of Cost	Allowable/Unallowable	OMB Circular A-87 Reference
Idle Facilities	Allowable with restrictions	Section 21
Insurance and Indemnification	Allowable with restrictions	Section 22
Interest and Investment Management Costs	Allowable with restrictions	Section 23
Lobbying	Unallowable	Section 24
Maintenance, Operations, and Repairs	Allowable	Section 25
Materials and Supplies	Allowable	Section 26
Memberships, Subscriptions, and Professional Activities	Allowable with restrictions	Section 28
Pre-Award Costs	Allowable with written approval	Section 31
Professional Services Costs	Allowable with restrictions	Section 32
Proposal Costs	Allowable with restrictions	Section 33
Publication and Printing Costs	Allowable	Section 34
Facilities Rearrangements, Alterations, and Reconversion Costs	Allowable with restrictions	Section 35 & 36
Rental Costs	Allowable with restrictions	Section 37
Taxes	Allowable with restrictions	Section 40
Training	Allowable for employee development	Section 42
Travel Costs	Allowable with restrictions	Section 43

INDIRECT COST RATE CHECKLIST FORM

Applicable Fiscal Year:	Date Submitted:
Court Name:	Phone:
Contact Person:	
Email address:	

Check the appropriate box	**Yes**	**No**	**NA**
Is the organization chart attached?			
Is the supporting data for costs attached?			
Are the official records or reports attached?			
Is a copy of the approved budget attached?			
Is other cost data attached?			
Are all costs reconciled with support data?			
Are all schedules cross-referenced to supporting documentation, schedules, and financial data?			
Is the ICRP template reviewed and approved by the CEO or designee?			
Has the prior-year ICRP been reviewed and compared to current year, to determine accuracy and consistency?			
Does the ICRP identify indirect expenses by function and cost category?			
If applicable, are the carry-forward adjustment worksheets attached?			

Is a description of major functions or activities attached? A listing of Cost Centers designated as direct and indirect will satisfy this requirement.				
Is a list of federal contracts and grants attached? The list must include amounts, period of performance, and the indirect cost limitations or restrictions (if any) applicable to each.				
Is the ICRP certification signed and attached?				
	Reviewed By:	Date:		

CERTIFICATE OF INDIRECT COSTS

CERTIFICATION: This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

(1) All costs included in this proposal (identify date) to establish cost allocations or billings for (identify fiscal year) are allowable in accordance with the requirements of the Federal awards to which they apply and OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments." Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.

(2) All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently, and the Federal government will be notified of any accounting changes that would affect the rate.

I declare that the foregoing is true and correct.

Approved by:_____ **Date:** _____

Court Executive Officer or Designee

Judicial Council of California

Trial Court Financial Policies and Procedures

ESCHEAT

POLICY NUMBER: FIN 15.03

Revised June 2020

Back to Main TOC

Escheat

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 General Guidelines
6.2 Published Notice Requirements
6.3 Claims
6.3.1 Amounts Automatically Transferred to Revenue
6.3.2 Delegation of Responsibilities
6.3.3 Transfer to Trial Court Operations Fund–General Fund
6.3.4 Record Retention
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to establish uniform guidelines for the trial courts to use in escheating unclaimed civil funds and funds covered by uncashed court checks that become stale.[74] Neither this policy nor its adoption is intended to suggest that any other escheatment procedures used by the trial courts in the past were improper, unreasonable, or noncompliant with legal requirements.

3.0 Policy Statement

A trial court may escheat to itself (1) any civil money that has been deposited with it or that it is holding in trust for the lawful owner, and (2) any money covered by a check that the court issued (e.g., to a vendor, juror, or employee) if the money remains unclaimed or the check remains uncashed for three years, no law requires a different distribution,[75] and the trial court complies with all the requirements specified in this policy.[76]

[74] This policy does not apply to unclaimed money deposited with or held by a court in connection with a criminal proceeding, as specific statutory provisions generally apply in such circumstances (e.g., Pen. Code, §§ 1411, 1417.5, 1420, 1463.006).

[75] E.g., Code Civ. Proc., § 631.3 (unclaimed civil jury fee deposits "shall be transmitted to the Controller for deposit into the Trial Court Trust Fund"). This policy does not apply to money that a trial court receives as payment of a fee, fine, or forfeiture.

[76] Gov. Code, § 68084.1 (authorizing trial courts to escheat unclaimed money in specified circumstances). Note that Government Code section 68084.1 specifically precludes courts from escheating victim restitution money.

4.0 Application

This policy applies to all trial courts, their officers and employees, and Judicial Council of California staff who support the trial courts.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Escheat or Escheating
Escheatment

6.0 Text

6.1 General Guidelines

1. Unless a different distribution of the money is required by law, a trial court may escheat to itself (1) unclaimed money related to a civil matter that is on deposit with or held by the court or is held by a county on a court's behalf, and (2) any money covered by an uncashed court check that has become stale (e.g., a check made out to a vendor, juror, or employee) if all the following are true:

    a. The money remains unclaimed—or the check remains uncashed—for at least three years after the associated case is closed, the money first becomes eligible for distribution, or the court issues the check;

    b. No other public entity previously completed an escheat procedure with respect to the money;

    c. The court has used due diligence to locate the lawful owner and has contacted, or attempted to contact, the lawful owner of the money (e.g., the person or entity to whom the court issued a check) and has documented those efforts (refer to Sample Notice of Unclaimed Funds provided in 7.0, Associated Documents); and

    d. The court properly publishes notice of the planned escheatment in a newspaper of general circulation, as described below.[77]

2. A court may escheat unclaimed civil money under this policy if all other requirements are met, even if the money originally was deposited with or came to be held by the court or held by a county on a court's behalf before January 1, 1998.

3. In addition to this policy, a court should escheat unclaimed civil money in accordance with Judicial Council advisory memorandums that include escheatment guidelines for specific case types. These documents are posted on the Judicial Resources Network, under Legal Services, Legal Opinion Unit, Legal Opinion Library, Statewide Legal

[77] Gov. Code, § 68084.1

Opinions: *http://jrn.courts.ca.gov/programs/ogc/lol/state.htm*. The Legal Opinion Library is a password-protected resource for presiding judges and court executive officers.

4. If a court completed a different escheat procedure[78] with respect to a sum of money before January 1, 2006, and that money has not been transferred to the trial court's general fund or otherwise disposed of, the court *must* follow the requirements specified in this policy to bring the escheat under the authority of Government Code section 68084.1.

6.2 Published Notice Requirements

1. At any time after the expiration of the required three-year period, the executive officer of the trial court may publish notice of a planned escheat.

2. The notice must be published once a week for two successive weeks in a newspaper of general circulation that is published in the county in which the court is located.[79]

3. To be considered a newspaper of general circulation for purposes of this procedure, a newspaper must obtain or have obtained a judicial decree establishing it as having that status.[80]

4. The notice must state the amount of money, the fund in which it is held, and that it is proposed that the money will become the property of the court under Government Code section 68084.1 on a designated date not less than 45 calendar days or more than 60 calendar days after the first publication of the notice. Additionally, if possible, the notice should provide sufficient detail for potential claimants to identify their monies.

6.3 Claims

1. Before or after publication of the above notice, a party of interest may file a claim with the executive officer of the trial court. Any such claim must include (refer to sample instructions and forms provided in 7.0, Associated Documents):

   a. The claimant's name;

   b. The claimant's address;

   c. The amount of the claim;

   d. The grounds on which the claim is founded; and

[78] E.g., Gov. Code, § 50050 et seq. (the local agency escheat procedure).

[79] Gov. Code, §§ 6000, 6008.

[80] Gov. Code, § 6027; see Gov. Code, §§ 6020–6026.

e. Any other information that may be required by the executive officer of the trial court.

2. The claim should be filed before the designated date on which unclaimed money becomes the property of the court as provided in subsection 6.2.4 of this policy.

3. The executive officer of the trial court must accept or reject the claim.

4. If the executive officer of the trial court rejects the claim or takes no action on the claim within 30 calendar days after it is filed, the party that submitted the claim may file a verified complaint seeking to recover all, or a specified part, of the money. The verified complaint must be filed in the court in the county in which the notice is published. (If the party that submitted the claim does not file a verified complaint within 30 calendar days after the date that the court mailed notice that the claim was rejected or within 60 calendar days after the claim was filed, the money shall become the property of the court.)

5. If a party files a verified complaint, the party must serve a copy of the complaint and summons on the executive officer of the trial court.

6. The executive officer of the trial court must not release the amount of unclaimed money for which a court action has been filed until the court renders a decision or the action is settled.

7. Regardless of whether a claim or verified complaint is filed, the executive officer of the trial court may release the unclaimed money to the depositor of the unclaimed money, or the depositor's heir, beneficiary, or duly appointed representative, if the depositor or the depositor's heir, beneficiary, or duly appointed representative claims the money before the date that the money becomes the property of the trial court, upon submitting proof satisfactory to the executive officer.

8. If the executive officer releases the unclaimed money to a claimant or to the depositor or the depositor's heir, beneficiary, or duly appointed representative, the executive officer also must release any interest that has accrued on the unclaimed money during the period that the money was on deposit with or held by the court.

9. If no claim is filed as specified in subsection 6.1.1, Item b, and the time for filing claims has expired, the money shall become the property of the court. If a claim or claims are filed with respect to a portion of the money, but not the remainder of the money, and the time for filing claims has expired, the remainder of the money shall become the property of the court.

6.3.1 Amounts Automatically Transferred to Revenue

Notwithstanding any other provision of this policy, the presiding judge may direct the transfer of any individual deposit of $20 or less, or any amount if the name of the original depositor is unknown, that remains unclaimed for one year to the Trial Court Operations

Fund without the need for publication of notice.[81] The presiding judge's direction must be in writing and accompanied by attachments supporting that (1) the amount in each instance is $20 or less or the name of the original depositor is unknown, and (2) the money has remained unclaimed for one year since the associated case was closed or the money became eligible for distribution.

Amounts transferred must be accounted for and reported as miscellaneous revenue.

6.3.2 Delegation of Responsibilities

The executive officer of the trial court may delegate the responsibilities stated in Government Code section 68084.1 to appropriate trial court staff. This delegation must be in writing and signed by the executive officer of the trial court.

6.3.3 Transfer to Trial Court Operations Fund–General Fund

When any money deposited and held under this section becomes the property of a trial court, the presiding judge *must* direct in writing that it be transferred to, or accounted for in, the Trial Court Operations Fund–General Fund as miscellaneous revenue.

6.3.4 Record Retention

1. Documentation supporting all the trial court's actions concerning the escheat of monies *must* be retained in files for the current fiscal year plus four additional years. However, records that are required for any audit currently in progress, or an upcoming audit formally noticed to the court, shall not be destroyed until such audit has concluded. Documentation must include as applicable:

    a. Records confirming that any associated case was closed or the money otherwise became eligible for distribution and the date on which the distribution occurred.

    b. A signed memorandum from the court executive officer certifying that the court received no claims to the money during the three years after the associated case was closed or the money otherwise became eligible for distribution. Alternatively, if the money to be escheated is covered by a check, the memorandum from the court executive officer must certify that the check remained uncashed for three years after it was issued and that the court received no claims for the payment tendered by the check during that period.

    c. Material (e.g., letters, envelopes with post office stamps confirming "return to sender," telephone notes, etc.) reflecting the court's efforts to contact the lawful owner before escheating the money.

[81] Gov. Code, § 68084.1(g).

d. For each day on which the court published notice of the proposed escheat, copies of the first page and the page bearing the notice from the newspaper of general circulation in which the notice was published or a Proof of Publication issued by the newspaper with a copy of the notice as published and attesting to the dates it was published.

e. If the court received no claim to the money following publication of notice of the proposed escheat, a signed memorandum from the court executive officer certifying that fact.

f. If the court received a claim following publication of notice of the proposed escheat, copies of: the claim; the court's written response to the claimant; and, if the court made any payment on or connected to the claim, documentation of the payment.

g. If a claimant filed a verified complaint, copies of the complaint and summons; all court rulings or orders disposing of the complaint; and, if the court made any payment on or connected to the complaint, documentation of the payment.

h. Any other documentation necessary to support the actions that the court took in connection with the escheat unclaimed funds under Government Code section 68084.1.

7.0 Associated Documents

Sample Notice of Unclaimed Funds—Action Required to Claim Funds
Sample Instructions for Filing a Claim for Money Held
Sample Claim Affirmation Form
Sample Claim for Money Held
Sample Newspaper Notice

Sample Notice of Unclaimed Funds—Action Required to Claim Funds

[Court Letterhead]

[Date]

[Name]
[Address]

Subject: Notice of Unclaimed Funds—Action Required to Claim Funds

Dear [Name]:

This letter is to inform you that the Superior Court of California, County of _____ has been holding the sum of $_____ for you since [*insert date*] in its _____ [*insert name of fund*] fund. The money initially [*choose one:* (1) (was deposited with the court in connection with the following civil case: [*insert case name and number*]) or (2) (was issued to you in the form of a check [*choose one:* (1) "to reimburse you for (*insert jury or specified vendor*) services that you provided on (*insert date*)" or (2) "as compensation to you for the final period of your employment, from (*insert date*) to (*insert date*)"].

Under Government Code section 68084.1, money "that remains unclaimed for three years shall become the property of the superior court" if it is not claimed within 60 days after the court publishes notice in a local newspaper of general circulation. The court will publish notice in [*insert name of qualifying local newspaper*] that the above sum of money remains unclaimed on [*insert date*].

If you would like to claim the money, please complete the enclosed form and mail it to the court's executive officer, [*insert name*], at [*insert address*] by no later than [*specify date 60 days after the planned notice is to appear in the local newspaper*]. Please attach a copy of this letter to your completed claim form when you submit it. (If you do not think that you are the proper owner, please explain why and give us the name and address of the person or entity who you believe is the proper owner.)

Thank you for your assistance in this matter.

Sincerely,

[Name]
[Title]

Sample Unclaimed Funds Forms—Action Required to Claim Funds

Superior Court of California,
County of _____

UNCLAIMED FUNDS INSTRUCTIONS and FORMS

If you are claiming funds, please complete the following:

STEP 1: Fill out the attached forms (**Claim Affirmation Form** and **Claim For Money Held**). When completing the claim forms, please type or print legibly in blue or black ink. Claims that are illegible will be returned. Claims must be made using the court's forms. Any modifications made to the court's forms will not be accepted.

STEP 2: You must sign the Claim Affirmation Form and have it notarized if your claim is over $1,000 or your claim will not be processed. Please read all the instructions and make copies of all required documents (driver's license, etc.). Owners or heirs are required to provide documentation to validate their claims.

STEP 3: Each claimant is required to fill out a separate Claim Affirmation Form and Claim For Reimbursement.

STEP 4: Please send the completed forms along with all the required materials to:

Superior Court of California, County of _____
[Court's address]

For additional questions, please call ( ) - .

CHECKLIST FOR FILING A CLAIM

OWNER FILING CLAIM
The following is a checklist of the documentation required when sending in your claim:

- Completed and signed Claim of Affirmation Form;
- Notarize your Claim of Affirmation Form, if your claim is over $1000;
- Completed and signed Claim for Money Held Form;
- Copy of current photo identification for each claimant;
- Proof of Social Security number for each claimant;
- Proof associating you with the last known address;
- Proof associating you to the Court and the reported case; and
- The original instrument used such as a receipt, copy of check, etc.

DECEASED OWNER
The following is a checklist of the documentation required when sending in your claim:

- Completed and signed Claim Affirmation Form;
- Notarize your Claim Affirmation Form, if your claim is over $1000;
- Completed and signed Claim for Money Held Form;
- Death certificate of the deceased owner(s) of the funds;
- Copy of current photo identification for each heir;
- Proof of Social Security number for each heir;
- Proof associating the deceased owner to the Court and the reported case;
- The original instrument used such as a receipt, copy of check, etc.;
- Proof associating the deceased owner with the last known address; and
- If probate of estate is open, the estate tax identification number and a copy of Currently Certified Letters Testamentary, dated within 6 months, appointing the executor or administrator of decedent's estate.

OR

If probate of the estate is closed, provide the estate tax identification number and a complete copy of the Court Ordered Distribution of the decedent's estate. **OR**

Provide a complete copy of the Trust Agreement and a copy of a document with the trust tax identification number, such as a tax return or a bank statement. **OR**

If none of the above information can be obtained, please contact the court at
( ) - .

BUSINESS CLAIM

The following is a checklist of the documentation required when sending in your claim:

- Completed and signed Claim of Affirmation Form;
- Notarize your Claim of Affirmation Form, if your claim is over $1000;
- Completed and signed Claim for Money Held Form;
- Proof associating the business with the Court and the reported case;
- The original instrument used such as a receipt, copy of check, etc.;
- Letter of Authorization with the names of officers or officials with authority to sign and claim on behalf of the business;
- Copy of current photo identification for each authorized officer or official;
- Business card of the authorized officer or official;
- Proof of the business's federal tax identification number;
- Proof of the business's association with the last known address;
- If your company merged with another company, a copy of the merger agreement;
- If your company was dissolved, a copy of the articles of dissolution;
- If your company was suspended, a Tax Clearance letter or a Letter of Good Standing from the Franchise Tax Board and/or the Secretary of State's Office.

SAMPLE CLAIM AFFIRMATION FORM

The undersigned claimant certifies, under penalty of perjury, the claimant has read the claim and knows the contents thereof and the claimant is the owner of the said claim and the person entitled to receive the money set forth in said claim.

The claimant agrees to indemnify and hold harmless the state, the courts and their agents, officers, and employees from any loss resulting from the payment of said claims.

CURRENT INFORMATION AND SIGNATURE MUST BE PROVIDED FOR EACH CLAIMANT OR YOUR CLAIM WILL NOT BE PROCESSED

Claimant's Information:

LAST NAME OR BUSINESS	FIRST NAME	MIDDLE INIT.	SSN or FEDERAL TAX ID		DATE
CURRENT MAILING ADDRESS		CITY	STATE/PROVINCE	ZIP	COUNTRY
DAYTIME PHONE	**CLAIMANT OR AUTHORIZED AGENT SIGNATURE**				

YOUR SIGNATURE MUST BE NOTARIZED IF THE CLAIM AMOUNT IS $1,000 OR GREATER
For claims filed for a business, the authorized owner's signature is required. For claims filed for an estate or trust, the signature of the executor, administrator or attorney is required.

State of California
County of _____

Subscribed and sworn to (or affirmed) before me on this _____ day of _____, 20___, by _____, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature _____ (Seal)

PRIVACY NOTIFICATION
Your Social Security number and other documents are requested for identification and processing of your claim.

SAMPLE CLAIM FOR MONEY HELD

MAIL TO: **Superior Court of California, County of _____**
Court Address

DATE SUBMITTED: _____

OWNER'S NAME (AS HELD BY COURT): _____

STREET ADDRESS: _____

CITY, STATE, ZIP CODE: _____

AMOUNT OF CLAIM: **$**_____

CLAIMANT'S NAME (SHOULD MATCH CLAIM AFFIRMATION): _____

RELATIONSHIP TO OWNER: _____

REASON FOR CLAIM: _____

A SEPARATE FORM IS REQUIRED FOR EACH ACCOUNT CLAIMED.

AFFIRMATION AND SIGNATURE *(by claimant)*

I hereby affirm, under penalty of perjury, that I am duly authorized to make said claim upon the Superior Court of California, County of _____. I hereby agree to indemnify and hold harmless the state, the courts, and their officers and employees from any loss, including attorney's fees, incurred as a result of payment of the amount claimed.

Signature: _____ Date: _____

COURT'S USE ONLY

☐ Approved, Paid to Claimant Shown Above

☐ Denied, Not an Authorized Claim

Date: _____

By: _____

SAMPLE NEWSPAPER NOTICE

Superior Court of the State of California, County of _____

Notice of Intent to Escheat Unclaimed Funds on Deposit With or Held by the Court under Government Code § 68084.1

You are hereby advised that the Superior Court has funds on deposit in <the fund in which it is held> in the amount of <aggregate amount eligible to escheat> that have not been claimed for at least three years since the payment was issued or the funds first became eligible for distribution. Under Gov. Code § 68084.1(a), the funds will become the property of the Superior Court if the owner(s) fail to present a claim or file a verified complaint seeking the recovery of the funds by <insert date of publication>, a date not less than 45 days nor more than 60 days after first publication of this notice. The individual amounts and details of the unclaimed property are published on the court's website at <insert link to escheatment webpage>.

If you believe that you, or a person for whom you are a legal guardian or representative, are entitled to all or a portion of the funds held by the Superior Court, you must submit the claim forms available on the Court's website or file and serve a verified complaint no later than <insert date of publication>. The claim forms will include the claimants name, address, amount of claim, basis for the claim, and reason why a prior claim for the funds was not made. The claim forms must be submitted before the date designated herein.

More information, including claim forms and instructions for filing a claim, is available on the Court's website at <insert link to escheatment webpage>. Claims and inquiries related to escheatment can be emailed to <insert designated email address> or mailed to the Superior Court of California, County of _____ **Finance Division**, at <street>, <city>, CA <zip>

Judicial Council of California

Trial Court Financial Policies and Procedures

CHANGE OF VENUE

POLICY NUMBER: FIN 15.04

Revised June 2020

Back to Main TOC

Change of Venue

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
- 6.1 Process Outline
- 6.2 Budget Items
- 6.3 Recommended Memorandum of Understanding (MOU) Contents
- 6.4 Equipment Purchases and Rental
- 6.5 Invoice Process
- 6.6 Reimbursement Process
- 6.7 Dispute Resolution
- 6.8 Deficiency Funding

7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to establish, consistent with Penal Code sections 1037 and 1037.1 and rule 4.155 of the California Rules of Court, reimbursement procedures for the trial courts to follow in connection with costs associated with the change of venue in criminal cases under Penal Code section 1033.

3.0 Policy Statement

The premise of this policy is that neither the Transferring Court nor the Receiving Court should financially benefit from or be harmed by a change of venue case. The Transferring Court must reimburse the Receiving Court for any ordinary expenditure and any extraordinary but reasonable and necessary expenditure that the Receiving Court would not have incurred but for the change of venue case.

4.0 Application

This policy applies to all trial courts.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

Change of Venue Case
Change of Venue Reimbursable Costs
County Change of Venue Costs
Receiving County
Receiving Court
Transferring County
Transferring Court

6.0 Text

6.1 Process Outline

The following is the process that should occur after change of venue motion has been granted and the Receiving Court has been determined.

1. The Transferring Court should inform the county executive or administration office of the Transferring County, and the Receiving Court should inform the county executive or administration office of the Receiving County, that the trial venue has been changed. This notification will allow the counties to approve a budget and timeline for the payment of county change of venue costs before the beginning of trial in compliance with Penal Code section 1037.2(b). All parties should understand that the budget is only a plan and actual costs may be different than the amounts included in the budget.

2. Before the trial begins, the Receiving Court must prepare a budget and a timeline for reimbursement and forward these documents to the Transferring Court. The budget should comply with section 6.2, Budget Items.

3. Before the trial begins, issues of security are to be discussed and a preliminary security issues plan should be prepared in coordination with the sheriff's department.

4. Before the trial begins, the Transferring Court must either approve the budget and timeline, or work with the Receiving Court to revise them so that they are mutually acceptable. Both the Transferring Court and the Receiving Court must use their best efforts to reach a mutually acceptable agreement. If the parties are unable to reach an agreement, the dispute resolution process described in section 6.6, Reimbursement Process, must be implemented.

5. The Transferring Court and the Receiving Court should execute a written memorandum of understanding (MOU) concerning the change of venue case. The MOU should address at a minimum the topics listed in section 6.3, Recommended Memorandum of Understanding (MOU) Contents.

6. The Receiving Court must invoice the Transferring Court for all change of venue reimbursable costs in accordance with section 6.5, Invoice Process, unless the MOU provides otherwise.

7. The Transferring Court must reimburse the Receiving Court for all change of venue reimbursable costs in accordance with section 6.6, Reimbursement Process, unless the MOU provides otherwise.

Note: Under Penal Code section 1037.2, any costs that are incurred by the receiving county and not defined as court operations under Government Code section 77003 or rule 10.810 of the California Rules of Court must be considered to be county costs.

Please see Penal Code section 1037.2(a) through (d)(1) for reference.

6.2 Budget Items

1. Reimbursable Costs. The budget prepared by the Receiving Court should list all anticipated change of venue reimbursable costs. The budget should include, but not be limited to, security costs identified by the Receiving Court that are above and beyond the level of security currently provided in the Receiving Court for extra security that must be provided due to the risk of escape, suicide, public threats, notoriety of the trial, or the potential for violence during the trial. The Receiving Court must be able to provide justification to support the premise that the estimated costs are solely the result of the change of venue case.

2. Nonreimbursable Costs. The budget should not include nonreimbursable costs, which include but are not limited to those identified in rule 4.155(f) of the California Rules of Court.

3. Costs Reimbursed by the State. The budget should not include any costs for which the state will reimburse the Receiving Court unless funding is inadequate to fully cover these costs. The Receiving Court should report these costs to the Transferring Court, but must seek reimbursement for these costs through the established processes for the applicable state program. These nonreimbursable costs include costs for:

    a. Court-appointed counsel.

    b. Court interpreters.

    c. Normal juror per diem for nonsequestered jurors.

    d. Assigned judges.

6.3 Recommended Memorandum of Understanding (MOU) Contents

Any MOU between the Transferring Court and the Receiving Court regarding the change of venue case should contain the following:

1. A statement by the Transferring Court that it complied with California Rules of Court, rule 4.152 when selecting the Receiving Court and trial judge.

2. The budget prepared by the Receiving Court and approved by the Transferring Court.

3. The timeline for reimbursement payments to be made by the Transferring Court to the Receiving Court.

4. A process for budget review and renegotiation.

5. A process to address costs not anticipated when the budget was drafted.

6. A process for the purchase and disposition of goods purchased by the Receiving Court for the change of venue case.

7. A process for prorating and allocating certain costs between the courts when it is either difficult or impractical to distinctly separate those costs.

8. Signature by the presiding judges of the Transferring Court and the Receiving Court, or their designees.

9. If there is an application for funds in cases falling under Penal Code section 987.9, the Transferring Court and not the Receiving Court is responsible for obtaining the appropriate funding from the Transferring Court.

6.4 Equipment Purchases and Rental

Unless the MOU between the Transferring Court and the Receiving Court specifies otherwise, this section will apply to equipment used in the change of venue case.

1. Equipment Rental. The Receiving Court may include in its budget: anticipated costs to lease or rent major and minor equipment, information technology equipment, and other goods needed for the change of venue case.

2. Equipment Purchase. If purchasing is a significantly less expensive option than leasing or renting, the Receiving Court may purchase the equipment after obtaining the Transferring Court's written agreement on the following issues:

    a. Type and cost of the equipment to be purchased by the Receiving Court,

    b. Amount that the Receiving Court will be reimbursed by the Transferring Court for the equipment, and

    c. Disposition of the equipment after the change of venue case is completed.

6.5 Invoice Process

Unless the MOU between the Transferring Court and the Receiving Court specifies otherwise, this section will apply to invoices sent by the Receiving Court.

1. The Receiving Court must submit invoices for reimbursement consistent with the MOU.

2. Invoices for reimbursement must be accompanied by supporting documentation, such as a claim, vendor invoice, bill, statement, or time sheet.

3. A cover letter, signed by the Receiving Court's presiding judge, or his or her designee, must accompany each request for reimbursement. The cover letter must include the following statement: "The expenses requested for reimbursement by this court are expenses incurred because of the change of venue case."

6.6 Reimbursement Process

Unless the MOU between the Transferring Court and the Receiving Court specifies otherwise, this section must apply to payments made by the Transferring Court.

1. The presiding judge of the Transferring Court, or his or her designee, must authorize all payments for reimbursements of change of venue reimbursable costs from the Transferring Court's court operations fund.

2. Payments for reimbursements by the Transferring Court must be made in a timely manner, and consistent with the MOU.

6.7 Dispute Resolution

Although the MOU should sufficiently address issues arising from the change of venue, disagreements may still occur when the operational practices, economies, and costs differ between the courts. In the event of a disagreement regarding the change of venue (including a disagreement regarding costs), the Transferring Court and Receiving Court must resolve the dispute using the procedure specified in this section. The following processes should address these situations:

1. The presiding judges of both the Transferring Court and Receiving Court, or their designees, should first meet in person in an effort to resolve any disagreements.

2. If the presiding judges or their designees are unable to resolve the dispute, the issue will be resolved by a panel composed of:

   a. The Judicial Council of California Chief Deputy Director, or his or her designee;

   b. The Judicial Council of California Director of Budget Services, or his or her designee; and

   c. The Judicial Council of California Director of Legal Services, or his or her designee.

   In such event, the panel will meet with representatives of each court, in person or via telephone. The panel will issue its written decision to the courts no more than 30 days after it has met with both courts' representatives. The panel's decision is final and binding on the courts.

6.8 Deficiency Funding

If the Transferring Court is unable to reimburse all the costs associated with a change of venue case because of a financial hardship, the court may apply for emergency funding if it meets the criteria approved by the Judicial Council to request funding.

7.0 Associated Documents

None

Judicial Council of California

Trial Court Financial Policies and Procedures

TRIAL COURT TRUST FUND FUNDS HELD ON BEHALF OF THE TRIAL COURTS

POLICY NUMBER: FIN 15.05

Revised June 2020

Back to Main TOC

Trial Court Trust Fund Funds Held on Behalf of the Trial Courts

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 Introduction
6.2 Current Process, Criteria, and Required Information for TCTF FHOB of the Courts
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to highlight the process, as adopted by the Judicial Council at its business meeting on April 15, 2016, for courts to request funds be retained in the TCTF as restricted fund balance for the benefit of those courts.

3.0 Policy Statement

TCTF fund balance will be held on behalf of trial courts only for expenditures or projects that cannot be funded by a court's annual budget or three-year encumbrance term and that require multiyear savings to implement.

4.0 Application

This policy applies to all trial courts, including their officers and employees.

5.0 Definitions

Please refer to pages 366–392 of the Glossary for terms referenced in this policy.

6.0 Text

6.1 Introduction

1. Government Code section 77203 was added as part of Senate Bill 1021 (Stats. 2012, ch. 41) and was later amended by SB 95 (Stats. 2019, ch. 36, § 2), effective June 27, 2019. Pursuant to the code, prior to June 30, 2014, a trial court could carry over all unexpended funds from the courts operating budget from the prior fiscal year. Commencing June 30, 2014, and concluding June 30, 2019, a trial court could carry over unexpended funds in an amount not to exceed 1 percent of the court's operating budget from the prior fiscal year. Commencing June 30, 2020, a trial court may carry over unexpended funds in an amount not to exceed 3 percent of the court's operating budget from the prior fiscal year.

Government Code section 68502.5(c)(2)(A) requires, when setting the allocations for trial courts, the Judicial Council to set a preliminary allocation in July of each fiscal year. Further, in January of each fiscal year, after review of available trial court reserves as of June 30 of the prior fiscal year, the Judicial Council shall finalize allocations to trial courts and each court's finalized allocation shall be offset by the amount of reserves in excess of the amount authorized to be carried over pursuant to subdivision (b) of section 77203.

At its business meeting on April 15, 2016, the council approved the process, criteria, and required information for trial courts to request TCTF-reduced allocations, related to the 1 percent fund balance cap, be retained in the TCTF as restricted fund balance for the benefit of those courts.

At its business meeting on January 17, 2020, the council approved policy revisions including streamlining the submission schedule, making a change to the recipient of the request, and making language corrections to better align with court year-end closing, trial court allocation offsets, and requests to amend previously reviewed requests.

6.2 Current Process, Criteria, and Required Information for TCTF FHOB of the Courts

The most current process, application, and template can be found on the Judicial Resources Network at *https://jrn.courts.ca.gov/programs/finance/tctf-fund-requests.htm*.

7.0 Associated Documents

None

Judicial Council of California

Trial Court Financial Policies and Procedures

ASSEMBLY BILL 2695–SERVICE OF PROCESS REIMBURSEMENT

POLICY NUMBER: FIN 15.06

Revised June 2020

Back to Main TOC

Assembly Bill 2695–Service of Process Reimbursement

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 Further Information
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to provide procedures on reimbursements available under AB 2695.

3.0 Policy Statement

1. Assembly Bill 2695 (Stats. 2006, ch. 476) provides for the payment by the court of the sheriff and other law enforcement for the service of all protective and restraining orders in Domestic Violence Prevention Act and elder and dependent adult abuse cases, and in certain civil harassment and workplace violence cases.

2. This is a quarterly distribution from the General Fund related to reimbursement of courts for funds they pay to law enforcement for service of orders and injunctions in specific types of family law and civil cases. The cost is either $40 for successful service or where the service was subsequently canceled (Gov. Code, § 26721), or $35 for unsuccessful service (Gov. Code, § 26738).

3. Senate Bill 1200 (Stats. 2018) amends Government Code section 6103.2 to make conforming changes to the notice required to be given to the subject of a gun violence restraining order. The Government Code provides that the sheriff or marshal may bill the superior court for payment of fees relating to service of process for gun violence restraining orders. After Judicial Council staff review, it has been determined that these orders also qualify for reimbursement under the Service of Process reimbursement program.

4.0 Application

This policy applies to all trial courts, including their officers and employees.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

6.0 Text

6.1 Further Information

1. The most recent information, template, and instructions can be found at *https://jrn.courts.ca.gov/programs/finance/*.

7.0 Associated Documents

None

Judicial Council of California

Trial Court Financial Policies and Procedures

REIMBURSEMENT OF COSTS RELATED TO STATE PRISONS

POLICY NUMBER: FIN 15.07

Revised June 2020

Back to Main TOC

Reimbursement of Costs Related to State Prisons

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 Further Information
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to provide procedures on reimbursement for reasonable and necessary costs connected with state prisons or prisoners according to Penal Code sections 4750 and 6005.

3.0 Policy Statement

1. Courts may apply through the Judicial Council for reimbursement for reasonable and necessary costs connected with state prisons or prisoners, consistent with Penal Code sections 4750–4755 and 6005, in connection with the following:

   - Any crime committed at a state prison, whether by a prisoner, employee, or other person.
   - Any crime committed by a prisoner in furtherance of an escape.
   - Any hearing on any return of a writ of habeas corpus prosecuted by or on behalf of a prisoner.
   - Any trial or hearing on the question of the sanity of a prisoner.

4.0 Application

This policy applies to all trial courts that handle hearings related to crimes connected with state prisons or prisoners.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

6.0 Text

6.1 Further Information

1. The most recent information, template, and instructions can be found at *https://jrn.courts.ca.gov/programs/finance/*.

7.0 Associated Documents

None

Judicial Council of California

Trial Court Financial Policies and Procedures

REIMBURSEMENT OF EXTRAORDINARY COSTS ASSOCIATED WITH HOMICIDE TRIALS

POLICY NUMBER: FIN 15.08

Revised June 2020

Back to Main TOC

Reimbursement of Extraordinary Costs Associated With Homicide Trials

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 Further Information
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to provide the criteria to request reimbursement of extraordinary costs of homicide trials provided in California Rules of Court, rule 10.811.

3.0 Policy Statement

Rule 10.811 requires that courts meet certain criteria to request reimbursement of extraordinary costs of homicide trial. A court that requests reimbursement of extraordinary costs of a homicide trial must meet all the following criteria:

1. Be located in a county with a population of 300,000 or less;

2. Have incurred extraordinary costs of a homicide trial; and

3. Demonstrate an actual need for reimbursement.

4.0 Application

This policy applies to all trial courts, including their officers and employees.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

6.0 Text

6.1 Further Information

1. The most recent information, template, and instructions can be found at *https://jrn.courts.ca.gov/programs/finance/*.

7.0 Associated Documents

None

Judicial Council of California

Trial Court Financial Policies and Procedures

REIMBURSEMENT OF ELDER/DEPENDENT ABUSE PETITIONS

POLICY NUMBER: FIN 15.09

Revised June 2020

Back to Main TOC

Reimbursement of Elder/Dependent Abuse Petitions

1.0 Table of Contents

1.0 Table of Contents
2.0 Purpose
3.0 Policy Statement
4.0 Application
5.0 Definitions
6.0 Text
6.1 Further Information
7.0 Associated Documents

2.0 Purpose

The purpose of this policy is to provide procedures for the Elder/Dependent Abuse reimbursement program.

3.0 Policy Statement

1. Assembly Bill 59 (Stats. 1999, ch. 561) authorized elders and dependent adults to seek protective orders. As specified by this bill, the Judicial Council approved *Petition for Protective Orders (Elder or Dependent Adult Abuse)* (form EA-100) effective April 2000. At its April 27, 2001 meeting, the council approved the allocation of these funds to the courts by the end of that fiscal year. The reimbursement rate for each filing was set at $185 and has remained unchanged.

2. Beginning in 2011, the council reduced the allocation to this program to $332,340.

3. Courts are reimbursed $185 per filing until the allocation is depleted.

4.0 Application

This policy applies to all trial courts, including their officers and employees.

5.0 Definitions

Refer to the Glossary for the following key terms used in this policy.

6.0 Text

6.1 Further Information

1. The most recent information, template, and instructions can be found at *https://jrn.courts.ca.gov/programs/finance/*.

7.0 Associated Documents

None

Judicial Council of California

Trial Court Financial Policies and Procedures

GLOSSARY

Revised June 2020

Back to Main TOC

Glossary

This glossary provides definitions of key terms used throughout these procedures. Please note that this list is not "all-inclusive"—if you require additional information and/or clarification regarding these terms, you should consult your manager.

Account
A record of financial activities that shows additions and deductions to an entity's assets, liabilities, revenues, and expenses.

Accountability
An obligation to explain one's actions, to justify what one does. The court is held accountable for, or is required to justify, its expenditure of public resources and the purposes for which they are used.

Accounting System
The methods and records established to identify, assemble, analyze, classify, and record transactions, thus maintaining accountability for the court's related assets and liabilities.

Accounts Payable
An obligation to pay a vendor for goods or services that is created when an invoice is received and logged into the accounting system.

Accounts Payable Provider
Phoenix Shared Services Center or county accounting department that provides accounts payable services for the court.

Accrual Basis
The accrual method of accounting recognizes transactions when they occur, regardless of the timing of related cash flow. Revenues are recognized when earned and expenses when incurred.

Adjusting Entry
An accounting entry made to prepare for closing the books at the end of an accounting period that recognizes an internal transaction and brings the general ledger current as of a specific date.

Advance
A payment made to the trial court under a grant before the time that the court incurs the costs that the payment is intended to cover.

Agency Fund
A fund normally used to account for assets held by a government as an agent for individuals, private organizations, or other governments and/or other funds.

Agreed Upon Procedures Review
A review by auditors in which the nature and scope of the procedures performed are detailed for the auditor by a written agreement. The auditors perform the tasks established by the agreement, report test errors, and provide a summary of findings. The review is not an independent audit and no opinion is issued by the auditors.

AICPA
American Institute of Certified Public Accountants.

Annual Leave
Authorized leave of absence with pay used for vacation, illness, or other personal reasons.

Appraisal
An independent estimate or determination of the fair market value of a donation. An appraisal is generally prepared by a qualified appraiser or, in some cases, by an expert knowledgeable about the particular object in question. (If the fair market value of a nonfinancial gift exceeds $5,000, the donor should provide a copy of an appraisal to the court).

Approved Budget
A plan for the financial operation of the trial court for a fiscal year.

Assembly Bill 233 (AB 233)
The Lockyer-Isenberg Trial Court Funding Act of 1997, which shifted responsibility for funding the trial courts from the counties to the state.

Assembly Bill 1935 (AB 1935)
Follow-up legislation to AB 233 that provides clarification and more detail to the original trial court funding legislation.

Asset
A probable future economic benefit obtained or controlled by the trial court as a result of past transactions (acquisitions) or events (transfers).

Audit
An audit is a methodical review and objective examination of an item, including the verification of specific information as determined by the auditor or as established by general practice. Generally, the purpose of an audit is to express an opinion on or reach a conclusion about what was audited.

Audit Trail
A series of documents that trace the movement and location of funds through an accounting system (e.g., receipt, cash collection record, deposit permit request, monthly cash settlement report).

Authorized Positions
To meet workload demands, trial court positions are established by the presiding judge, or court executive officer, if designated by the presiding judge. (Note: Subordinate judicial officer positions were established by statute before January 1, 2001, and by the Judicial Council after January 1, 2001.) Each position will be assigned a full-time equivalent (FTE) value. Positions can be filled on a full-time, part-time, intermittent, limited-term, or temporary basis.

Available
Revenues are available when they will be collected either during the current period or soon enough after the end of the period to pay current year liabilities. For Judicial Council of California purposes, "available" will be defined as within 90 days.

Award
The selection of a vendor, supplier, or contractor for a procurement action.

Bank Account
Any checking, savings, money market, or other account established with an approved financial institution to allow for the deposit and withdrawal of funds to facilitate trial court operations.

Bank Reconciliation
The process of systematically comparing the cash balance as reported by the bank with the cash balance on record and explaining any differences.

Benefits
Allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Benefits include but are not limited to employer-paid Social Security and Medicare taxation, state disability insurance, health insurance, workers' compensation, retirement, vision care, and unemployment insurance.

Bid
A response to an invitation for bid (IFB) or informal call for bids that contains an offer to provide goods and/or services at a specified price.

Blanket Purchase Order (BPO)
An arrangement under which a purchaser contracts with a vendor to provide an undetermined amount or level of goods or services for a specified period of time and up to a maximum dollar amount.

Block Grant
Grants awarded to the states to provide assistance to state and local units of government for programs according to legislative requirements.

Bribe
Any giving, offer, or promise of anything of value provided in an attempt to corrupt judgment or conduct, or to influence an official act.

Budget Act
The legislative action signed into law by the Governor that provides appropriations for the operation of the state government, including the trial courts, for the coming fiscal year.

Budget Change Proposal (BCP)
A proposal to change the level of service or funding sources for activities authorized by the Legislature, or to propose new program activities not currently authorized. Because increases to trial court funding are now primarily provided by the annual State Appropriations Limit (SAL) funding adjustment, budget change proposals for trial court funding are limited to proposals to

address new costs that are a result of legislative or other changes to operations and programs that are not funded by the SAL funding adjustment. Submission of the budget change proposal to request funding through the annual state budget process in these circumstances is permitted by Government Code section 77202(2).

Budget Revision
An adjustment to a trial court's available budget.

Budget Transfer
A movement of funds in a trial court's budget among program, element, component, or task areas, and between objects of expenditure.

Budgetary Comparison
A statement that presents a comparison between budgeted amounts and the actual results of operations.

Budgetary Control
The management of the trial court according to an approved budget to keep expenditures within the limitations of available appropriations and revenues.

Bureau of State Audits (BSA)
An agency of the executive branch of the state government established in 1993. The BSA is directed by statute to perform the following types of audits:

- Financial audits
- Compliance audits
- Performance audits
- Contract audits
- Investigative audits

The State Auditor is given full access to all records of state and local agencies, special districts, public contractors, and school districts.

California Rules of Court
Rules established by the Judicial Council to improve the administration of justice. The Judicial Council has constitutional authority to "adopt rules for court administration [and] practice and procedure … . [T]he rules must not be not inconsistent with statute." Rules of court have the force of law.

California Multiple Award Schedules (CMAS)
A program created by the Department of General Services (DGS) in 1994 following the 1993 passage of AB 1727 (Polanco). The CMAS Unit establishes agreements with manufacturers and suppliers that offer products and/or services that are currently on an existing multiple award schedule with the federal General Services Administration or other approved multiple award contract. CMAS agreements have not been competitively bid and the pricing is generally a ceiling price. Terms and conditions, and pricing, should be carefully reviewed to determine if the

court's requirements are met. DGS will bill the court a fee to use the CMAS contract, unless the CMAS vendor is qualified as a small business.

Capital Projects Fund
A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Cash
All forms of legal payments made in U.S. legal tender.

Cash Change Fund
The beginning balance in a cashier's cash drawer or cash register to be used for making change when receiving payments from customers.

Cash Control
The management of currency, checks, money orders, etc.

Cash Flow
A measure of the trial court's ability to meet its financial obligations over a defined time period considering cash on hand, anticipated revenue, and known obligations or debts.

Cash-in-Transit
The amount of either cash drawn, or cash, checks, and other negotiable instruments physically sent to a bank for deposit but not yet recorded on the depositing bank's general ledger.

Cashier
Any trial court employee who performs the cash collection function, whether on a full-time or part-time basis.

Certificate of Insurance
A document that provides evidence that an insurance policy has been written and that includes a statement of the policy coverage in general terms.

Change in Position Authorization Form
A form that is signed by the presiding judge, or court executive officer, if designated by the presiding judge, and which is maintained by the court to document each change in position authorization. The document must identify the position that is being established, reclassified, or abolished, the annual cost of the position change, and verification by the chief fiscal officer of the court or the court executive officer that sufficient funding or cash flows have been identified to support the position on an ongoing basis or until the limited-term position authorization has expired. The change in position authorization specified in the document will correspond to changes identified on the court's Quarterly Report of Changes of Authorized Positions (QCAP).

Change of Venue Case
A criminal proceeding in which the transferring court has ordered a change of venue when it appears there is a reasonable likelihood that a fair and impartial trial cannot be had in the transferring county.

Change of Venue Reimbursable Costs
Any ordinary expenditure and any extraordinary but reasonable and necessary expenditure that the receiving court would not have incurred but for the change of venue case. All change of venue reimbursable costs must be court operations costs under Government Code section 77003 and California Rules of Court, rule 10.810.

Change Order
Documentation of informal and/or immaterial changes to a contract, usually signed by the project managers of each party. A change order may lead to a contract amendment.

Chart of Accounts
The complete list or index of all the accounts used to record an entity's revenues and expenses. The chart of accounts provides a map of the accounting system.

Check
A written order on a bank to pay a specified amount to the bearer on demand.

Claim
A document submitted by a service provider for payment for services rendered.

Closing Entry
An accounting entry that transfers the balance of an operating account (i.e., a revenue or expenditure account) to a fund balance. After all closing entries are made only balance sheet accounts have balances.

Collection Record
A document used to record information about all the payments received by the court. The collection record should show in chronological sequence and by receipt number all amounts collected by the court and the nature of the money collected.

Compensated Personal Time
Time off for holiday, vacation, sick leave, or other time away from work for which an employee is paid.

Competitive Procurement
The acquisition process used for procurements that exceed a suggested value of $25,000. The process requires the solicitation of bids, quotes, or proposals (collectively, offers) from qualified providers, the evaluation of responses against predetermined criteria and the award of a purchase order or contract to the offeror that best satisfies the stated criteria and offers the trial court the best value.

Compliance Audit
An examination of compliance with applicable laws and regulations.

Confidential Information
Any information that must not be revealed according to federal, state, or local laws, or court rules or court order.

Conflict of Interest
A set of circumstances (e.g., a personal or economic interest) that may prevent a trial court employee from acting in the best interests of the trial court in carrying out his or her official duties.

Consideration
The price, payment, or other compensation made in return for performance of an action under a contract.

Consumption Method
An expenditure recognition method used pursuant to Generally Accepted Accounting Principles, under the modified accrual basis, where inventories and prepaid items are recorded as assets, deferring the expense recognition until consumed (used) or paid.

Contract
An agreement between two parties to perform an action in return for some consideration (compensation). The contract defines the scope, schedule, consideration, and general terms and conditions that the parties agree to abide by under the agreement.

Contract Administration
The post-award administration of a contract to ensure compliance with the contract terms by both the contractor and the trial court, in accordance with applicable rules, laws, and regulations.

Contract Amendment
A formal contract modification authorized and signed by the contracting parties that describes a material change to the contractor's originally contracted work, price, time for performance, or other contract terms and conditions, and specifies cost and time impacts regardless of whether they are increases, decreases, or zero.

Contract Claim
A demand or assertion by one of the parties to a contract made in writing and seeking the payment of money, adjustment, or interpretation of contract, terms, or other appropriate relief.

Contract Dispute
A difference of opinion between contracting parties regarding the meaning and interpretation of the contract language, specifications, schedule, price, or other related issues that generally impact performance, completion, payment, amendments, claims, or other contractual rights.

Contract Law Enforcement Template
A document that accounts for and further defines allowable costs related to law enforcement trial court security services.

Contract Modification
Any written alteration in an existing contract's specifications, delivery point and rate of delivery, contract period, price, quantity, or other provision. Modifications can be either bilateral or unilateral and include actions such as change orders or contract amendments.

Contract Suspension
A temporary delay of contract performance initiated by a written notice from the trial court to the contractor.

Contractor
A person or business that enters into an agreement (a contract) to provide goods or services to another party in return for legal consideration.

Control Environment
The cumulative effect of factors including management style, organizational structure and delegation of authority, control methods, internal audits, personnel guidelines, and others that establish and enhance the effectiveness of specific policies and procedures.

Cost Information Survey
The method used to obtain cost information from each trial court for specific program areas, as needed for determining funding allocations.

County Change of Venue Costs
Costs that are incurred by the receiving county as a direct result of the transfer of the change of venue case and that are not court operations costs under Government Code section 77003 and California Rules of Court, rule 10.810.

Court Attendant
An unarmed, non–law enforcement court employee who performs those functions specified by the court, except those functions that may only be performed by armed and sworn personnel. The court attendant is not a peace officer or public safety officer.

Court Personal Property
All court property other than real estate.

Court Security Plan
The plan provided by the court to the Judicial Council of California that addresses a law enforcement security plan and all other court security matters.

Credit
An entry on the right side of an account constituting an increase to a revenue, fund, or liability account, or a deduction from an expense or asset account.

Cure Notice
A formal notice provided to a contractor that is in default of its contractual obligations. The notice provides a description of the default and a prescribed time period in which the contractor must cure the deficiency and demonstrate that contract performance will not be jeopardized. Failure to satisfy the Cure Notice may be cause for the trial court to issue a Notice of Default.

Customer
A customer is defined as the person paying money to the court. This includes the payment of a filing fee, a fee for service related to a civil or criminal case, a fine or penalty, bail, or for any

other payment required by the court. The customer may be a party to the case or a person or entity paying on behalf of a party to a case.

Debit
An entry on the left side of an account constituting an increase to an expense or asset account, or a deduction from a revenue, fund balance, or liability account.

Debt Service Fund
A fund established to account for the accumulation of resources for and the payment of general long-term debt principal and interest.

Demand Depository Account (DDA)
In general, a noninterest-bearing bank account from which federal banking law allows withdrawal upon demand.

Department of Finance (DOF)
The state executive branch department that serves as the Governor's staff arm in preparing the annual Governor's Budget and administering the final Budget Act.

Deposit
Cash and negotiable paper (checks, money orders, cashier's checks, traveler's checks, etc.) placed in an account with a financial institution.

Deposit Permit Request
A form prepared to accompany the deposit of funds collected by the court to the county treasury. The deposit permit request must be supported by acceptable documentation such as duplicate receipts or a receipt listing.

Disbursement
Payment to a vendor from a specific fund or budget unit.

Disposable Item
Items with a value of less than $1,000 that are intended for one-time use, or that have an anticipated useful life of less than one year.

Donation
A voluntary transfer of property (e.g., a financial gift or a nonfinancial gift) made without expecting or receiving anything of value in return.

Earnings Statement
The information that is attached to an employee's paycheck regarding payment received and deductions taken for the pay period and year to date.

Electronic Signature
An electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record. (Cal. Code Regs., title 2.5, § 1633.2(h).)

Encumbrances
Reservation of funds for purchase orders, contracts, and memorandums of understanding (MOUs) for goods and services. Used in budgeting, encumbrances are not expenditures or liabilities according to Generally Accepted Accounting Principles (GAAP), but represent the estimated amount of expenditures ultimately to result if contractual obligations in process are completed.

Enterprise Fund
A fund established to account for operations financed and operated in a manner similar to private business enterprises.

Equipment
Reusable items with a useful life of one year or more and a value greater than $500. Equipment with a value greater than $5,000 is classified as a fixed asset.

Equity
The owned value of an asset; the difference between assets and liabilities (equity equals assets minus liabilities).

Escheat, Escheating
The process of transferring ownership rights in property to a court when the property has no known owner, the owner cannot be found, or the owner has refused to accept the property.

Escheatment
The transfer of unclaimed property (e.g., uncashed checks issued by the trial court) to a government entity.

Exempt Employee
An employee who is not included under the provisions of the federal Fair Labor Standards Act. Exempt employees do not generally receive overtime compensation.

Expenditures
The incurrence of an actual expense.

Fair Labor Standards Act
A federal law (29 U.S. Code § 201 et seq.) that establishes a minimum wage, maximum working hours with a provision for overtime pay, and prohibitions against oppressive child labor practices.

Fair Market Value
The price that an item or service would carry in an open market between a willing buyer and a willing seller in an arms-length transaction, where each party has full knowledge of the facts.

Fiduciary
A person who acts for another party's benefit while subordinating his or her own individual interests.

Fiduciary Fund
The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for others.

Financial Audit
An audit performed to determine whether financial statements are presented fairly and in conformance with Generally Accepted Accounting Principles (GAAP). Financial audits are performed in accordance with Generally Accepted Auditing Standards (GAAS) and Generally Accepted Government Auditing Standards (GAGAS).

Financial Gift
A voluntary donation of currency, negotiable instruments, securities, or other intangible interests of any nature or description, made without expecting or receiving a resulting value (e.g., goods, services, or some promised action or forbearance) in return.

Fiscal Officer
A person who provides daily oversight on how the funds are spent and managed. This oversight includes ensuring funds are budgeted, where appropriate, that they are spent according to fiscal policy, that funds are spent in alignment with the account purpose, that processes and controls are in place, that the account is reconciled on a monthly basis, and that either the expenditures are in conformity with the budget or appropriate budget changes have been made to reflect a change in the original budget.

Fiscal Year
The 12-month budgeting and accounting period. The State of California's fiscal year begins on July 1 and runs through the following June 30.

Fiscal Year-End GAAP Reports
The overall fiscal report for California state government, including the state trial court system. The trial courts submit financial information to the Judicial Council of California for consolidation and submittal to the state for inclusion in the State of California CAFR. The CAFR includes financial statements and supporting schedules, documentation, statistics, and introductory material to demonstrate conformity to Generally Accepted Accounting Principles (GAAP) and compliance with legal requirements, rules, and regulations.

Fixed Assets
Tangible assets of significant value with a useful life of one year or more. Fixed assets are usually classified in four categories: land, buildings and improvements, equipment, and construction in progress.

Forbearance
A purposeful decision to refrain from acting on something.

Force Majeure (literally meaning "greater force")
A contract clause that protects the parties to a contract in the event that all or part of a contract cannot be performed due to causes that are outside their control and could not be avoided by the exercise of due care.

Full-Time Employee
An employee who works a 40-hour workweek.

Full-Time Equivalent (FTE)
Excluding overtime but including holidays and paid vacations, the value that results from dividing the maximum amount of regular time a position is authorized to work in a fiscal year (July 1–June 30) by the standard maximum annual time established by the court (typically 2,080 hours). For example, a position authorized to work no more than 1,040 regular hours in a fiscal year is assigned an FTE value of 0.5. Except for temporary help blankets, the FTE value for each position can equal but not exceed 1.0.

Fund
A fiscal and accounting entity with a self-balancing set of accounts. A fund is established to record cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. A fund allows for the segregation of financial activities for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

General Fixed Assets Account Group
A self-balancing group of accounts set up to account for the fixed assets used in the operations accounted for in governmental funds. This group includes all fixed assets not accounted for in proprietary or trust and agency funds.

General Fund
The fund used to account for all financial resources except those specifically required to be accounted for in other funds.

General Ledger
A record containing the accounts needed to reflect an entity's financial position and the results of operations. The general ledger may consist of the main ledger, subledgers, and other transaction documentation that combine to provide a complete financial profile. The general ledger links the chart of account to the accounting system.

Generally Accepted Accounting Principles (GAAP)
Uniform minimum standards and guidelines as established by the Financial Accounting Standards Board, for financial accounting and reporting, governing the form and content of the financial statements of the entity. GAAP encompass the conventions, rules, and procedures necessary to define accepted accounting practices at a given time. They include not only broad guidelines of general application, but also detailed practices and procedures.

Generally Accepted Auditing Standards (GAAS)
Standards adopted by the AICPA for the conduct and reporting of financial audits. The GAAS set forth objectives of the audit and establish measures that can be applied to judge the quality of its performance.

Generally Accepted Government Auditing Standards (GAGAS)
Mandatory standards for conducting both financial and performance audits in which federal funds are involved. GAGAS consist of GAAS standards supplemented by additional standards established by the U.S. General Accounting Office.

Governmental Accounting Standards Board (GASB)
The authoritative accounting and financial reporting standard-setting body for government entities.

Governmental Fund
Fund used to account for the acquisition, use, and balances of expendable financial resources and the related current liabilities—except those accounted for in proprietary funds and fiduciary funds.

Grant
Contributions of cash or other assets from a government or other entity that are used or expended for a specific purpose, activity, or facility.

Grant Period, also Funding Period
The time between the effective date of the grant award and the ending date of the award.

Grantee
The entity to which a grant is awarded and that is accountable for the use of the funds or other assets provided by the grant.

Grantor
The entity that makes a grant award. The grantor may be a federal, state, or local government; a corporation or other business; a private foundation; or other organization.

Gratuity
Anything of material value offered to a public official or employee in return for favorable consideration in business dealings.

Headquarters
The traveler's primary place of assigned employment. This is the place where he/she spends the largest portion of his/her regular working time, or the place to which he/she returns on completion of special assignments.

Honorarium
Anything of value accepted as consideration for an appearance, speech, or article.

Identification Number Register
A list containing the identification numbers assigned to assets and equipment and brief descriptions of the items inventoried.

Indemnification Clause
In a contract, the clause that requires one of the parties to hold the other party harmless from loss, damage, or liability that may arise out of the performance of the contract or other circumstances specified in the contract.

Independent Audit
An audit performed by an auditor meeting the independence criteria established by GAAS in which an audit opinion is issued. The Bureau of State Audits is the State of California's independent auditor.

Indirect Cost Rate Proposal (ICRP)
The documentation prepared by the court to substantiate its request for establishing an indirect cost rate.

Indirect Rates
Fixed rates for overhead or general and administrative expenses established to determine the amounts due to a grantee in addition to its direct costs. Indirect Rates are also referred to as predetermined rates.

Intangible Assets
Assets that lack physical substance, including patents, copyrights, franchises, goodwill, trademarks, trade names, software, and other computer-based assets.

Interagency Agreement (IA)
An agreement or transaction between two government entities, such as between a trial court and an agency of the executive branch.

Internal Audit
All forms of appraisal of activities conducted by auditors working for and within the organization that they are auditing. Internal auditors may be employees or contractors of the organization.

Internal Controls
The plan of organization and all the methods and measures used by the court to monitor assets, prevent fraud, minimize errors, verify the correctness and reliability of accounting data, promote operational efficiency, and ensure that established managerial policies are followed.

Internal Service Fund
A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

Intra-branch Agreement (IBA)
An agreement, between the trial court and either the Judicial Council of California or another trial court, that doesn't include provisions such as indemnification or insurance because both entities are part of the same branch of government.

Inventory
A detailed list of the quantities, descriptions, and values of property owned by the trial court.

Inventory Item
Any item with a value of more than $1,000 and less than $5,000 and an anticipated useful life of more than one year. In addition, items of lower value that are particularly subject to loss or theft may be classified as inventory items. Examples include cellular telephones, computer monitors, and printers.

Invitation for Bid (IFB)
A solicitation document used when the goods and/or services to be purchased are very well defined, the primary decision factor is price, and an award (if any) is made without the need to communicate with bidders after bids are received.

Invoice
A claim for payment submitted by a vendor for goods supplied or services rendered.

Journal
A book, register, form, or electronic record in which a transaction's effects are recorded.

Journal Entry
The entry of transaction data into a journal. Specific data that should be entered include appropriate account numbers, transaction dates, transaction amounts (debits and credits), transaction descriptions, and identifying information about who prepared the journal entries.

Judicial Council of California
The governing body of the California court system, including the trial courts. Consistent with its constitutional authority, the requirements of the Lockyer-Isenberg Trial Court Funding Act of 1997 (Assem. Bill 233) and other legislation, the Judicial Council has established financial rules that allow and require the trial courts to operate responsibly.

Judicial Council of California Staff
The staff to the Judicial Council. The staff carries out official actions and other functions delegated by the council or the Chief Justice.

Kickback
Any money, fee, commission, thing of value, or compensation of any kind that is provided directly or indirectly for the purpose of improperly obtaining or rewarding favorable treatment.

Ledger
A group of accounts used to record the financial transactions of an entity.

Legal Basis of Accounting
The accounting of financial transactions (e.g., revenues, expenditures, transfers, and loans) on the same basis as, and in accordance with, that of the Governor's Budget, the Budget Act, state laws, and state accounting procedures. The diverse nature of governmental operations and the need to comply with legal provisions require that the accounts of governmental entities be

organized on the basis of funds rather than as a single set of accounts commonly used by commercial enterprises.

Liability
A financial commitment to make a future payment or to provide services to another party in return for the receipt of some benefit.

Limited-Term Positions
Authorized positions in which the duration is established for a specific period of time and with a specified date of termination.

Liquidated Damages
An amount fixed in a contract that is assessed against a contractor when it breaches the delivery provision of a contract (e.g., it fails to complete delivery, installation, services, or the work specified in a contract within a defined period of performance or schedule).

Lockyer-Isenberg Trial Court Funding Act of 1997 (Assem. Bill 233)
Law enacted by the California Legislature effective January 1, 1998. Under this law, the funding of the trial courts was consolidated at the state level to ensure equal access to justice throughout California. Key provisions of the law include giving the Legislature authority to make appropriations and giving the Judicial Council of California authority to allocate funds to the trial courts.

Low-Value Purchase
A purchase with a suggested total value of $500 to $4,999.

Maintenance of Effort (MOE)
Payments made by the 20 largest counties based on county funding provided to local courts in 1994–95 as established by the Trial Court Funding Act and subsequent legislation per Government Code section 77201.2. These payments are one of the revenue sources of the Trial Court Trust Fund.

Master Agreement
A contract that is used when the trial court has identified a recurring need for a specific type of service, but the level of effort and timing of the court's need fluctuates or is uncertain. For example, master agreements may be useful to obtain the services of temporary agency employees, translators, court reporters, or court-appointed counsel. Master agreements generally define the types of services to be provided and establish the rates that the provider will charge the trial court for those services.

Measurable
A term to describe revenues when they are reasonably estimable.

Memorandum of Understanding (MOU)
A written statement that outlines the terms of an agreement or transaction between two government entities where no funds are involved, such as the trial court and the DMV or other such entity. In the judicial branch, MOUs often include funds, and because of the historic relationship between the trial courts and counties, MOUs are commonly used as the form of

agreement between them for services such as security services. Additionally, MOUs are used between trial courts and the Judicial Council of California for specific projects that involve funds.

Mini Purchase
A purchase that does not exceed a suggested total value of $500.

Modified Accrual Basis
A system of accounting in which (1) revenues are recognized in the period in which they become measurable and available, and (2) expenditures are generally recognized when the fund liability is incurred, if measurable.

Monthly Cash Settlement Report
A report prepared by the court summarizing the revenues collected by the court each month. The collection record provides the data necessary to prepare the report.

Mutual Funds
A professionally managed type of collective investment scheme that pools money from many investors and invests it in stocks, bonds, short-term money market instruments, and/or other securities.

Negotiate
To communicate with another party to arrive at an agreement.

Nominal Value
Cash or market value not greater than $10 per item, with an annual aggregate per recipient of $50 or less.

Nonexchange Transaction
A transaction in which a government gives (or receives) value without directly receiving (or giving) equal value in return.

Nonexempt Employee
An employee who is included under the provisions of the federal Fair Labor Standards Act. Nonexempt employees are generally entitled to receive overtime compensation when they work over 40 hours per week.

Nonfinancial Gift
A voluntary donation of personal property, not including a financial gift, made without expecting or receiving a resulting value (e.g., goods, services, or some promised action or forbearance) in return. Examples include donated works of art, furniture, computers, or other equipment.

Notice of Default
A notice from one contract party to the other of the existence of a breach of contract sufficient to constitute a default under the contract’s terms.

Overtime
Authorized time worked in excess of the regularly scheduled workweek.

Part-time Employee
An employee who works less than a 40-hour workweek.

Payee
The beneficiary of a check or an electronic funds transfer.

Performance Audit
An audit performed to evaluate the economy and efficiency of an organization's operations, its effectiveness in meeting regulatory requirements, and the correspondence between performance and established criteria. The performance audit provides a review of the degree to which management's performance meets pre-stated expectations.

Personal Property
Money, goods, and movable property. (Civ. Code, §§ 14, 657, 663.)

Petty Cash
An advance of money to be used for small but necessary operating items, not to exceed $100, exclusive of applicable sales tax.

Phoenix Shared Services Center
Provides accounts payable services for the trial courts as part of the Trial Court Administrative Services unit of the Judicial Council of California.

Position Roster
A list of all authorized positions, whether filled or vacant, that must be maintained by each court and that includes information such as facility code, department or organizational unit code, position number, position classification number, position classification title, employee name (if filled), hourly rate, beginning monthly step, last monthly step, current salary, tenure status code (e.g., regular, limited term, or temporary), time base code (e.g., full time, part time, or intermittent), hire date, appointment date, vacancy date, merit salary adjustment date, FTE, leave status (workers' compensation, leave of absence, disability, etc.), exempt versus nonexempt status, and bargaining unit.

Procurement
The process of acquiring goods or services to support the operations of the trial court.

Program, Element, Component, and Task (PECT)
The trial court budget program structure that provides additional detail used to develop, organize, and manage the trial court budget:

> *Program:* The summary level, which includes all elements of Trial Court Operations–Program 10 and Court Administration–Program 90. Court Administration is reflected as a distributed expense against trial court operations in the Schedule 1–Baseline Budget.
>
> *Element:* The second level of budget detail, which breaks down the two programs into major court operations and administration elements.

Component: The third level of budget detail, which further segregates trial court operations funds into categories for different types of court cases and other support services.

Task: The most detailed budget category. It is used to segregate funds within the Criminal and Families and Children components of the Trial Court Operations Program, Case Type Services element.

Proposal
A response to a request for proposals that describes the proposer's approach, scope of work, schedule, and cost to provide goods or services, as well as the ability to meet other relevant criteria established by the requestor.

Proprietary Fund
Funds used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector (i.e., enterprise and internal service funds).

Purchase Order (PO)
A form of contract used to document a purchase transaction (usually for goods). Purchase orders are numbered according to a system that allows them to be verified for control purposes, with fields that identify the quantity, price, and description of goods ordered, payment terms, discount factors, and date of delivery or performance.

Quarterly Financial Statement (QFS)
A report submitted by the trial court according to Judicial Council requirements and Government Code section 77206, used to monitor the financial condition and budgeted expenditures of the trial court throughout the fiscal year. The Judicial Council of California is required to submit an annual report based on the QFS to the Joint Legislative Budget Committee regarding trial court expenditures.

Quarterly Report of Changes of Authorized Positions (QCAP)
Report that trial courts use to identify, on a quarterly basis, newly established positions and changes to authorized positions reported in the Schedule 7A.

Questioned Cost
Expenditure made under a state, local, or federal grant program that may not be allowable under the conditions of the grant agreement. Questioned costs that are disallowed must be refunded to the grantor.

Quote
An oral or written statement of the proposed price for goods or services, such as a bid that is not sufficiently detailed to legally bind the bidder.

Real Property
Land, things that are attached or incidental to the land (e.g., buildings, roads, waterways, trees, plants), and things that are immovable by law. (Civ. Code, §§ 14, 658.)

Receipt
A written record of payment for goods or services received and the price paid for them.

Receiving County
The county in a change of venue case where the receiving court is located.

Receiving Court
The court in a change of venue case to which a criminal trial is transferred.

Reclassification
The result of changing a position's classification. An example would be reclassifying a clerk position to a senior clerk position.

Record
Any document, drawing, book, writing, log, data, etc., and supporting evidence recorded in a permanent form and intended to preserve knowledge of an action or an occurrence. Records include computer-stored or -generated information, microfilm, computer programs, tapes, and disks.

Record of Equipment Transfer, Acquisition, or Disposal
A form used that protects the integrity of the physical inventory by documenting changes due to the transfer, acquisition, or disposal of assets or equipment.

Record of Physical Inventory
A complete listing of all items assigned to a particular unit or location.

Reimbursable Agreement
An agreement between the trial court and a federal, state, or local government entity in which the federal, state, or local government entity agrees to reimburse certain trial court expenses.

Reimbursement Grant
A type of grant under which the trial court is reimbursed for work performed and/or costs incurred up to the total amount specified in the grant. Such costs must be allowable in accordance with the applicable cost principles.

Report of Revenues (ROR)
A supplementary report submitted by the trial court along with the QFS according to Judicial Council requirements and Government Code section 77206. The ROR is used to monitor the receipt of all revenues—including fines, fees, and forfeitures—throughout the fiscal year.

Request for Bid (RFB)
See Invitation for Bid (IFB).

Request for Proposal (RFP)
A solicitation document used when the goods or services required are not precisely defined. Responses are judged against each other using predetermined selection criteria. The procuring party reserves the right to negotiate after the submittal of proposals but may also make an award without discussions or negotiations. Most often used to acquire services.

Request for Quote (RFQ)
A solicitation document used when award (if any) will be made after negotiation with the offeror. Quotations received must be discussed and confirmed to determine which one offers the best value to the court before a purchase order or contract can be awarded.

Requisition
A written or electronic request that initiates the procurement process. The requisition clearly describes the required goods or services, the quantity needed, and the schedule for delivery or performance.

Retention
An amount that is withheld from contractor payments until final and satisfactory project completion.

Revenue
Monies received in the form of cash, check, money order, credit card payment, or other acceptable payment method in exchange for court-tendered goods, services, or accepted satisfaction of fines, fees, or other obligations payable to the court.

Revolving Fund
A demand deposit bank account established by the Judicial Council of California for a court, providing the court the ability to issue properly authorized paper check payments locally.

Rule 10.804 (California Rules of Court)
The rule of court that establishes the authority of the Judicial Council to prepare and adopt a financial policies and procedures manual for the trial courts, and defines the comment period and date of adherence for any amendments to the manual.

Rule 10.810 (California Rules of Court)
The rule of court that defines the division of responsibility between the state and county for funding the trial courts. Rule 10.810 includes a listing of the types of costs that the county is allowed to charge the court as well as unallowable costs. Function 8 of rule 10.810 pertains to court security.

Schedule 1–Budget
The complete operating budget for the trial court based on existing resources.

Sealed Bid
A bidder's IFB or RFB response that is physically sealed and publicly opened with all other bids received at a specified date and time. Contract award, if any, is made to the lowest responsive, responsible bidder. Sealed bids are used when discussions with offerors are not required and award is based primarily on price.

Service Provider
An individual or business that contracts to sell its services to the court.

Simplified Method
A method used to calculate indirect cost rates whereby each major function of an entity benefits from its indirect costs to approximately the same degree.

Single Audit Act (SAA)
Enacted in 1984 and amended in 1996, the act that replaced the duplicative audits of multiple grantor agencies with a single audit designed to meet the needs of all federal grantors. The Bureau of State Audits is responsible for SAA performance.

Small Purchase
A purchase with a suggested total value greater than $5,000 but less than $25,000.

Software
Programs, procedures, and related documentation necessary to install and run specific computer applications.

Sole Source
A single vendor, supplier, or contractor that is able or qualified to provide a specific type of goods or services.

Solicitation Document
A document used to obtain bids, quotes, or proposals (collectively, offers) for required goods or services. The solicitation document describes the needed goods or services, the quantity or level of effort required, the conditions under which work will be performed, delivery schedules, and other requirements of the requestor. Instructions for the content and submittal of the solicitation response are also provided.

Special Revenue Fund
A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

State Appropriations Limit (SAL) Funding Adjustment
The annual funding adjustment for trial court operating costs, computed based on the year-to-year change in the State Appropriations Limit. The State Appropriations Limit is an annual cap on state expenditures, which incorporates changes in the state population, average daily school attendance, and the change in California per capita personal income.

State Comprehensive Annual Financial Report (CAFR)
The overall fiscal report for California state government, including the state trial court system. The CAFR includes financial statements and supporting schedules, documentation, statistics, and introductory material to demonstrate conformity to GAAP and compliance with legal requirements, rules, and regulations.

State Trial Court Improvement and Modernization Fund (IMF)
Established by Government Code section 77209, this fund contributes to automated administrative system improvements in the statewide trial court system.

Statewide Trial Court Concentration Account
A depository bank account established by the Judicial Council of California for each of the 58 trial courts, to be used only for a court's individual deposit of civil fee collections.

Subgrantee or Subrecipient
An entity that receives a subgrant and is accountable to the grantee for the use of the funds. For example, the federal government (the grantor) may award funds to the Judicial Council of California (the grantee), which are passed through to the trial court (the subgrantee or subrecipient).

Subledger or Subsidiary Ledger
A ledger that contains information on specific accounts and that interacts with the general ledger (accounts receivable and accounts payable are common examples of subledgers).

Subordinate Judicial Officer (SJO)
A person who is not a judge but is authorized to adjudicate legal cases. Examples of SJOs include commissioners, referees, and hearing officers.

Subrogate
To substitute one party for another in a legal proceeding.

Supplantation
To take the place of another, as through force, scheming, strategy, or the like.

Tax Home
An individual's principal place of business, regardless of their principal place of residence. (Int.Rev. Code, § 162(a)(2), and Revenue Ruling, 75-432.)

Technology Equipment
Any piece of tangible equipment or automatic electronic device used to perform mathematical or logical operations to acquire, store, manipulate, or disseminate electronic data, including but not limited to central processing units, monitors, keyboards, and mouse units.

Temporary Employee
An employee hired for occasional or seasonal work when there is a need for additional staff or when the scheduling of work requires the services of a person on an intermittent basis.

Termination
An action by the trial court or contractor to unilaterally end all or part of the work under a contract.

Termination for Convenience
A contract clause giving the trial court the right to unilaterally terminate all or a portion of a contract without cause and for its own convenience. The contractor is paid the fair value of work performed up to the effective date of the notice of termination.

Termination for Default; Termination for Cause
A contract clause giving the trial court the right to terminate a contract if the contractor fails to meet a material condition of the contract. If provided for in the contract, the contractor is responsible for any net increase in cost that the trial court may incur in completing the work upon termination for cause. A contractor may also terminate a contract for cause if the trial court does not meet its material obligations.

Termination for Nonavailability of Funds
A contract clause giving the trial court the right to terminate a contract if the funds required for payment under the contract are not appropriated or are otherwise unavailable to the trial court as anticipated.

Timesheet
The form used to record the distribution of all time charges for trial court employees.

Total Recorded Hours
The sum of total direct (court program chargeable), indirect (non–court program chargeable), and compensated personal time (paid time off) hours recorded on an employee's timesheet.

Transaction
A financial activity that must be recorded.

Transferring County
The county in a change of venue case where the transferring court is located.

Transferring Court
The court in a change of venue case from which a criminal trial is transferred.

Travel Expense Claim (TEC) Form
A form used to record business travel, business meals, and other business-related expense costs when requesting reimbursement. The form must be signed by the person requesting reimbursement, approved by the appropriate level, and accompanied by appropriate receipts before payment of the claim may be processed.

Travel Request
A form used to obtain approval for planned business travel before making travel arrangements. Travel costs incurred without a completed Travel Request form may be subject to rejection when reimbursement is requested.

Trial Court Trust Fund (TCTF)
Established by Government Code section 77202, the fund that provides for general operations of the trial courts.

Trust Fund
A fund used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

Two-Party Checks
Checks made payable to two persons/entities—that is, co-payees—in the payee line of the check. Checks endorsed on the back of the check by the payee as "payable to: [another person/entity]" is a "special endorsement."

Unencumbered Balance of Fund
That portion of a fund not yet expended or encumbered. Any such balance remaining at the end of the fiscal year shall revert to the available balance of the fund.

Unobligated Balance
The amount of funds awarded by the grantor and not committed or expended by the trial court.

Unsolicited Proposal
A written proposal, not requested by the trial court, to supply goods or perform services. Unsolicited proposals are normally received in one of the following ways: (1) a bid solicitation is issued and a supplier that was not solicited submits a bid; or (2) a supplier, on its own initiative, offers to supply goods or perform services for which no solicitation has been issued.

Vendor
A person or business that contracts to sell goods or services.

Voucher
A written document that evidences the propriety of transactions and that is normally used to indicate the accounts (codes) in which they are to be recorded.

Warrant (Check)
An order drawn by a county officer on the treasury, directing payment of a specified amount to a specific person or entity. A warrant is similar to a bank check.

Warranty
A promise of a contractor, vendor, or supplier or guarantee regarding the nature, usefulness, service life, or conditions of the goods or services provided.

Yield
Return on an investment in a security, generally expressed as a percentage of the security's price.