

# AUDIT OF THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF INYO

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JULY 2011

Prepared by:



On Behalf Of:



ADMINISTRATIVE OFFICE  
OF THE COURTS

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FINANCE DIVISION  
INTERNAL AUDIT SERVICES

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<b>Superior Court of California, County of Inyo</b>
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**Table of Contents**

	<b>Page</b>
<b>MANAGEMENT SUMMARY</b>	<b>i</b>
<b>STATISTICS</b>	<b>vii</b>
<b>PURPOSE, SCOPE, AND METHODOLOGY</b>	<b>ix</b>
<b>TIMING AND REVIEWS WITH MANAGEMENT</b>	<b>xiii</b>
<b>ISSUES AND MANAGEMENT RESPONSES</b>	
1. Court Administration	1
2. Fiscal Management	5
3. Fund Accounting	7
4. Accounting Principles and Practices	11
5. Cash Collections	13
6. Information Systems	19
7. Banking and Treasury	29
8. Court Security	33
9. Procurement	35
10. Contracts	37
11. Accounts Payable	39
12. Fixed Assets Management	43
13. Audits	45
14. Domestic Violence	47
15. Exhibits	49
16. Facilities	53
<b>APPENDICES:</b>	
A. Financial Statements	55
B. Phoenix-FI Account Detail, Fiscal Year 2009-2010	61
C. Issues Control Log	71
D. Court's Full Response	85

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## MANAGEMENT SUMMARY

On behalf of the Judicial Council of California, Administrative Office of the Courts (AOC)'s Internal Audit Services (IAS), Sjoberg Evashenk Consulting, Inc. (SEC) initiated an audit of the Superior Court of California, County of Inyo (Court) that encompassed administrative and operational areas, as well as other selected programs. The audit process involves reviewing the Court's compliance with statute, California Rules of Court, the *Trial Court Financial Policies and Procedures Manual* (FIN Manual), and other relevant policies.

With two judges, the Court Executive Officer (CEO), and the Assistant Court Executive (ACEO) overseeing Fiscal Year 2009-2010 expenditures of nearly \$3 million, the Inyo County Superior Court is considered a small court that faces staffing issues similar to other small courts across the State with a limited number of only 20 employees performing baseline operational and courtroom-related activities. Yet, throughout the audit, SEC found court management exhibited a positive "tone at the top" and was supportive of recommendations for improving court operations. Moreover, the Court generally complied with statutes and Rules of Court in addition to employing good controls over most business processes. For instance:

- Court management exhibited a positive "tone at the top" that emphasized the Court's commitment to effective internal controls over court administration and operations;
- Court management and fiscal staff responded positively to recommendations for improving court operations and were proactive in working toward continual operational improvements;
- Prudent spending has bolstered the Court's fund balance and reserves;
- Cash handling practices demonstrated many good controls such as endorsing checks immediately upon receipt and investigating daily collection discrepancies before final close-out;
- Funds held in trust are reconciled to the Court's case management system and fiscal records;
- Unique login and password profiles were in place over information systems and appropriate system backup procedures were employed;
- Procurement and accounts payable functions are appropriately segregated; and,
- CEO recently drafted a Personnel Manual and Exhibit Room Manual.

As in all organizations, however, we identified opportunities for improvement. Appendix D of this report contains all of the issues we identified as reportable along with court management's responses and plans for corrective action—some of which the Court will need to prioritize and address accordingly. Below, we highlight some of the more significant issues identified during the audit, which we believe require immediate corrective action.

- **Certain Monies Held in County Treasury Should be Transferred to AOC Treasury**

The Court holds a large amount of monies in the County Treasury—\$1,518,004.86 as of the end of Fiscal Year 2009-10. After reviewing appropriate statutes, codes, and law, it

was determined that monies in the following county funds can be transferred: Old Two Percent Automation, DMV Link Trust, and Municipal Court Restitution Rebate. In conjunction with negotiating a new MOU with the County, we recommend the Court transfer the eligible monies to the AOC Treasury. Additionally, the \$425,000 cash account is held with the County because the Court's payroll and jury checks are processed through the County Auditor. However, the Court is considering transitioning off of the County's payroll system and using a payroll vendor to handle its payroll needs—a transition that will require close assistance from AOC's Trial Court Administrative Services Division. The Court has also begun investigating having its jury payments processed through the AOC rather than the County. As the Court moves away from the County for its payroll and jury payment needs, the \$425,000 should also be transferred to the AOC Treasury. Furthermore, once these monies are transferred to the AOC Treasury, the Court will begin receiving interest on all of its monies whereas currently it does not receive interest on two of the funds in the County Treasury.

- **Cash Handling Processes Require Immediate Attention**

We found instances where controls over cash handling practices and procedures must be strengthened. Currently, daily collections are balanced collectively on the following morning rather than the FIN Manual requires clerks to balance individually at the end of the day. Additionally, clerks in each department share cash drawers and change funds, which is also against FIN Manual policy. Furthermore, change funds are not properly verified as funds are not counted in the presence of a supervisor at the beginning or end of the day. We also found other cash handling areas in need of improvement including the need to restrict department safe access, process mail collections in a timely fashion, and heighten oversight over manual receipt books.

- **Monitoring of Activity Associated with the Court's Automated Systems Requires Improvement**

Our review revealed that the Court could improve its monitoring practices related to activity within the Court's case management system as well as the State of California's Department of Motor Vehicle database system. Cashiers have the ability to void ("reverse") and reduce traffic fine amounts in the case management system without approval of a supervisor as well as process fee waivers without appropriate oversight. While any fee and fine reduction should be supported by an underlying judicial order granting the reduced amounts, we found the Court lacked a review or monitoring process that ensures fees and fines were appropriately reduced or waived. As a result of system weaknesses, there are opportunities for cashiers to take monies from court customers while inappropriately modifying JALAN to reflect different amounts collected and concealing a theft. Though we did not identify instances of theft or wrongdoing on the part of court clerks or cashiers, current court protocols unnecessarily increase the risk of theft or that fraudulent activities will occur.

Additionally, case data can be deleted from JALAN without appropriate oversight. While the Court has a process to place case activity in a holding queue prior to being expunged, there are no controls over the review of this process. Rather, information is

automatically deleted from the holding queue without the review of a separate party ensuring the legitimacy of the deletion before it occurs. Furthermore, we found that all court employees have access to the DMV which most likely does not make sense from a business/operational perspective. Exacerbating this issue is the fact that DMV activity reports are not generated or reviewed to ensure usage is appropriate.

- **Certain Fine Assessments and Distribution Calculations Were Incorrect**

Our review revealed some fine calculations were incorrectly assessed and distributed. Specifically, we found some distributions to be incorrect due to system limitations and/or incorrect programming in the CMS. Additionally, the Court inappropriately assesses VC 40508.6 administrative assessment on all reckless driving and DUI cases though it may not be applicable. We also found that the Court does not deduct two percent for the State Automation Fund from the \$15 fish and game penalty pursuant to F&G 12021. Furthermore, our testing revealed that the Court did not always distribute the correct fees and assessments pursuant to GC 70373 and PC 1465.8.

Moreover, when distribution tables need to be updated or created due to legislation changes or modifications, the Court does not verify the updates in a test environment before they become part of the production environment in the CMS. While the Administrative Analyst is able to run a report from its query reporting system to ensure changes are applied to all applicable financial code tables in JALAN, there is not a second level review of changes prior to the changes becoming part of the production environment which may result in erroneous distributions.

- **Segregation of Duties and Oversight Related to the Trust Account Needs Improvement**

While the Court's trust account is reconciled monthly, related responsibilities are not sufficiently segregated. Currently, the Administrative Analyst is responsible for reconciling the trust account, reversing trust in the CMS, processing trust refund disbursements, and escheating old trust funds. However, the Administrative Analyst processes the refunds and sends them to the County for issuance without review or approval by the CEO. Because the Administrative Analyst has complete access to the CMS and there is no oversight over these trust activities, it increases the Court's risk of loss or theft. Heightening this risk is the fact that the trust reconciliations performed by the Administrative Analyst do not receive secondary review. Therefore, a review of trust refunds before they are submitted to the County is critical in ensuring appropriate oversight is place in addition to a secondary review of trust reconciliations.

- **MOU for General Services between Court and County is Outdated and Has Expired**

The Court relies on the County for a variety of services including payroll, personnel, janitorial, postage, and bailiff services—approximately \$417,000 was spent in Fiscal Year 2009-2010 on County-provided services. Additionally, the Court also provides services to the County including management of the collections program on behalf of the County as well as administrative support for the Inyo County grand jury. While these services are formalized in a MOU, it is has not been updated since 2004 and is no longer

effective. When the current CEO joined the Court in May 2010, she immediately began working with the County Administrative Officer to begin negotiations to create a new MOU. As of the end of April 2011, these negotiations continue, but the CEO and CAO plan to have a new MOU in place at the end of the fiscal year—June 30, 2011.

- **Some Expenditures Lacked Sufficient Documentation**

While our sample of 21 court expenditures revealed that appropriate court personnel reviewed and approved the invoices, other evidence was missing to verify supporting documents agreed with amounts invoiced and to confirm goods/services were received as part of a “three-point match” as required by FIN Manual §8.01. As such, the Court cannot be assured invoiced amounts are appropriate and goods services were received as expected.

- **Exhibit Room Processes Require Further Attention**

We found that the Court lacked exhibit room policies and procedures, destruction protocols, and tracking and inventory processes. During our audit, the Court had a draft exhibit room manual in place, but it had not yet been implemented. Without adequate procedures, the Court may not be aware of the exhibits it holds and court evidence could be compromised, lost, or stolen.

Towards the end of our audit, we were informed by court management that the Court recently conducted a complete inventory of its exhibit room and created a list of all cases with the location of its exhibits. The exhibit room was reorganized in a systematic fashion and all civil cases eligible for destruction were transferred to a locked storage unit in Bishop. The Court has begun the destruction process for these cases, and once that is complete, the Court plans to begin the destruction process for the eligible criminal cases. The Court should continue in its efforts to improve exhibit room processes.

While we provided 39 recommendations throughout this report, we highlight the more significant recommendations below. In some cases, implementation will only require limited corrections to key information systems or minor alterations of court practices to ensure adequate controls. In other cases, a more concerted approach by court management will be needed to enhance the overall fiscal environment, and to better ensure efficient and effective court operations as the Court moves forward.

To address the audit concerns, the Court should consider the recommendations outlined in the report, including but not limited to:

- Transfer eligible monies from the County Treasury to the AOC Treasury including monies related to old two percent automation, DMV link trust, and municipal court restitution rebate.
- Seek assistance from the AOC’s Trial Court Administrative Services (TCAS) payroll team in transitioning payroll from the County to an external vendor.
- Transfer payroll and jury related monies from the County Treasury to the AOC Treasury when services have been transitioned from the County.



- Implement separate cash drawers or bags for each clerk and establish a small change fund for each clerk responsible for accepting payments.
- Require clerks to balance daily collections to the individual daily JALAN reports at the end of each day and turn over collections and change funds to the Court Operations Manager to verify totals. Daily reports should be initialed and dated by both the clerks and Court Operations Manager.
- Ensure the three departmental change funds are counted in the presence of the Court Operations Manager at each location at both the beginning and end of each day.
- Limit access to the department safes to as few persons as possible such as the Court Operations Manager and CEO.
- Ensure mail payments are processed in a more timely fashion, preferably same day.
- Consider limiting access to the manual receipt books to a couple of select staff members and tracking receipt book issuance in a log.
- Periodically review manual receipt books to ensure receipts are accounted for and appropriately entered into the CMS. To aid in the process, the Court must ensure that clerks are entering the JALAN receipt numbers on the manual receipt copies.
- Implement a process whereby reversals are reviewed on a regular basis (e.g. monthly) by an employee not involved in processing payments or reversals in the CMS such as the CEO or ACEO.
- Develop a routine review process whereby a sample of cases for each clerk is selected to ensure that the fees and fines paid appear appropriate for the case charges.
- Establish a review process of fee waivers by generating a JALAN report of all fee waivers for a particular period of time (e.g. month) and selecting a sample of fee waivers to verify that waived fees are supported by approved fee waiver applications and orders.
- Remove the automatic deletion setting in JALAN and require a review signature on the report of records marked for deletion prior to running the deletion.
- Reevaluate court employee access to the DMV system ensuring access makes sense from a business/operational perspective. Deactivate access for those employees not having a business-critical need to the system.
- Perform periodic reviews of DMV activity reports to ensure protection of confidential information and prevent unauthorized changes to DMV records.
- When changes are made to the Court's distribution tables, the Court should ensure the changes are correct and verify the distributions prior to making changes to the production environment. The Court should work with the AOC to ensure revenue distribution changes are accurate.
- Ensure the distribution formulas in CMS are correct to address the errors noted and continue to ensure that all fee/fine revenue distributions comply with relevant laws, regulations, and guidance. If necessary, seek clarification and guidance from the AOC on configuring accurate distributions in the case management system.

- Review the financial codes in JALAN to ensure the test base fine amount used in calculating percentages is best aligned with actual base fine amounts for applicable violations.
- Require the CEO or ACEO to review and approve the accounts payable batch of trust refunds/forfeitures before it is sent to the County.
- Establish a secondary review process of the monthly trust reconciliations whereby they are reviewed and approved by the CEO or ACEO well as contain preparer and reviewer signatures.
- Continue working with the County CAO to draft and implement an updated MOU between the Court and County for general services provided, including clearly delineating terms and conditions as well as reimbursement terms.
- Take action to make certain that all invoices or claims are properly reviewed, approved, and processed, and that each step is appropriately documented. This should include:
  - Documenting the receipt of goods and services with a signature and date of the receipt for the good or service.
  - Ensuring all supporting documentation such as packing slips, court orders, timesheets, and receipts are attached.
  - Verifying the number of folios reported on claim forms by requiring the court clerks accepting the transcripts to sign-off on a transcripts log that lists the case information and number of folios. Further, the log should be forwarded to the Administrative Analyst prior to processing the claims to ensure appropriate acceptance of the good/service.
  - Verifying that in-court service providers are reimbursed actual mileage by requiring physical addresses to calculate mileage.
- Finish developing and implement the formal, written exhibit room manual and consider including a policy on conducting regular inspections and/or annual inventories.
- Continue in its efforts to begin utilizing JALAN to record and track exhibits.
- Continue the destruction process for eligible civil and criminal exhibits as resources allow.
- Begin conducting physical inventory audits of exhibits at least annually to ensure that exhibits are appropriately accounted.

Of the 39 recommendations provided in the audit report, the Court responded that it agrees with 36 recommendations. Of those recommendations it agrees with, the Court suggests that 22 recommendations are complete and 14 remain incomplete with completion dates in the near future. Refer to Appendix C for details.

## STATISTICS

The Court operates at two courthouses in the cities of Independence and Bishop and also has an ADA-compliant courtroom facility located in Independence. With two judges and a contracted part-time commissioner, the Court handled nearly 14,800 case filings in Fiscal Year 2009-2010. Further, the Court employed approximately 20 staff members to fulfill its administrative and operational activities through the expenditure of nearly \$3 million for the fiscal year ended June 30, 2010. Table 1 below contains general court statistical information.

*Table 1. General Court Statistics*

	<b>Total</b>
Number of Courtrooms (including each courthouse)	4
Number of Authorized Judgeships as of July 1, 2010	2
Number of Authorized Subordinate Judicial Officers as of July 1, 2010	.13
Number of Full Time Equivalent Employees as of July 1, 2010	19.74
Total Authorized Positions (FTE) as of July 1, 2010 (Schedule 7A Fiscal Year 2010-2011)	21.48
Number of Temporary Employees as of July 1, 2010 (Figures are for Part-Time Extra Help Staff)	0
Total Salaries for Temporary Employees (Fiscal Year 2010-2011, Figures are for Part-Time Extra Help Staff)	0
Daily Average Revenues Collected (Fiscal Year 2009-2010)	\$14,492.87
County Population (7/1/10 Estimate per California Department of Finance)	18,201
Number of Case Filings in Fiscal Year 2009-2010	<b>14,781</b>
Criminal Filings:	
• Felonies	162
• Non-Traffic Misdemeanors	637
• Non-Traffic Infractions	3
• Traffic Misdemeanors	394
• Traffic Infractions	12,764
Civil Filings:	
• Civil Unlimited	76
• Civil Limited	140
• Family Law – Marital	234
• Family Law – Petitions	71
• Probate*	26
• Small Claims*	78
Juvenile Filings:	
• Juvenile Delinquency – Original	106
• Juvenile Delinquency – Subsequent*	67
• Juvenile Dependency – Original	19
• Juvenile Dependency – Subsequent*	4

*Source: Case Filing statistics reported by the Court.*

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## PURPOSE, SCOPE, AND METHODOLOGY

IAS requested that our firm, SEC, conduct an audit at the Court in accordance with Generally Accepted Government Auditing Standards promulgated by the Comptroller General of the United States. This audit is part of a regularly scheduled audit cycle initiated by IAS and represents the second audit performed by IAS since the Trial Court Funding Act of 1997 eliminated the requirement of county audits of the courts.

The purpose of this review was to determine the extent to which the Court has:

- Complied with applicable statutes, California Rules of Court (CRC), the Trial Court Financial Policies and Procedures Manual (FIN Manual) and the Court's own policies and procedures; and,
- Designed and implemented an internal control structure that can be relied upon to ensure the reliability and integrity of information; compliance with policies, procedures, laws and regulations; the safeguarding of assets; and the economical and efficient use of resources.

Additionally, compliance with the Financial Integrity and State Manager's Accountability Act (FISMA) is also an integral part of the audit. The primary thrust of a FISMA review is an assessment of an entity's internal control structure and processes. While IAS does not believe that FISMA applies to the judicial branch, IAS believes it does represent good public policy. Thus, IAS incorporates FISMA internal control concepts and guidance in its audits including the following:

- A plan of organization that provides segregation of duties appropriate for the proper safeguarding of assets;
- A plan that limits access to assets to authorized personnel;
- A system of authorization and record keeping adequate to provide effective accounting control;
- An established system of practices to be followed in the performance of duties and functions; and,
- Personnel of a quality commensurate with their responsibilities.

The Judicial Council in December 2009 adopted California Rule of Court 10.500 with an effective date of January 1, 2010, that provides for public access to non-deliverable or non-adjudicative court records. Final audit reports are among the judicial administrative records that are subject to public access unless an exemption from disclosure is applicable. The exemptions under Rule 10.500 (f) include records whose disclosure would compromise the security of a judicial branch entity or the safety of judicial branch personnel. As a result, any information considered being of a confidential or sensitive nature that would compromise the security of the Court or the safety of judicial branch personnel was omitted from this audit report.

The scope of audit work at the Inyo County Superior Court included reviews of the Court's major functional areas including: court administration, fiscal management, accounting practices,

cash collections, information systems, banking and treasury, court security, procurement, contracts, accounts payable, fixed asset management, audits, records retention, domestic violence, exhibits, and appeals. Coverage of each area is based on initial scope coverage decisions. The period of our audit primarily focused on the period between Fiscal Years 2008-2009 and 2010-2011.

To evaluate the Court's fiscal and operational compliance with the FIN Manual as well as assess the Court's internal control structure and fiscal management, we performed procedures that generally encompassed the following activities:

- Met with court executive management to discuss the Court's organizational structure, local rules, human resource management, and judicial practice.
- Interviewed appropriate court personnel regarding court account and fund balances as well as fiscal policies, practices, level of oversight, and general knowledge of fiscal management protocols and FIN Manual policies.
- Reviewed reports, data, and systems used to assess court fiscal standing and manage fiscal operations as well as assessed grant management practices and the accuracy of transactions, funds, and reports of financial activity.
- Observed key cash receiving, handling, and disbursement processes, including fees/fines/forfeiture collection, receipt of payments by mail, cash balancing to CMS, deposit preparation, and claims preparation.
- Obtained, reviewed, analyzed, and tested key documents, including:
  - Court fiscal records, reports, reconciliations, and bank statements;
  - Case management system records, case files, and distribution schedules;
  - Court policies and procedures manuals as well as informal practices; and,
  - Examples of claims, deposit permits, end-of-day case management system reports, and other cash transaction documentation.
- Inquired about, reviewed, and evaluated any backlogs in the Court's collection, processing, or disbursement transaction processes, including reconciliations of accounts and funds.
- Reviewed revenue/collection and expenditure reports for unusual or inappropriate activity.
- Tested a sample of cash-related revenue and expenditure transactions to determine if court procedural controls were administered and if the transactions were properly recorded, reconciled and, where appropriate, reviewed and approved.
- Ascertained whether the Court has essential controls in place over information systems in areas such as passwords, remote access, and security reports. Where feasible, we obtained a security level printout from each system that identified users, roles, and access to determine if levels were appropriate for each position and whether the proper segregation of duties existed.

- Evaluated methods employed by the Court through its case management system (JALAN) to calculate and distribute fees, fines, and forfeitures.
- Assessed whether the physical plant holding essential court computer equipment had appropriate security over access and whether appropriate emergency measures were in place to deal with disasters.
- Observed current physical security in place during a security walk-through of the courthouse as well as reviewed operational and logical security over the Court's exhibit rooms and computer rooms.
- Inquired about, reviewed, and evaluated the Court's procurement and contracting practices to determine compliance with FIN Manual's requirements as well as sound business practices.
- Tested a sample of expenditure transactions related to services and supplies purchases, county-provided service payments, court interpreters, court reporters, expert witnesses, and judges and employee travel to determine if court procedural controls were administered and if the transactions were properly recorded, reconciled, and, where appropriate, reviewed and approved.
- Obtained, reviewed, analyzed, and tested key documents, if available, including:
  - Purchase requisitions, purchase orders, vendor invoices, payable documents, and credit card statements; and,
  - Memorandums of understanding and personal service agreements.
- Reviewed a sample of contracts maintained to determine whether major contract elements such as cost, schedule, scope of work and terms and conditions were present and that contracts were appropriately executed by either the Court Executive Officer or the Presiding Judge.
- Evaluated policies and procedures in place to safeguard and account for exhibits including whether regular inspections and/or annual inventories were conducted timely, stale or unneeded exhibits were disposed or destroyed once a case is closed, and case exhibits were securely stored and maintained.
- Reviewed a small sample of domestic violence cases to determine if Domestic Violence Fees and Restitution Fines were assessed as required by statute.
- Additionally, we performed procedures such as identifying corrective action on prior audit findings and recommendations, assessing payroll processes and internal controls, evaluating fixed assets listings and management practices, and understanding compliance with record retention policies from the FIN Manual.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## **TIMING AND REVIEWS WITH MANAGEMENT**

An entrance meeting was held with the Court on November 16, 2010 with audit fieldwork commencing on that same day. Although fieldwork was formally completed in April 2011, preliminary results were discussed with court management during the course of the review at several intervals between December 2010 and April 2011. Feedback and perspectives from responsible court officials were obtained throughout the course of this audit and were incorporated into this report.

A formal exit conference discussing the final audit results was held on May 23, 2011 with Inyo County Superior Court representatives:

- Tammy Grimm, Court Executive Officer
- Virginia Bird, Assistant Court Executive Officer

Management responses to our recommended actions were received on July 6, 2011 and can be found in Appendix D of this report.

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## ISSUES AND MANAGEMENT RESPONSES

### 1. Court Administration

Considered a small court, the Inyo County Superior Court maintains two courthouses and an ADA-compliant courtroom facility in a County with just over 18,200 residents. With approximately 14,800 case filings annually, court expenditures in Fiscal Year 2009-2010 were nearly \$3 million. The Court's 20 employees are overseen by a Presiding Judge (PJ) and Assistant Presiding Judge (APJ) as well as a Court Executive Officer (CEO). The current CEO was appointed in May 2010.

Various guidelines and requirements related to trial court governance and management are specified in California Rule of Court (CRC), *Trial Court Financial Policies and Procedures Manual* (FIN Manual), and Operating Guidelines and Directives for Budget Management in the Judicial Branch covering administrative areas such as:

- Duties of the PJ and CEO;
- Delegation of Authority over Court Administration;
- Organizational/Reporting Structure and Strategic Planning;
- Conflict of Interest Disclosures (Statement of Economic Interest Form 700);
- Executive Compensation and Employee Bargaining Agreements; and,
- Submitted Cases Tracking and Monitoring.

Overall, we found the Inyo County Superior Court has established processes and procedures that comply with the FIN Manual. Specifically, the Court:

- ✓ Established an organizational chart with clear reporting structures
- ✓ Formally delegated the responsibility of managing the Court's fiscal operations to the Court Executive Officer;
- ✓ Prepares monthly pay affidavits; and
- ✓ Regularly updates its local rules of court with the most recent revision to include a definition of "vacation day."

Most importantly, the Court has a positive "tone at the top" and management proactively addresses issues to improve court operations and controls. Yet, we noted one administrative area where the Court was not in compliance with CRC and where the Court could improve its operations as described in the following section.

#### 1.1 Submitted Cases Were Not Monitored in accordance with California Rules of Court

According to California Rules of Court 10.603(c)(3), submitted cases are required to be formally monitored by the presiding judge which includes compiling a monthly list of all causes under submission to be submitted to each judge of the Court. Though this duty was delegated to the CEO via the delegation of duties order signed in April 2010, our audit revealed that there was no established procedure in place for the monitoring of submitted cases. Rather, the Judicial

Assistant records the submitted cases in the Court's case management system—JALAN—via event code. Specifically, once the judge puts a cause under submission, the file is given to the Judicial Assistant who then enters the appropriate event code in CMS to show that it is now a submitted case and the calendar is set for 90 days. The file is then returned to the Judge who is responsible for ensuring that submitted cases are decided on before 90 days. On the 90<sup>th</sup> day, the CMS calendar will notify the Judicial Assistant that the case is due and she will follow-up with the Judge to see if a decision has been made. However, this process is not in accordance with CRC 10.603(c)(3) which requires more formal and frequent tracking of submitted cases. Specifically, the Presiding Judge (or delegated authority) must:

- ✓ Require each judge to report to the presiding judge all causes under submission for more than 30 days and, with respect to each cause, designate whether it has been under submission for 30 through 60 days, 61 through 90 days, or over 90 days;
- ✓ Compile a list of all causes under submission before judges of the Court, designated as the submitted list, which must include the name of each judge, a list of causes under submission before that judge, and the length of time each cause has been under submission;
- ✓ Circulate monthly a complete copy of the submitted list to each judge of the Court;
- ✓ Contact and alert each judge who has a cause under submission for over 30 days and discuss ways to ensure that the cause is decided timely;
- ✓ Consider providing assistance to a judge who has a cause under submission for over 60 days; and,
- ✓ Consider requesting the services of the Administrative Office of the Courts to review the Court's calendar management procedures and make recommendations whenever either of the following conditions exists in the Court for the most recent three months:
  - (i) More than 90 civil active cases are pending for each judicial position; or
  - (ii) More than 10 percent of the cases on the civil active list have been pending for one year or more.

Furthermore, this monitoring should be performed by the CEO as this duty was delegated to her by the Presiding Judge. After informing management of this issue, a procedure describing the process for tracking submitted matters was created.

### **Recommendation**

To ensure causes under submission are monitored in accordance with CRC 10.603(c)(3), the Court should:

1. Implement the newly created procedure related to the tracking of submitted matters and ensure this process is carried out consistently.

### **Superior Court Response**

1. The Court agrees with this recommendation.

Mitigating factors in implementing this recommendation include:

Court Executive Officer- Tammy L. Grimm- was not employed with the Court during the last audit, and for a majority of the portion of the time period reviewed and covered by this present audit. The prior practices of preceding Superior Court of California, County of Inyo employees were out of the control of the current Court Executive Officer. The Court agrees that it was out of compliance with monitoring submitted matters in the past, and did not have any identifiable plan on how to oversee this mandatory Court function as no formal procedure was written.

(Refer to the Court's detailed response with corrective action plans and timelines in Appendix D of this report.)

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## 2. Fiscal Management

As detailed in Appendix B, salaries and benefits for non-judicial staff totaled approximately \$1.7 million in Fiscal Year 2009-2010, encompassing about 58 percent of the Court's nearly \$3 million expenditure budget. Fiscal activities are overseen by the CEO while daily activities are carried out by the Administrative Analyst who performs various aspects of fiscal operations, including recording fiscal transactions and activity, and processing vendor payments and trust disbursements. Payroll activities are handled by the ACEO.

Since the Court's transition to the Phoenix-Financial (FI) system in 2006, the Court is no longer reliant on the County for fiscal and administrative support with the exception of HR and payroll services. Specifically, the County is responsible for processing the Court's payroll including cutting the checks (i.e. direct deposit and issuing remittances) and preparing the W-2s. While the Court performs a wide variety of activities related to fiscal management and procurement, it also relies on AOC's Trial Court Administrative Services (TCAS) to provide assistance with certain services including reconciling bank accounts, issuing vendor payments, creating purchase orders, uploading journal entries, and providing assistance during the year-end close out. Additionally, the Phoenix-FI system automatically generates the Court's Quarterly Financial Statement (QFS) reports and the Consolidated Annual Financial Report (CAFR) worksheets.

Not only did the Court's fiscal staff appear very knowledgeable of accounting principles, best practices, and the FIN Manual, but court management has been committed to implementing these practices and has adjusted well since its migration to Phoenix-FI in January 2006. Court processed transactions were accurate and appropriately supported by underlying financial records and documentation, illustrating the Court's fiscal expertise to create accurate and reliable financial reports.

Ultimately, our review of the Court's fiscal management activities did not identify any reportable issues. We found that the Court's processes and practices in recording financial transactions and preparing financial reports were generally in compliance with the FIN Manual provisions, approved alternative procedures, and California Rules of Court.

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### 3. Fund Accounting

Through our review, we found that the Court’s fiscal activity is generally accurately recorded and tracked through segregated funds and accounts as well as supported by underlying financial records and documentation. At the end of Fiscal Year 2009-2010, the Court had combined balances from all its funds totaling nearly \$3.4 million as recorded in Phoenix-FI and shown in Table 1.

Table 1. Court Fund Balances per Phoenix-FI Trial Balance, Fiscal Year 2009-2010

G/L Account	Description	Account
552001	FUND BALANCE – RESTRICTED	\$ (824,261.32)
553001	FUND BALANCE - UNREST. - DESIG.	\$ (2,544,897.25)
	FUND BALANCES TOTAL	\$ (3,369,158.57)
	NET SOURCES & USES	\$ (28,775.45)
	<b>ADJUSTED ENDING FUND BALANCE</b>	<b>\$ (3,397,934.02)</b>

In all, it appears that the Court has a sufficient fund balance to meet its obligations in the event of an emergency or other economic constraint such as a delay in the enactment of the State Budget. The Court reserved \$196,286 of its fund balance for operating and emergency reserves on its QFS, which is approximately seven percent of TCTF expenditures for Fiscal Year 2009-2010—this level exceeds the minimum operating and emergency fund balance prescribed by the Judicial Council’s Fund Balance Reserve Policy.

However, of the nearly \$3.4 million fund balance, approximately \$867,000 relates to monies held in the County Treasury. The Court should consider moving these monies into the AOC Treasury, if allowable, as discussed in the following section.

#### 3.1 Certain Monies Held in County Treasury Should be Transferred to AOC Treasury

As shown in Table 2 on the following page, the Court holds a large amount of monies in the County Treasury—\$1,518,004.86 as of the end of Fiscal Year 2009-2010. The Court has investigated into whether these monies can be transferred into the AOC Treasury so funds can be utilized to offset expenditures related to the construction and furnishing of the new court facility scheduled to be built. After reviewing appropriate statutes, codes, and law, it was determined that Old Two Percent Automation (Fund 502204), DMV Link Trust (Fund 502209), and Municipal Court Restitution Rebate (Fund 502214) can be transferred into the AOC Treasury. However, it does not appear the “Court Insurance Admin Fee” (Fund 502218) can be transferred to the AOC. Specifically, according to Penal Code 1463.22(a), moneys deposited with the County Treasurer pursuant to Section 1463...shall be deposited by the County Treasurer.” In conjunction with negotiating a new MOU with the County, we recommend the Court transfer the eligible monies to the AOC Treasury.

Table 2. Court's Funds Held with the County as of June 30, 2010

County Fund #	Fund Name	Interest Received by?	Amount Held with County?	Can be transferred to AOC?
502204	Old Two Percent Automation GC68090.8	Court	\$ 194,621.75	Yes
502209	DMV Link Trust VC 40508.6	County	\$ 543,525.75	Yes
502214	Municipal Court Restitution Rebate GC13963f	County	\$ 85,701.38	Yes
502218	Court Insurance Admin Fee PC1463.22a	Court	\$ 42,999.17	No
450100	Cash held with County (payroll/jury)	Court	\$ 425,000.00	N/A
502201	Trust Cash with County	County	\$ 226,156.81	N/A
		<b>TOTAL:</b>	<b>\$ 1,518,004.86</b>	

Additionally, the \$425,000 cash account is held with the County because the Court's payroll and jury checks are processed through the County Auditor. However, the Court is considering transitioning off of the County's payroll system and using a payroll vendor, such as Automatic Data Processing (ADP), to handle its payroll needs—a transition that will require close assistance from AOC's Trial Court Administrative Services Division. In order to ensure a smooth transition to a separate payroll system, we strongly recommend the Court work with the AOC's TCAS payroll team who can help the Court better prepare. We also recommend the Court process its jury payments through the AOC rather than the County, which it has already begun investigating. As the Court moves away from the County for its payroll and jury payment needs, the \$425,000 should also be transferred to the AOC Treasury. Since Phoenix-FI is not currently equipped to handle detailed trust activity, there is not a critical need for trust monies to be transferred to the AOC Treasury at this time.

Furthermore, as indicated in Table 2, the Court is not receiving interest on Funds 502209 and 502214. According to the Court, the County's reasoning behind this is that the related statutes do not require the money to be deposited into an interest-bearing account. Related to the Court's current request to the County for interest, the County responded by asking the Court to provide the applicable law under which interest is to be properly given to them for the funds. The Court is investigating other statutes that would indicate that interest earned on its monies should go to the Court. However, once these monies are transferred to the AOC Treasury, the Court will begin receiving interest.

**Recommendations**

To ensure it fulfills its fiduciary responsibility over court monies, the Court should:

2. Transfer eligible monies from the County Treasury to the AOC Treasury including monies related to old two percent automation, DMV link trust, and municipal court restitution rebate.

3. Seek assistance from the AOC's Trial Court Administrative Services payroll team in transitioning payroll from the County to an external vendor.
4. Process jury payments through the AOC rather than the County.
5. Transfer payroll and jury related monies from the County Treasury to the AOC Treasury when services have been transitioned from the County.

### **Superior Court Response**

2. The Court agrees with this recommendation, and has always intended to transfer eligible monies from the County Treasury to AOC Treasury after the updated County/Court MOU was adopted, signed, and fully executed.
3. The Court agrees with this recommendation.

The Court has been working with the County to update the expired and outdated Memorandum of Understanding that presently exists between the Court and County. The Court's new Court Executive Officer, Tammy L. Grimm, began negotiations with the County Administrative Officer, Kevin Carunchio, in April 2010. The Memorandum of Understanding has been a work in progress, resulting in numerous meetings and negotiations. The Memorandum of Understanding is set to be finalized and adopted by the County of Inyo's Board of Supervisors on July 5, 2011.

4. The Court agrees with this recommendation.
5. The Court agrees with this recommendation.

(Refer to the Court's detailed response with corrective action plans and timelines in Appendix D of this report.)

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#### **4. Accounting Principles and Practices**

Since migrating onto the Phoenix-FI system in 2006, the Court has received general ledger accounting, analysis, and reporting support services from the TCAS. Some of the benefits of using Phoenix-FI are consistent application of FIN Manual accounting guidelines and the ability to produce quarterly and annual financial reports directly from the system. Moreover, to ensure trial courts accurately account for the use of public funds in its fiscal records, the FIN Manual specifies various guidelines and requirements related to accounting principles and practices in areas we reviewed such as recording revenues, expenditures, and accruals associated with court operations.

Overall, the Inyo County Superior Court had adequate processes in place to record and report financial activity including accruals and grants. For instance, our testing of a sample of revenue and expenditure accruals for Fiscal Year 2009-2010 revealed that the revenues and expenditures were recorded in the proper period and accrued as required by FIN Manual 5.02. Inyo County Superior Court utilizes a modified accrual basis accounting method and accrues significant revenue and expenses at fiscal year-end, related to applicable direct invoices, grant reimbursements, and MOU expenditures or revenues. By accurately and efficiently processing accruals at year-end, the Court ensures its financial records accurately represent fiscal activities in the correct fiscal year. As such, we have no identifiable issues to report.

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## 5. Cash Collections

On average, the Court collects approximately \$326,500 monthly in fee and fine amounts and processes 14,800 case filings annually. The Court handles all case types including criminal, traffic, civil, appeals, family law, small claims, unlawful detainers, and probate cases through its two locations where payments are accepted: Bishop and Independence. To process its collections, the Court utilizes JALAN as its case management system (CMS) which has a built-in cashiering component.

FIN Manual 10.02 establishes uniform guidelines for trial court employees to use in receiving and accounting for payments from the public in the form of fees, fines, forfeitures, restitutions, penalties, and assessments resulting from court orders. Additionally, FIN Manual 10.01 provides uniform guidelines regarding the collection, processing, and reporting of these amounts. Trial courts are required to implement procedures and internal controls that assure safe and secure collection, and accurate accounting of all payments. As a result, we reviewed the Court's compliance with these sections of the FIN Manual, including processes such as:

- Bank deposit preparation;
- Segregation of cash handling duties;
- Accounting for safe access, keys, and security over other court assets;
- Physical and logical access security of cashiering areas and systems; and,
- End-of-day closeout and reconciliation.

Overall, we found the Court employed some good controls over cash handling, such as endorsing checks immediately upon receipt and investigating daily collection discrepancies before final close. However, the final close out does not occur until the following day which is not in compliance with FIN Manual requirements. We also found other instances where controls over cash handling practices and procedures must be strengthened, including requiring clerks to maintain separate cash drawers, ensuring change funds are properly verified, restricting department safe access, processing mail collections in a timely fashion, and heightening oversight over manual receipt books.

### 5.1 Collections and CMS Daily Balancing Require Immediate Attention

FIN Manual 10.02 §6.3.10 states "At the end of each workday, all cashiers must balance their own cash drawer or register. Cashiers may not leave the premises nor transact new business until daily balancing and closeout are complete." However, daily collections are balanced collectively by the Bishop department and not until the following morning. The Bishop clerk balancing the collections for all locations relies on cash counts from the two departments in Independence via JALAN message rather than actually counting the collections in person. As a result, problems may arise later if the actual amount deposited into the Treasury differs from the amount communicated to the Bishop clerk, which may not be discovered until the month-end reconciliation and thus reduce the Administrative Analyst's ability to resolve the discrepancy as well as management's ability to identify and recognize irregular or illegal activity.

One reason that clerks do not balance individually as required by the FIN Manual is because clerks in each department share cash drawers and cash payments are not maintained separately by the accepting clerk, as was also indentified in the 2006 audit. FIN Manual 10.02, §6.3.3 requires that the Court “assign each trial court employee who processes payments his or her own locking cash drawer so that he or she has exclusive access to and custody of his or her respective cash on hand. Cash drawers must not be shared by trial court employees.” Additionally, the Court also asserts that each clerk is not able to balance individually because daily reports by clerk cannot be generated from JALAN; however, other court audits have revealed that JALAN does have the programming capability to produce such reports.

The Court should consider implementing separate cash drawers or bags for each clerk as well as establishing a small change fund for each clerk responsible for accepting payments. In conjunction, the Court should work with the CMS vendor to implement a new daily collections report that can be generated by each clerk. Once these new processes have been established, clerks should balance daily collections to the individual daily reports at the end of each day. Thus, if a discrepancy occurs, it can be immediately researched and adjustments would not affect the next day’s balancing. Collections and change funds should then be turned over to the Court Operations Manager to verify totals. The daily reports should be initialed and dated by both the clerks and Court Operations Manager. Once all clerks have balanced at the end of the day and collections are reviewed and turned over to the Court Operations Manager, the daily reports and monies should be stored in the locked cabinet/safe overnight. The Court can continue its overall balancing and deposit process that occurs the following day; however, the Court should consider having the Court Operations Manager perform this function instead. Once all collections are confirmed in the morning, the Independence location can make its deposit as currently performed.

## **5.2 Change Funds Require Proper Verification**

The Bishop location has one counter that accepts payments with one cash register drawer that holds \$50 in change funds which are used to make change for customers who pay with cash. Independence has two departments that accept payments—each with \$50 in change funds. Each clerk does not have separate change funds; rather, the cash drawers with the change funds are shared between employees. At the end of each day, a Courtroom Clerk in each department counts and separates the \$50 in change funds from the day’s collections. The following morning, she recounts the \$50 and puts the change funds back into the till drawer. However, these processes are not observed by a supervisor. FIN Manual 10.02 §6.3.2 requires cashiers to verify change funds in front of a supervisor at the beginning and end of the day. As discussed in Section 5.1 of this report, while the ideal situation would be for each clerk to maintain separate change funds that are verified each day, at a minimum the Court would benefit from ensuring the three departmental change funds are counted in the presence of the Court Operations Manager, or another employee if she is not available, at both the beginning and end of each day. To document this control, the Court should create a Change Funds Log that is signed and dated by both the clerk and Court Operations Manager to indicate that change funds were counted and verified in both the morning and afternoon.



### **5.3 Access to Department Safe Should be Restricted**

As noted as an issue in the Court's 2006 audit report, all clerks have access to the combination safe at the Bishop courthouse which holds collections overnight. FIN Manual 10.02, §6.1.1 states that "the combination will be distributed to as few persons as possible consistent with operating requirements and the value of the cash or documents safeguarded." Thus, access to the safe should be limited to only a couple employees including the Court Operations Manager who we also recommended should be responsible for day-end balancing as well as the CEO.

### **5.4 Mail Collections Should be Processed More Timely**

FIN Manual 10.02 §6.4 states "Checks and money orders received through the mail should be processed (i.e., including restrictedly endorsed, entered into the Court's receipting system and deposited to the appropriate bank account) on the day they are received." During our visits to the Bishop courthouse, we observed a backlog of mail payments of about one week. Furthermore, the mail payments were not securely stored in a locked drawer or safe; rather, they were kept in an open bin on a back counter. After informing management of this issue, corrective action was put into place and unprocessed collections are now stored in a locked cabinet overnight. However, the Court should ensure mail payments are processed more timely.

### **5.5 Manual Receipt Books Require Additional Oversight**

Each of the three departments responsible for collecting payments maintains its own manual receipt book—generally used when JALAN is unavailable. While the Court uses and maintains manual receipt books with sequential numbering, they were not stored in a secure location. Though FIN Manual 10.02 §6.3.9 requires receipt books to be maintained and issued out by a supervisor or designated employee and issuance of receipt books to be tracked on a log, court staff does not believe this is reasonable for them since clerks may be alone at the counter when a manual receipt needs to be issued. Nevertheless, the Court should consider limiting access to the manual receipt books.

Additionally, after clerks process the manual receipts through JALAN, they are supposed to write the case number and receipt number on the manual receipt copies. However, we found that the JALAN receipt number was not always written on the manual receipt copy. Furthermore, the Court does not periodically review the manual receipt books to ensure all receipts were appropriately entered into the JALAN and no receipts are missing. When coupled with JALAN system users' ability to collect payments and reduce fine amounts in the system, there is an increased risk that an employee could receive a payment, reduce the fine amount in the CMS, issue a manual receipt, and pocket the payment without management's knowledge. As such, the Court should develop and implement a periodic review process of manual receipt books. This process would better enable the Court to ensure receipts were accounted for and appropriately entered into JALAN. To aid in the process, the Court must ensure that clerks are entering the JALAN receipt numbers on the manual receipt copies.

## Recommendations

To tighten controls surrounding cash collections and to protect the Court's assets, the Court should:

6. Implement separate cash drawers or bags for each clerk and establish a small change fund for each clerk responsible for accepting payments.
7. Work with the CMS vendor to implement a new daily collections report that can be generated by each clerk.
8. Require clerks to balance daily collections to the individual daily JALAN reports at the end of each day and turn over collections and change funds to the Court Operations Manager to verify totals. Daily reports should be initialed and dated by both the clerks and Court Operations Manager.
9. Ensure the three departmental change funds are counted in the presence of the Court Operations Manager at each location at both the beginning and end of each day.
10. Create a Change Funds Log that is signed and dated by both the clerk and Court Operations Manager to indicate that change funds were counted and verified in both the morning and afternoon.
11. Limit access to the department safes to as few persons as possible such as the Court Operations Manager and CEO.
12. Ensure mail payments are processed in a more timely fashion, preferably same day.
13. Consider limiting access to the manual receipt books to a select couple of staff members and tracking receipt book issuance in a log.
14. Periodically review manual receipt books to ensure receipts are accounted for and appropriately entered into the CMS. To aid in the process, the Court must ensure that clerks are entering the JALAN receipt numbers on the manual receipt copies.

## Superior Court Response

6. The Court disagrees with this recommendation.

Mitigating factors in implementing this recommendation include:

The Superior Court of California, County of Inyo is a small, two-judge court with clerks who must perform a variety of tasks each day. Unlike larger and mid-size courts, the Clerks in our Court are accountable for everything from clerking in the Courtroom, providing effective and correct minutes, helping court customers at the Counter, answering traffic lines and emails, and taking and posting payments. The Court is too small to have a stable Counter Clerk position or one dedicated desk for payments/cash handling.

7. The Court disagrees with this recommendation.

Mitigating factors in implementing this recommendation include:

The issues and reasons cited in Recommendation #6, above, directly correlate to Recommendation #7. The Court disagrees that Court Clerks should have separate cash drawers and/or boxes; as a result, a daily collections report generated by each clerk is unnecessary and is an ineffective use of time and court resources, as the Court's JALAN Case Management System would have to be reprogrammed, costing money that the Court does not have in a budget crisis.

8. The Court disagrees with this recommendation.

Mitigating factors in implementing this recommendation include:

The issues and reasons cited in Recommendation #6, above, directly correlate to Recommendation #8. The Court disagrees that Court Clerks should have separate cash drawers and/or boxes; as a result, it is unnecessary and it is an ineffective use of time and court resources to require Clerks to balance daily collections to individual daily JALAN reports, as the Court's JALAN Case Management System would have to be reprogrammed, costing money that the Court does not have in a budget crisis. Further, Managers are overextended and do not have time to review and accept change funds from fifteen employees. None of our Departments have adequate space for locking up this number of change boxes/bags.

9. The Court agrees with this recommendation.
10. The Court agrees with this recommendation.
11. The Court agrees with this recommendation, and places safeguarding of cash, valuables, and safe contents as its highest priority and responsibility.
12. The Court agrees with this recommendation, in that the recommendation is a best practice and when followed ensures timely processing of payments, increased security, and prompt customer service. While there are times when workload volume is high, and staffing limitations make processing of every payment on the day received problematic, Court staff shall prioritize their tasks to ensure payments are indeed processed on the day they are received.
13. The Court agrees with this recommendation.
14. The Court agrees with this recommendation.

(Refer to the Court's detailed response with corrective action plans and timelines in Appendix D of this report.)

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## 6. Information Systems

The Court utilizes a variety of information technology (IT) systems to serve its needs, including JALAN (case management system), Jury Plus (jury system), and Phoenix-FI (fiscal system). Additionally, the Court also operates its own technology department with one IT Manager responsible for overseeing all the Court's information technology needs, including network administration, access and security, anti-virus support, and system backup. During Fiscal Year 2009-2010, the Court spent approximately \$60,000 on technology related expenses, as detailed in Table H in Appendix B.

As part of our audit, we analyzed various automated controls and processes as well as limited system programming, including:

- Systems backup and data storage procedures;
- Continuity and recovery procedures in case of natural disasters and other disruptions to court operations;
- Logical access controls over user accounts and passwords;
- Physical security controls over access to computer server rooms and the physical conditions of the server rooms;
- Controls over court staff access to the Department of Motor Vehicles (DMV) system; and,
- Calculation and distribution of fees, fines, penalties, and assessments for a sample of criminal and traffic convictions.

While several controls were in place over the Court's systems including unique login and password profiles, adequate physical security over system equipment, and effective system backup procedures, our audit also revealed issues related to the Court's disaster recovery, automated system access, and distribution of fine revenue.

### 6.1 Court Does Not Have a Disaster Recovery Plan

The Court has appropriate system backup and data storage procedures in place including backing-up each of its servers on a weekly basis and storing the tapes at an off-site storage facility. However, the Court does not have a written disaster recovery plan in place. The County of Inyo also does not have a disaster recovery policy or plan in effect, but they have recently begun developing one and will share it with the Court once complete. Additionally, according to the CEO, the Court's IT Manager participated in the creating the Inyo County's local continuity of operations plan (COOP). Nonetheless, without the Court having a formal disaster recovery plan in place, it cannot ensure it will be prepared for recovery or continuation of technology infrastructure critical to an organization after a natural or human-induced disaster.

The CEO plans to make the creation of a formal disaster recovery plan a priority for the IT Manager and will ensure he works with court administration in preparing and implementing disaster recovery guidelines in the immediate future.

## Recommendation

To ensure preparedness for recovery or continuation of technology infrastructure after a disaster, the Court should:

15. Develop and implement a formal disaster recovery plan that includes planning for resumption of applications, data, hardware, communications, and other IT infrastructure.

## Superior Court Response

15. The Court agrees with this recommendation.

Mitigating factors in implementing this recommendation include:

The Superior Court of California, County of Inyo has an Information Technology Manager- Jeff Roberts- who is responsible for all technology, infrastructure, and electronics for all Court employees, judicial officers, and administrators county-wide. Mr. Roberts does not have an assistant at this point in time and must prioritize his tasks based on necessity and urgency. Mr. Roberts has commenced development of a disaster recovery plan for the Court; it is in draft form and is often having to be placed to the side so that he can tend to urgent daily technological matters that effect efficient and timely operations of the Court.

(Refer to the Court's detailed response with corrective action plans and timelines in Appendix D of this report.)

## 6.2 Monitoring of Activity Associated with the Court's Automated Systems Requires Improvement

Our review revealed that the Court could improve its monitoring practices related to activity within the Court's case management system (CMS) as well as the State of California's Department of Motor Vehicle (DMV) database system.

### *Voids*

In the JALAN system, a voided transaction is called a "reversal." While reversals may not occur frequently, our audit revealed that cashiers were able to reverse their own transactions without prior approval from a supervisor or operations manager and a documented review process was not in place. Additionally, the Administrative Analyst who is responsible for performing voids also conducts the month-end CMS reconciliation. Without a proper and timely review, inappropriately reversed transactions can go completely undetected. Further, if reversals are reviewed days or weeks later, cashiers can easily justify the need as a correction to a data entry mistake even in instances when that may have not been the case and validating or returning the claim would be difficult. The Court should implement a reversal review process as a mitigating control and reduce the risk of inappropriate activity.

Additionally, clerks have the option to record the reason for the reversal in JALAN though this is not formalized in a policy. However, reversal receipts are maintained and each is printed with

the reverser's initials. Implementing a void and reversal policy would help the Court to ensure consistency in how these are processed.

#### *Fine and Fee Reductions and Waivers*

Several weaknesses in the Court's cashiering practices allow opportunities for cashiers to collect monies from court customers while inappropriately modifying JALAN to reflect different amounts received—potentially concealing a theft. Specifically, cashiers have the ability to reduce fine amounts without approval of a manager as well as process fee waivers without appropriate oversight.

Because of the open access in the CMS, employees with access are able to process cash transactions and modify the CMS to reflect fee and fine reductions without supervisory approval—a practice commonly needed by clerks to expeditiously process court-ordered reduced fines and fees. While any fee and fine reduction should be supported by an underlying judicial order granting the reduced amounts, we found the Court lacked a review or monitoring process that ensures fees and fines were appropriately reduced or waived. Because clerks can collect cash and modify amounts due, a control weakness exists that could allow an employee to steal court funds and modify case information to show no monies due. Though JALAN system limitations prevent the Court from generating an exception report that would summarize fees and fines reduced, the Administrative Analyst compares the Judge's order to the CMS before inputting a criminal case into the accounts receivable module of JALAN. While this review acts as one mitigating control to minimize the risks associated with the ability to change fee and fine amounts for criminal cases, it does not extend to traffic cases in which fines could be suspended. Therefore, it would benefit the Court to develop a routine review process whereby a sample of cases for each clerk is selected to ensure that the fees and fines paid appear appropriate for the case charges.

Additionally, litigants are given the option to petition the Court to waive fees in a civil proceeding via a fee waiver. Fee waivers can be approved by either a Judge or a Court Operations Manager. Once a fee waiver is approved or "signed off," the clerk inputs the data into the CMS. Having access to modify the fee in the CMS, the potential exists whereby a clerk could collect a fee, inappropriately grant a fee waiver in the system, and pocket the monies. Because the Court has not implemented any processes to review the appropriateness of fee waivers input into JALAN, the theft would go undetected. To mitigate this risk, the Court should routinely generate a fee waiver report from JALAN showing cases processed with a fee waiver and select a sample for review. The selected fee waivers should be compared against the fee waiver orders to determine if a fee waiver was actually granted for that particular filing. Similar to the other reviews, this should be performed by an employee not involved in collecting monies.

While we did not identify instances of theft or wrongdoing on the part of court clerks or cashiers, current court protocols unnecessarily increase the risk of theft or that fraudulent activities will occur. To mitigate these risks with the least impact to court resources, we recommend that the Court initiate independent reviews of case processing and cash collections that would increase its

ability to detect potential wrongdoing and provide a potential deterrent as staff would be aware their activities are monitored.

### *Case Data*

As noted in the previous audit conducted in 2006, the Court does not have controls in place to prevent cashiers from making changes to non-monetary case data and activity within the CMS. Specifically, a cashier could change or delete case information and payment records. While the Court has a process to place case activity in a holding queue prior to being expunged, there are no controls over the review of this process. The current process automatically deletes cases placed in the holding queue over the weekend without the review of a separate party ensuring the legitimacy of the deletion before it occurs. Although the Court is not actively deleting cases regularly, with the system set up to automatically delete cases in the queue, cases could be deleted without the knowledge of management if the review process is overlooked. Thus, the Court should remove the automatic deletion setting and require a review signature on the report of records marked for deletion prior to running the deletion. This would allow the Court more control over the deleted cases, while also reducing the chance that a case was deleted in error. Further, because operational managers also receipt payments, they should not perform the reviews of deleted cases that they potentially could have placed into the queue.

### *DMV*

When processing criminal and traffic violations, court clerks are required to access the DMV system for viewing or verifying various case-related information including the number of prior violations and defendant information (name, address, etc.). We reviewed a list of current DMV users to verify whether staff assigned with access to the DMV makes sense from a business/operational perspective. We found that all court employees in addition to the Judges have access to the DMV, each with a separate user ID. Due to the sensitive and confidential nature of data contained in the DMV database, the Court should reconsider whether all employees need access to the DMV especially employees such as the Calendar Coordinator or Judicial Assistant since their job responsibilities likely do not require access to DMV. Further exacerbating this issue is the fact DMV activity reports are not generated or reviewed to ensure usage is appropriate. The Court recently learned how to run reports that would allow them to monitor DMV activity. In order to ensure protection of confidential information and prevent unauthorized changes to DMV records, this report should be reviewed on a monthly basis by a staff member without access to the DMV such as the CEO or ACEO.

### **Recommendations**

In order to reduce the risk of inappropriate or unauthorized activity in court automated systems, the Court should:

16. Implement a process whereby reversals are reviewed on a regular basis (e.g. monthly) by an employee not involved in processing payments or reversals in the CMS such as the CEO or ACEO.



17. Create a reversal policy which requires reversals to be performed by the Administrative Analyst, the reason for the reversal to be input into JALAN, and reversal receipts to be retained with the daily collection reports.
18. Develop a routine review process whereby a sample of cases for each clerk is selected to ensure that the fees and fines paid appear appropriate for the case charges.
19. Establish a review process of fee waivers by generating a JALAN report of all fee waivers for a particular period of time (e.g. month) and selecting a sample of fee waivers to verify that waived fees are supported by approved fee waiver applications and orders.
20. Remove the automatic deletion setting in JALAN and require a review signature on the report of records marked for deletion prior to running the deletion.
21. Reevaluate court employee access to the DMV system ensuring access makes sense from a business/operational perspective. Deactivate access for those employees not having a business-critical need to the system.
22. Perform periodic reviews of DMV activity reports to ensure protection of confidential information and prevent unauthorized changes to DMV records.

### **Superior Court Response**

16. The Court agrees with this recommendation.
17. The Court partially agrees with this recommendation. The Court firmly deems a reversal policy to be necessary and essential for competent court fiscal operations; however, the Court disagrees that reversals should be performed by the Administrative Analyst. Given the small nature of our Court, where Clerks handle a myriad of court functions, the Inyo Court's stand on reversals would be that they be performed by a clerk that was not the original clerk who processed the payment or transactions.
18. The Court agrees with this recommendation.
19. The Court agrees with this recommendation.
20. The Court partially agrees with this recommendation. The Court understands the ramifications that can exist with data deletions and continues to safeguard all information, utilizing the deletion option with the utmost care. The JALAN program requires an outside HTE programmer to make changes to the program, which can be cost and time prohibitive.
21. The Court agrees with this recommendation, but changes to current practices are profoundly based on the assistance of DMV in providing the Court Executive Officer, Tammy L. Grimm, an updated roster of whom in the Superior Court of California, County of Inyo has privileges to open DMV at present. It is possible that retirees and other employees who have left the employ of the Court in the past years may still be operational and active on the DMV database.
22. The Court agrees with the recommendation, and takes paramount care to ensure that DMV access by employees is necessary, legitimate, and confidential.

(Refer to the Court's detailed response with corrective action plans and timelines in Appendix D of this report.)

### **6.3 Certain Fine Assessments and Distribution Calculations Were Incorrect**

To automatically calculate and distribute fees and fines based on the Court's interpretations of applicable laws and the State Controller's *Manual of Accounting and Audit Guidelines for Trial Courts – Appendix C*, the Court relies on codes programmed into its JALAN case management system. When legislation changes or modifications are needed, the Administrative Analyst is responsible for making adjustments to the system's assessment and distribution formulas. Specifically, she is required to review legislative changes to determine what changes need to be made to the system tables. However, the Court does not verify changes in a test environment before the changes become part of the production environment in the CMS. While the Administrative Analyst is able to run a report from its query reporting system to ensure changes are applied to all applicable financial code tables in JALAN, there is not a second level review of changes prior to the changes becoming part of the production environment which may result in erroneous distributions. The Court should consider utilizing JALAN's test environment or requiring a secondary review of changes before they are implemented.

During our audit, we selected several different violation types for review as follows:

1. Reckless Driving pursuant to Vehicle Code 23103.5
2. Public Intoxication pursuant to Penal Code 647(f)
3. Possession of less than 1.0 oz of Marijuana pursuant to Health and Safety Code 11357(b)
4. Fishing with Unlawful License pursuant to Fish and Game Code 1052(b)
5. Child Seat Restraint pursuant to Vehicle Code 27360.5(a)
6. Speeding pursuant to Vehicle Code 22349(a)
7. Traffic School disposition for violation of Speeding pursuant to Vehicle Code 22349(b)
8. Traffic School disposition for violation of Red Light pursuant to Vehicle Code 21453(a)

Our review revealed some fine calculations were incorrectly assessed and distributed. Specifically, we identified distribution errors such as inaccurate distribution tables or missing assessments that were not manually input into the system as discussed below:

- **Some Distributions in CMS Are Incorrect Due to System Limitations**

The Court's case management system—JALAN—has various “financial codes” that are used for the distribution of bail depending on the violation type. Financial code tables can be set-up to distribute bail in one of two ways: 1) by percentages or 2) by flat amounts. According to the Court, JALAN cannot program each violation type with a different financial code as this would take considerable and continuous effort and time—thus, a single financial code may be applied to multiple violation types. For example, financial code “FG3” (which uses percentages) is applied to multiple fish and game violations, including all violations pursuant to F&G 1052(b). For each financial code, the total bail assessed (base fine plus penalties and assessments) is distributed to mandatory

“buckets” based on percentages programmed in JALAN. To determine the appropriate percentage to apply to each bucket, the Court manually calculates a “sample” distribution using a \$74 base fine; however, in practice, base fine amounts vary by violation type. As actual base fine amounts vary from the “sample” \$74 base amount used, the percentages to be applied to each bucket must change. As a result, the amounts distributed to each bucket are incorrect—the difference between the expected result and amount distributed increases as the actual base fine amount further deviates from the sample \$74 base fine. These differences impact the distribution of multiple buckets—thus, affecting distributions to funds at the state and local level.

For two of the eight cases tested, we found that distributions were based on percentages and, thus resulted in incorrect distributions—with individual differences between expected results and actual system results ranging from \$0.01 to \$3.34 per bucket. Specifically, the fish and game violation and the traffic school violation each had distributions that were incorrect since the percentages programmed in the system were based on a \$74 base where as the actual base fine amounts were \$185 and \$35 respectively. While this issue appears to be the result of a system limitation in JALAN, the Court should review the financial codes in the system to ensure the test base fine amount used in calculating percentages is best aligned with actual base fine amounts for applicable violations. This should help reduce the number of discrepancies in the distributions.

- **CMS Programming for Red Light Traffic School Distribution is Incorrect**

As discussed in the previous issue, the Court distributes monies using financial codes that are programmed based on percentages or flat amounts. Our testing of a Red Light Traffic School violation found that the Court did not accurately distribute monies for some of the fees, fines, and assessments. The financial code used for this violation type is programmed based on flat amounts using a \$100 base fine amount. However, we found that the Court is incorrectly deducting two percent from the Emergency Medical Services per GC 76104 and GC 76000.5 and State Courthouse Construction per GC 70372(a) buckets. According to statute, these amounts should be distributed in whole for traffic school violations. We also found that though this was a city arrest, none of the base fine was distributed to the City as required per VC 42007. Finally, the amounts distributed to the Traffic School Fund per VC 42007 and Red Light Traffic School Fund per VC 42007.3 were incorrect—however, we were unable to determine how the programmed amounts were derived. The Court should review the programming for financial codes applied to red light traffic school and traffic school cases to ensure the amounts programmed are accurate and in compliance with applicable statutes, laws, and codes.

- **Administrative Assessment pursuant to VC 40508.6 is Assessed On All Wet Reckless Driving and DUI cases Though It May Not Apply**

Vehicle Code 40508.6 allows a “not to exceed \$10” administrative assessment to be established for 1) the cost of recording and maintaining a record of the defendant’s prior convictions or 2) for all defendants whose driver’s license or automobile registration is

attached or restricted pursuant to VC 40509 or VC 40509.5. For the reckless driving case tested, we found that \$10 was assessed even though the defendant had no priors and did not meet the criteria per VC 40508.6. In fact, our review revealed that the distribution for all reckless driving cases as well as DUI cases is programmed to automatically assess the \$10 administrative assessment. However, this assessment may not be applicable to each case. As a result, defendants are sometimes required to pay \$10 too much.

- **Two Percent for State Automation Fund is Not Deducted from Fish and Game Penalty 12021**

Pursuant to GC 68090.8, two percent is deducted from specific penalty and assessments for the purpose of automating systems. However, we found that the Court does not deduct two percent from the \$15.00 Fish and Game penalty pursuant to F&G 12021. As a result, for the specific case we tested, \$0.30 was over-remitted to the Fish and Game Preservation Fund while \$0.30 was under-remitted to the State Automation Fund. However, the overall impact of this incorrect distribution is greater since the Court does not deduct two percent from the F&G 12021 penalty on any case where it applies.

- **Court Did Not Always Distribute the Correct Fees and Assessments pursuant to GC 70373 and PC 1465.8**

Two of the eight violations tested did not collect or distribute the correct fees and assessments, specifically related to GC 70373 and PC 1465.8. The criminal conviction assessments per GC 70373 (\$30 for misdemeanors/felonies and \$35 for infractions) took effect on all convictions after 1/1/2009. However, the Health and Safety misdemeanor violation tested did not include the \$30 assessment though the conviction date was 2/9/2009. According to the Court, the assessment must be manually added onto the case in JALAN; however, for this violation, the court clerk did not add the required assessment by error.

Additionally, the reckless driving violation tested did not have the correct court security fee assessed per PC1465.8. Specifically, the court security fee increased from \$20 to \$30 for each conviction in July 2009; however, only \$20 was distributed into the court security fee bucket rather than the increased amount of \$30 though the conviction date was 10/6/2009. According to the Court, the Judge ordered a \$20 court security fee and, thus was inputted into JALAN as ordered by the Judge. Although judges have discretion to assess different amounts, courts rely on these monies to fund courthouse security. As such, it is important that the Court ensures judges and staff are knowledgeable of current legislation and are assessing the appropriate amounts.

### **Recommendations:**

To ensure appropriate calculation and distribution of fines, fees and penalty assessments, the Court should:

23. When changes are made to the Court's distribution tables, the Court should ensure the changes are correct and verify the distributions prior to making changes to the production

environment. The Court should work with the AOC to ensure revenue distribution changes are accurate.

24. Ensure the distribution formulas in CMS are correct to address the errors noted above and continue to ensure that all fee/fine revenue distributions comply with relevant laws, regulations, and guidance. If necessary, seek clarification and guidance from the AOC on configuring accurate distributions in the case management system.
25. Review the financial codes in JALAN to ensure the test base fine amount used in calculating percentages is best aligned with actual base fine amounts for applicable violations.

### **Superior Court Response**

23. The Court agrees with this recommendation, and has corrected prior protocols to make certain revenue distribution modifications are accurate.
24. The Court agrees with this recommendation, and has corrected prior issues relating to fee/fine revenue distributions.
25. The Court agrees with this recommendation.

(Refer to the Court's detailed response with corrective action plans and timelines in Appendix D of this report.)

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## 7. Banking and Treasury

Government Code 77009 authorizes the Judicial Council to establish bank accounts for trial courts to deposit trial court operations funds and other funds under the Court’s control. The Inyo County Superior Court has four bank accounts with Bank of America (AOC Treasury) as well as holds monies in the County’s bank account.

*Table 3. Inyo County Superior Court Bank Accounts as of June 30, 2010*

#	Account Number	Purpose	Location	Balance per Bank 6/30/10
1	XXXXXX-21017	Operations	AOC Treasury	\$ 2,148,771.01
2	XXXXXX-21380	Disbursement (clearing)	AOC Treasury	\$ 0.00
3	XXXXXX-21050	Revolving	AOC Treasury	\$ 3,680.59
4	XXXXXX-20883	UCF	AOC Treasury	\$ 10,256.18
5	XXXXXX-13710	County-held monies (trust, payroll, old 2%, DMV link, municipal court restitution rebate, court insurance admin fee)	County Treasury	\$1,518,004.86

While all the Court’s bank accounts were appropriately reported to the AOC on the Schedule C “Annual Report of Trial Court Bank Accounts” pursuant to FIN Manual Section 13.01 §6.6, we found several issues with the Court’s management of its bank accounts and monies within the AOC and Country Treasury such as reconciliations that are not conducted regularly nor reviewed as well as a lack of oversight over the trust account.

### 7.1 Revolving and County-held Monies Should be Formally Reconciled Monthly

As with other courts, the Inyo County Superior Court relies on the TCAS to provide critical financial support and banking services, including monthly bank reconciliations between bank statements and general ledger information from the Phoenix-FI system as well as providing daily cash reports to the Court. However, revolving bank accounts are the responsibility of the Court who must ensure that those accounts are reconciled and appropriate month-and year-end cash balances are accurately recorded in Phoenix-FI. Although the Court informally reconciles its revolving bank account, it is reconciled quarterly rather monthly as required by the FIN Manual. In addition, the reconciliations are not formally documented and reviewed.

Additionally, for its county-held monies, the Court balances IFAS (County fiscal system) to Phoenix-FI on a quarterly basis. However, all court monies should be reviewed and reconciled monthly since monies are deposited and/or expended from the funds regularly. For example, monies are transferred into the DMV Link Trust and Court Insurance Admin Fee funds monthly through the distribution while checks are cut from the payroll/jury cash fund twice a month. Funds held within the County Treasury should be reconciled on a monthly basis to ensure the amounts recorded in IFAS are correct, which will allow the Court to maintain better control of its trial court monies.

## Recommendations

To ensure the Court is operating in a strong fiscal control environment related to its bank account and treasury activities, the Court should:

26. Reconcile its revolving bank account a monthly basis in a formalized fashion and require the reconciliation to be reviewed and approved by the CEO or ACEO as well as contain preparer and reviewer signatures/initials and dates.
27. Review and reconcile county-held monies on a monthly basis, especially monies within the DMV Link Trust fund, Court Insurance Admin Fee fund, and payroll/jury cash fund.

## Superior Court Response

26. The Court agrees with this recommendation.
27. The Court agrees with this recommendation, and has corrected the prior manner that county-held monies were reviewed and reconciled to ensure that the Court is in proper observance of recognized best practices for Accounting and within the guidance of the FIN Manual.

(Refer to the Court's detailed response with corrective action plans and timelines in Appendix D of this report.)

## 7.2 Segregation of Duties and Oversight Related to the Trust Account Needs Improvement

While the Court's trust account is reconciled monthly, related responsibilities are not sufficiently segregated. Specifically, the Administrative Analyst has the responsibility over the following trust activities:

- |                            |   |
|----------------------------|---|
| ✓ Reconciles trust account | ✓ Processes trust refund disbursements    |
| ✓ Reverses trust in CMS    | ✓ Performs escheatment of old trust funds |

Trust fund disbursements are processed according to the type of case being adjudicated. The authority to disburse funds, however, must be detailed in a court order by the Judge. The Administrative Analyst processes the refunds and sends them to the County for issuance without review or approval by the CEO. The Administrative Analyst is also responsible for updating the cases in JALAN to reflect that the bail was refunded and remove the monies from trust. Because the Administrative Analyst has complete access to the CMS and there is no oversight over these trust activities, it increases the Court's risk of loss or theft. Heightening this risk is the fact that the trust reconciliations performed by the Administrative Analyst do not receive secondary review. Therefore, a review of trust refunds before they are submitted to the County is critical in ensuring appropriate oversight is place in addition to a secondary review of trust reconciliations.

## Recommendations

To ensure appropriate oversight and segregation of duties related to its trust account, the Court should:



28. Require the CEO or ACEO to review and approve the accounts payable batch of trust refunds/forfeitures before it is sent to the County.
29. Establish a secondary review process of the monthly trust reconciliations whereby they are reviewed and approved by the CEO or ACEO well as contain preparer and reviewer signatures.

### **Superior Court Response**

28. The Court agrees with this recommendation, and recognizes the worth in overlooking and endorsing the Accounts Payable batch of trust funds/forfeitures before it is sent to the County.
29. The Court agrees with this recommendation, and the Court Executive Officer Tammy L. Grimm welcomes this recommendation so that she may review monthly trust reconciliations, thereby being in compliance with FIN Manual recommendations, sound principles of accounting, and guaranteeing that appropriate oversight and segregation of duties exists within the Superior Court of California, County of Inyo.

(Refer to the Court's detailed response with corrective action plans and timelines in Appendix D of this report.)

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## 8. Court Security

The Inyo County Sheriff's Office provides the Court with security services at its Bishop and Independence courthouses such as bailiff services when the Court is in session and for inmate transportation. The Court also contracts with TransWest Security to provide at least two, full-time personnel who staff the screening station at the Bishop location. As shown in Table J in Appendix B, the Court spent nearly \$254,700 on security related expenditures during Fiscal Year 2009-2010.

Due to building limitations, the Court faces many challenges in providing a secure environment for Judges, staff, and the public. However, the Court is aware of its need to improve the security of its courthouses and continues to work with the AOC and the County to remedy outstanding security issues. To assist the Court, the AOC's Office of Emergency Response and Security completed a security review in June 2009 of the Bishop and Independence facilities.

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## 9. Procurement

Since the Inyo County Superior Court's migration to the Phoenix-FI system in October 2006, the Court has undergone numerous changes related to its procurement and payables processes. Most notable among these, TCAS has assumed a significant role in the Court's procurement activities. For example, TCAS is responsible for setting-up electronic requisitions and purchase orders in Phoenix-FI as well as cutting checks for the Court's expenditures. Thus, the Court no longer has any reliance on the County for its procurement activities.

The intent behind the FIN Manual provisions related to procurement is to ensure and document that court practices are fair, reasonable, transparent, and provide for the economical use of public funds. To meet that purpose, a standard procurement process begins with the submittal of a purchase requisition that is formally approved after ensuring funds are available, continues through steps to obtain bids or proposals from which one vendor is selected that offers the best value, and concludes with the receipt of requested goods or services prior to payment. Each element of the process is critical in its function to help ensure procurement activities are conducted in a manner that is impartial and above reproach. Overall, we found the Court generally employed good controls over its procurement process including appropriate segregation of duties and also complied with certain FIN Manual requirements. However, we did find a lack of consistent receipt of goods and services which is discussed in Section 11 of this report. We have no other identifiable issues to report in this section.

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## 10. Contracts

The Inyo County Superior Court currently has seven contracts in place for goods and services from external vendors related to areas such as small claims advisor and family law services, security, and court reporter services. We tested the seven contracts and found they contained the appropriate elements detailing cost, schedule, terms and conditions, and scope, as well as were approved by the Court Executive Officer. The Court also has two memorandums of understanding (MOU) with the County—one is for general services provided between the Court and County and the other is specific to collection services provided by the Court. However, similar to the issues noted in the Court’s 2006 audit report, we found that the general MOU between the Court and County is still outdated and expired—although the Court has been diligently attempting to reach an agreement with the County and a new MOU is expected to be in place by the end of the fiscal year.

### 10.1 MOU for General Services between Court and County is Outdated and Has Expired

The Court relies on the County for a variety of services including payroll, personnel, janitorial, postage, and bailiff services. In Fiscal Year 2009-2010, the Court spent approximately \$417,000 on County-provided services as shown in Table 4. Additionally, the Court also provides services to the County. Specifically, the Court is responsible for managing the collection program on behalf of the County as well as providing administrative support for the Inyo County grand jury. In Fiscal Year 2009-2010, the Court was reimbursed \$73,089.86 from the County.

Table 4. County Provided Services

County Department	Services	Fiscal Year 2009-10 Costs
County Administrator’s Office	Dependency counsel	\$ 88,829.48
Public Defender	Dependency counsel	\$ 21,987.49
Auditor	Payroll	\$ 14,400.00
Probation	Adoption investigations	\$ 2,406.74
Information Systems (IS)	Phones and postage	\$ 15,960.77
Personnel	Human resources/benefits	\$ 10,000.00
Public Works	Janitorial/maintenance	\$ 20,118.96
Sheriff	Bailiff and security	\$ 240,961.80
Purchasing	Supplies	\$ 1,827.17
Waste Management	Shredding	\$ 775.00
	<b>TOTAL</b>	<b>\$ 417,267.41</b>

While these services are formalized in a MOU, it is has not been updated since 2004 and is no longer effective. Specifically, the MOU currently in place between the Court and County for general services was signed in June 2004 and allowed for a one year extension; thus, the MOU has been expired for at least six years. When the current CEO joined the Court in May 2010, she immediately began working with the County Administrative Officer (CAO) to begin negotiations

to create a new MOU. As of the end of April 2011, these negotiations continue, but the CEO and CAO plan to have a new MOU in place at the end of the fiscal year—June 30, 2011. We strongly recommend that the Court continue in its efforts to establish a new MOU with the County. FIN Manual 7.02, §6.5 states that “GC 77212 requires the trial court to enter into a contract with the County to define the services the Court desires to receive from the County and the services the County agrees to provide to the Court.” Establishing a current MOU stipulating agreed-upon services and rates will better help the Court ensure it is being billed appropriately.

### **Recommendations**

To ensure court contracting practices are compliant with AOC FIN Manual 7.01 and protect the Court’s interests, the Court should:

30. Continue working with the County CAO to draft and implement an updated MOU between the Court and County for general services provided, including clearly delineating terms and conditions as well as reimbursement terms.
31. On an annual basis, reevaluate and update MOUs for all services provided between the Court and County.

### **Superior Court Response**

30. The Court agrees with this recommendation.
31. The Court agrees with this recommendation.

(Refer to the Court’s detailed response with corrective action plans and timelines in Appendix D of this report.)



## **11. Accounts Payable**

During Fiscal Year 2009-2010, the Court expended nearly \$3 million on court operational activities. Next to salary and benefit costs, the Court's largest operating expense category was contracted services for general consultants, interpreters, reporters, court-appointed counsel, and other court-ordered professional services totaling \$609,079. Other significant expenditure categories included court security totaling nearly \$252,002 and IT maintenance totaling \$58,073.

As a "self input" court, the Inyo County Superior Court processes its own expenditures in Phoenix while the AOC's TCAS Division is responsible for issuing checks. Our audit revealed that the Court generally utilizes good practices over its accounts payable functions, including appropriate segregation of duties, adequate levels of supervisory review, and proper document handling. Based on our assessment of the Court's compliance with invoice and claim processing requirements specified in the FIN Manual as well as with policy provisions related to court reporter transcripts and contract interpreter claims, we found some areas where improvements are needed over the Court's accounts payable practices.

### **11.1 Travel Processes and Policies Are Not In Compliance with AOC requirements**

Not only is it good business practice for the Court to require pre-approval for travel, but FIN Manual 8.03, §6.1. states, "All travel required for trial court business shall be approved by the traveler's appropriate approval level prior to making travel arrangements." According to the CEO, employees e-mail her to obtain approval; however, our expenditure testing revealed that claims do not have the pre-approval attached as support. Thus, the Administrative Analyst cannot ensure travel was pre-approved before processing the travel claims. To better ensure the Court is not paying inappropriate travel expenditures, the Court should formally document the pre-approval process and ensure the pre-approval is attached to the travel claims.

Additionally, the Court uses the County's travel expense and reimbursement policy which utilizes current IRS rates rather than the AOC's travel policy and rates. However, the CEO has recently drafted a court-specific Personnel Manual which includes a travel policy with rates that in compliance with the Judicial Branch Travel Guidelines. It would be beneficial for the Court to implement the new personnel manual in the near future.

### **11.2 Some Expenditures Tested Lacked Sufficient Documentation Demonstrating Good and Services were Delivered and Invoiced Costs were Supported**

We selected a sample of 21 expenditure claims including vendor invoices, travel claims, and in court services claims to verify whether review and approval processes met provisions of the FIN Manual. While documentation for each of the 21 court expenditures reviewed indicated appropriate court personnel had approved the invoices, other evidence was missing to verify supporting documents agreed with amounts invoiced and to confirm good/services were received as part of a "three-point match" as required by FIN Manual 8.01. Specifically, we found several instances that suggest a more thorough "three-point match" review should be performed and documented to ensure the procurement of services and goods are properly authorized and supported by approved purchase orders or contracts, invoice rates charged are consistent with

agreed-upon rates in purchase orders or contracts, and goods and services invoiced were delivered to the Court's satisfaction. Our expenditure testing revealed:

- Eight of the 16 invoices where verification of receipt is appropriate did not contain sufficient evidence demonstrating goods or services were delivered as ordered such as comparing delivered items with packing slips or confirming with court personnel that services were rendered and met expectations. FIN Manual 6.01, §6.8 states, "to assure the implementation of strong internal controls, the receipt of goods and performance of services must be acknowledged and documented." Confirmation of receipt requires that, at minimum, the individual responsible for overseeing the delivery of goods or services verify that they were satisfactorily received and document their approval—by initialing the invoice or by providing confirmation of receipt in writing—to ensure that accounting personnel have adequate support for all invoices they process. For instance, the Court does not verify the number of folios/pages for court transcripts prior to approving payment. However, the Court could easily mitigate the risk of fabricating the number of folios provided by requiring the court clerk accepting the transcripts to review them and sign-off on a Transcripts Log listing the case information and number of folios. The log could then be forwarded to the Administrative Analyst prior to processing the claims to ensure appropriate acceptance of the good/service.
- Additionally, an AOC memo regarding Payment Policies for Court Interpreters and general best practices require interpreter mileage claims to include a physical mailing address to be used in the calculation of actual mileage between the Court and the interpreter's residence or business. Yet, the Court does not check for physical addresses on court interpreter or reporter claims. For example, each of the five court reporter claims included a P.O Box as the starting address, making it impossible to determine actual mileage for reimbursement. According to the Court, the same interpreters and reporters are generally used and, thus, mileage is consistent. However, the Court is verifying the mileage prior to approving payment. Without such information, the Court cannot ensure the information provided is accurate and correct.

This does not suggest that the goods and services were not received by the Court or that the purchases were inappropriate. Rather, the lack of evidence of the three-point match or the initials of the personnel performing the match prevents a third-party from verifying that adequate controls are in place and that appropriate segregation of duties were exercised by ensuring a different employee procures, receives, and approves payments for goods and services.

### **Recommendations**

To ensure proper controls over payments of invoices as well as to minimize the risk of unauthorized payments, the Court should:

32. Formally document the travel pre-approval process and ensure the pre-approval is attached to the travel claims.
33. Take action to make certain that all invoices or claims are properly reviewed, approved, and processed, and that each step is appropriately documented. This should include:

- a. Documenting the receipt of goods and services with a signature and date of the receipt for the good or service.
- b. Ensuring all supporting documentation such as packing slips, court orders, timesheets, and receipts are attached.
- c. Verifying the number of folios reported on claim forms by requiring the court clerks accepting the transcripts to sign-off on a transcripts log that lists the case information and number of folios. Further, the log should be forwarded to the Administrative Analyst prior to processing the claims to ensure appropriate acceptance of the good/service.
- d. Verifying that in-court service providers are reimbursed actual mileage by requiring physical addresses to calculate mileage.

### **Superior Court Response**

32. The Court agrees with this recommendation.

33. The Court agrees with this recommendation.

(Refer to the Court's detailed response with corrective action plans and timelines in Appendix D of this report.)

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## 12. Fixed Assets Management

Policy Number FIN 9.01 states that “the trial court shall establish and maintain a Fixed Asset Management System to record, control, and report all court assets...” The primary objectives of the system are to:

- Ensure that court assets are properly identified and recorded.
- Ensure that court assets are effectively utilized.
- Safeguard court assets against loss or misuse.

With Fiscal Year 2009-2010 fixed assets valued at \$395,839 according to its Consolidated Annual Financial Report (CAFR) worksheets, the Court exhibited good controls over its fixed assets. For instance, the Court tracks large items such as computers, printers, and servers. These items are assigned an inventory number and recorded in a database along with other critical asset data such as description, location, and condition. However, we noted a couple of areas where the Court could improve its management and reporting of fixed assets as discussed below.

### 12.1 Fixed Assets Reported on its CAFR Worksheets is Likely Overstated

The Court uses a separate Excel spreadsheet to record and track its fixed assets over \$5,000 as well as to capture data for reporting fixed assets on the CAFR worksheets. However, the Court does not currently depreciate its fixed assets. Rather, once an item is sold or destroyed, the Court removes the item from the list. As a result, the Court may be overstating its fixed asset balance because it does not account for the depreciated asset values. The Court should estimate the useful life of its current fixed assets and identify a depreciation schedule for those assets to capture the remaining balance. The asset balance reported on its CAFR worksheets should reflect the Court’s fixed asset net book value.

### 12.2 Complete Physical Inventories of Court Assets are Not Periodically Conducted

According to FIN Manual Section 9.01 §6.2.2, “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.” However, the Court only performs informal inventories of its assets by selecting a sample of asset items to check. To safeguard the Court’s assets against loss or misuse, the Court should perform periodic inventories of all assets in accordance with the FIN Manual.

## Recommendations

To better ensure adequate safeguarding and reporting of assets, the Court should:

34. Update its Excel spreadsheet of fixed assets to reflect depreciation; to do this, the Court must determine useful life values for all items in the spreadsheet.
35. Perform periodic inventories of all assets in accordance with the FIN Manual.

**Superior Court Response**

34. The Court agrees with this recommendation.

35. The Court agrees with this recommendation.

(Refer to the Court's detailed response with corrective action plans and timelines in Appendix D of this report.)

### 13. Audits

There are many legal requirements and restrictions surrounding the use of public resources that can lead to audits of trial court operations and finances. Courts must, as part of its standard management practice, conduct operations and account for resources in a transparent manner that will withstand audit scrutiny. Moreover, courts must demonstrate accountability, efficient use of public resources, compliance with requirements, and correction of audit findings in a timely fashion.

In October 2006, the AOC's Internal Audit Services (IAS) issued an audit report entitled "Performance Review of the Superior Court of California, County of Inyo." This report focused on the Court's operations, readiness to transition onto the statewide accounting system, and compliance with the Trial Court Financial Policies and Procedures Manual. The audit report identified issues related to:

- Segregation of duties over cash handling and procurement,
- Cash handling and case management controls and processes,
- Procurement, expenditure, and contract processes,
- Fiscal recording and reporting processes, and,
- Building and Information Systems security.

As a result, several observations were presented to the Court that required management attention and correction. Especially with recent changes to court executive management, the Court is making good progress addressing some of the prior audit findings and recommendations. For instance, the Court:

- ✓ Developed an expenditure matrix and implemented appropriate purchasing thresholds within Phoenix-FI;
- ✓ Hired a part-time staff member to assist in operating the collections program;
- ✓ Implemented the assessment of the Administrative Screening Fees and Citation Processing Fees pursuant to PC 1463.07;
- ✓ Limited access to the IT server room at the Bishop location;
- ✓ Installed an entrance screening station including a magnetometer and x-ray machine at the Bishop location;
- ✓ Developed an enhanced collections program that meets at least 10 of the 17 components of a comprehensive collection program as defined by Penal Code 1463.007;
- ✓ Created a database to track assets including fixed assets.
- ✓ Drafted a comprehensive Personnel Manual which will be implemented in the near future; and,
- ✓ Defined "vacation day" in its most recent update of its Local Rules of Court.

In early 2010, the AOC's IAS sent a follow-up letter to the Court's CEO at the time to determine the status of corrective action. While some of the audit recommendations had been implemented, many actions to address recommendations were still considered incomplete. Additionally, our current audit found that a few of the 2006 issues, as described throughout this report, remain a concern in 2011 as well. Specifically, we identified the following areas where the Court had not fully implemented corrective measures to address previously-identified concerns, including:

- Exception reports generated or reviews are not conducted for the monitoring of voids, fee waivers, and fine and fee reductions as discussed in Section 6 of this report.
- DMV activity is not reviewed to determine appropriateness of use as discussed in Section 6 of this report.
- A new MOU has not yet been established outlining the services and related costs between the County and Court as discussed in Section 10 of this report.
- A formal disaster recovery plan has not been developed as discussed in Section 6 of this report.
- Exhibit destruction process has not been started for the majority of the old exhibits as discussed in Section 15 of this report.

While the Court has not fully addressed these past audit issues, court management has expended considerable effort trying to finalize MOU agreements with the County and hopes a new MOU can be in place by the end of the fiscal year—2010-2011. In addition to ensuring a new MOU is established, the Court must continue working to correct the issues identified in this report, as well as those discussed in the 2006 audit report.



#### 14. Domestic Violence

In June 2003, the California Legislature requested IAS to audit court-ordered fines and fees in specified domestic violence cases in California. Associated with misdemeanor or felony domestic violence convictions are a number of fees and fines dictated by Penal Code (PC). Specifically, PC 1202.4 (b)(1) requires a mandatory state restitution fine of a minimum \$100 be assessed on misdemeanor convictions and a \$200 fine on felony convictions. Additionally, if the defendant was granted formal probation, the Court is required to assess a domestic violence fee of \$400 pursuant to PC 1203.097(a)(5). As part of this effort, IAS also agreed to test the assessment of fees and fines in domestic violence cases on an on-going basis.

The Inyo County Superior Court processes very few domestic violence cases—an average of 40 to 50 each year. During our testing of the assessment of fees and fines in domestic violence cases, we analyzed corresponding JALAN case management system data and case file information to determine whether mandated fees and fines were properly assessed.

Based on our review of ten domestic violence cases, the Court assessed the correct mandatory state restitution fines pursuant to PC 1202.4(b)(1) in all instances. However, we noted one instance where the \$400 mandatory domestic violence fee per PC 1203.097(a)(5) was assessed, but not added to the charge screen in the CMS and thus, not collected. This was most likely a result of clerk error. Since the State uses these monies to fund domestic violence shelters, it is imperative that Courts ensure the full probation fee amounts are always properly assessed. As such, the Court should ensure staff enters the appropriate fines and fees in the case management system.

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## 15. Exhibits

When exhibits are presented in criminal and civil cases, trial courts are responsible for properly handling, safeguarding, and transferring these exhibits as guided by statutes. Trial court and security personnel assigned these responsibilities should exercise different levels of caution depending on the types of exhibits presented. Extra precautions should be taken when handling weapons and ammunition, drugs and narcotics, money and other valuable items, hazardous or toxic materials, and biological materials. Further, because exhibit rooms maintained at courts can house precious and sensitive case data, unique court evidence could be compromised, lost, or stolen without the proper controls in place—all with potentially significant impacts to the outcome of a court case.

### 15.1 Exhibit Room Processes Require Further Attention

The Inyo County Superior Court houses the majority of its exhibits in a locked room in one of the courtrooms located at the Court's historical courthouse in Independence. Similar to findings in the Court's 2006 audit report, our current review of the Court's exhibit handling processes revealed that controls designed to safeguard exhibits are not adequately in place. Specifically, we found that the Court lacked exhibit room policies and procedures, destruction protocols, and tracking and inventory processes. The current CEO started at the Court in May 2010 and has actively been addressing areas for improvement including exhibit room administration. An Evidence Working Group Committee was established to discuss how to establish and implement procedures for records and evidence retention and destruction. During our audit, the Court had a draft exhibit room manual in place, but it had not yet been implemented. While the draft included policies and procedures related to processing and logging, chain of custody, and release and destruction, it did not appear to address the need to conduct regular inspections and/or annual inventories.

Exhibits for each individual case are tracked on an Exhibit List which is maintained in the case file. A copy of the exhibit list is given to the Calendar Coordinator who maintains a file of all exhibit lists received. Exhibit information including description and location is also recorded in the Court's case management system (JALAN). However, the Court does not have a comprehensive exhibit list that identifies all exhibits received. As a result, the Court cannot identify the volume or content of the exhibits held by the Court at any given point in time. Without a tracking mechanism in place, the Court is at greater risk of exhibits being misplaced, lost, or stolen and would not be able to detect that an item was missing. After a recent inquiry, the Court was informed that JALAN offers an exhibit module which would aid in the tracking of exhibits. In conjunction with its efforts to develop exhibit room policies and procedures, the Court also indicated that it is in the process of requesting training on the exhibit module so it can fully utilize JALAN's capabilities.

Our review also revealed the Court does not have a systematic process to destroy exhibits even though the Court has significant space limitations that make holding onto such property difficult. Although exhibits are eligible to be released, returned, or disposed of in accordance with court order and relevant statutes, the Court does not actively monitor exhibits to determine if they should be returned to the parties or may be destroyed. Additionally, the Court does not conduct

annual inventories and a full inventory had not been conducted in several years. According to the Calendar Clerk, about one year ago, one clerk attempted to begin documenting items inside the Independence exhibit room and recorded case numbers for 65 boxes; however, the inventory was not completed at the time. Nonetheless, several sensitive items were found in the locker since the Court did not remand exhibits back to the submitting parties in the past. The Court should continue its efforts to work with the AOC and the County Sheriff to remove and dispose of these types of exhibits.

Towards the end of our audit, we were informed by court management that the Court recently conducted a complete inventory of its exhibit room and created a list of all cases with the location of its exhibits. The exhibit room was reorganized in a systematic fashion and all civil cases eligible for destruction were transferred to a locked storage unit in Bishop. The Court has begun the destruction process for these cases, and once that is complete, the Court plans to begin the destruction process for the eligible criminal cases. The Court should continue in its efforts to improve exhibit room processes.

### **Recommendations**

To strengthen practices and controls over the safeguarding of exhibits, the Court should:

36. Finish developing and implement the formal, written exhibit room manual and consider including a policy on conducting regular inspections and/or annual inventories.
37. Continue in its efforts to begin utilizing JALAN to record and track exhibits.
38. Continue the destruction process for eligible civil and criminal exhibits as resources allow.
39. Begin conducting physical inventory audits of exhibits at least annually to ensure that exhibits are appropriately accounted.

### **Superior Court Response**

36. The Court agrees with this recommendation. One of the top priorities of new Court Executive Officer Tammy L. Grimm upon arriving at the Superior Court of California, County of Inyo in April 2010 was the immediate initiation of a draft of an exhibit room/evidence manual.
37. The Court agrees with this recommendation, and would like to utilize existing technology to document and trace court exhibits.
38. The Court agrees with this recommendation. For space issues, the Court looks forward to continuing the evidence/exhibit destruction process to create much-needed storage area for new exhibits and files.
39. The Court agrees with this recommendation. To avoid having an unorganized evidence closet in the future, the Court plans on frequent internal audits on physical evidence within the Court's control, to ensure that exhibits are properly documented and

identified, pursuant to the Court's new exhibits/evidence handling and destruction procedures.

(Refer to the Court's detailed response with corrective action plans and timelines in Appendix D of this report.)

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## 16. Facilities

The Trial Court Facilities Act of 2002 (SB 1732) established the governance structure and procedures for transferring responsibilities over trial court facilities from counties to the State. Currently, the Inyo County Superior Court has the following three court locations:

- Independence—Departments 1 and 3
- Bishop—Department 4
- Independence—Department 2 (spare, ADA-compliant courtroom)

According to the AOC’s Office of Court Construction and Management’s *Completed Transfer Agreements* report as of December 29, 2009, the Inyo County Superior courthouse in Independence is considered an historic site that also houses several county offices. Under the transfer agreement executed between the County of Inyo and the AOC in 2008, the County holds title to the historic courthouse while the AOC has responsibility for the space occupied by the Court. Additionally, the State assumed responsibility for the Independence–Department 2 and Bishop–Department 4 facilities in 2007 and 2008, respectively.

Moreover, the Court has been funded for the construction of a new, state-owned courthouse in the County on Inyo—slated for completion in mid 2014. The new two-courtroom, 28,744 square-foot courthouse is intended to provide a modern, secure courthouse for all case types. Determining the location of the new courthouse was considered controversial as defined by the Judicial Council’s Site Selection and Acquisition Policy for Judicial Branch Facilities and thus, the Judicial Council made the final determination on the location for the courthouse. At the end of April 2011, the Judicial Council unanimously chose Bishop as the location for the new courthouse.

As shown in Table 5, the Court spent nearly \$27,500 on facility related operations during Fiscal Year 2009-2010 per Phoenix-FI records; however, the vast majority of these expenditures related to the Court’s janitorial services. A high-level review of facility expenses revealed no issues.

*Table 5. Fiscal Year 2009-2010 Facility-Related Expenses*

G/L Account	Description	Account Balance
935200	RENT/LEASE	\$ 7,013.79
935300	JANITORIAL SERVICES	\$ 15,724.25
935400	MAINTENANCE AND SUPPLIES	\$ 4,706.85
FACILITY OPERATION TOTAL		\$ 27,444.89

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## **Appendix A: Financial Statements**

According to the Governmental Accounting Standards Board (GASB), the paramount objective of financial reporting is accountability. GASB identified and defined one component of accountability—namely fiscal accountability, which is defined as the responsibility of governments to justify that their actions in the current period have complied with public decisions concerning the raising and spending of public monies in the short term (usually one budgetary cycle or one year).

### **Focus on Accountability**

Consistent with the mission statement of the Judicial Council, the *Strategic Plan for California's Judicial Branch 2006 – 2012* entitled *Justice in Focus* that established a guiding principle that “Accountability is a duty of public service” with a specific statement that “The Judicial Council continually monitors and evaluates the use of public funds.” As the plan states, “All public institutions, including the judicial branch, are increasingly challenged to evaluate and be accountable for their performance, and to ensure that public funds are used responsibly and effectively.” Two of the detailed policies include the following:

1. Establish fiscal and operational accountability standards for the judicial branch to ensure the achievement of and adherence to these standards throughout the branch.
2. Establish improved branch-wide instruments for reporting to the public and other branches of government on the judicial branch's use of public resources.

Toward this end, under the independence and accountability goal of *The Operational Plan for California's Judicial Branch, 2008 – 2011*, Objective 4 is to “Measure and regularly report branch performance—including branch progress toward infrastructure improvements to achieve benefits for the public.” The proposed desired outcome is “practices to increase perceived accountability.”

### **Inyo County Superior Court Financial Statements**

To assist in the fiscal accountability requirements of the branch, the statewide fiscal infrastructure system, Phoenix-FI, was established and implemented at the Court in 2006 with fiscal data processed through Trial Court Administrative Services in Sacramento. The fiscal data on the following pages are from this system and present the un-audited Fiscal Year 2009-2010 financial statements of the Trial Court Operations Fund for the Court. Specifically, the three financial statements are as follows:

- 1) Balance Sheet (statement of position)
- 2) Statement of Revenues, Expenditures, and Changes in Fund Balances (statement of activities)
- 3) Statement of Program Expenditures (could be considered “product line” statement)

While the Fiscal Year 2009-2010 information is summarized into a total funds column that does not include individual fund detail, total columns for each year are provided only for “information purposes” as the consolidation of funds are not meaningful numbers. Additionally, the financial

information is un-audited, but is presumed to be presented, as required, on a modified accrual basis of accounting, recognizing increases and decreases in financial resources only to the extent that they reflect near-term inflows or outflows of cash. There are three basic fund categories available for courts to use: Government, Proprietary and Fiduciary. In Fiscal Year 2009-10, the Inyo County Superior Court used the following categories and types with the classifications.

### **Governmental Funds**

**General** – Used as the primary operating fund to account for all financial resources except those required to be accounted for in a separate fund. Specifically, the Court operates two general funds—Operating Fund TCTF (110001) and Operating Fund NTCTF (120001).

**Special Revenue** – Used to account for certain revenue sources “earmarked” for specific purposes (including grants received) or restricted in use. Court funds are as follows:

#### **Special Revenue**

- 1.Small Claims Advisory (120003)
- 2.Enhanced Collections (120007)
- 3.Other County Service (120009)
- 4.2% Automation/Micrographics (180004)

#### **Grants**

- 1.1058 Family Law Facilitator Program (1910581)
- 2.1058 Child Support Commissioner Program (1910591)
- 3.Substance Abuse Focus Program (1910601)

### **Fiduciary Funds**

**Trust** – Used to account for funds held in a fiduciary capacity for a third party (non-governmental) generally under a formal trust agreement. Generally Accepted Accounting Principles (GAAP) indicates that fiduciary funds should be used “to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government’s own programs.”<sup>1</sup> Fiduciary funds include several different types including agency funds. The key distinction between trust funds and agency funds is that trust funds normally are subject to “a trust agreement that affects the degree of management involvement and the length of time that the resources are held.” Court monies included here involve activities such as deposits for criminal bail trust, civil interpleader, and eminent domain cases and are all recorded in one Trust Fund (320001).

**Agency** – Used to account for resources received by one government unit on behalf of a secondary governmental or other unit. Agency funds, unlike trust funds, typically do not involve a formal trust agreement. Rather, agency funds are used to account for situations where the government’s role is purely custodial, such as the receipt, temporary investment, and remittance of resources to individuals, private organizations, or other governments. Accordingly, all assets reported in an agency fund are offset by a liability to the party(ies) on whose behalf they are held.

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<sup>1</sup> GASB Statement No. 34, paragraph 69.

As a practical matter, a government may use an agency fund as an internal clearing account for amounts that have yet to be allocated to individual funds. While this practice is appropriate for internal accounting purposes, GAAP expressly limits the use of fiduciary funds for external financial reporting purposes to assets held in a trustee or agency capacity for others. Because the resources of fiduciary funds, by definition, cannot be used to support the government's own programs, such funds are specifically excluded from the government-wide financial statements.<sup>2</sup> However, they are reported as part of the basic fund financial statements to ensure fiscal accountability.

Sometimes, a government entity such as the Inyo County Superior Court will hold escheat resources on behalf of another government. In that case, the use of an agency fund would be appropriate. The Court uses one agency fund—the Civil Filing Fees Fund (450000).

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<sup>2</sup> GASB No. 34, paragraph 12.

Inyo Superior Court  
 Trial Court Operations Fund  
 Balance Sheet  
 (Unaudited)

	For the month ended June							2008/09
	Fiscal Year 2009/10							
	Governmental Funds				Proprietary Funds	Fiduciary Funds	Total Funds (Info. Purposes Only)	
General	Special Revenue		Capital Project					
	Non-Grant	Grant						
<b>ASSETS</b>								
Operations	2,096,454	200	0				2,096,654	2,430,817
Payroll								
Jury								
Revolving	5,000						5,000	5,000
Other								
Distribution								
Civil Filing Fees						10,256	10,256	12,656
Trust								
Credit Card								
Cash on Hand	100						100	100
Cash with County	1,097,226	194,622				226,157	1,518,005	1,211,508
<b>Total Cash</b>	<b>3,198,780</b>	<b>194,822</b>	<b>0</b>			<b>236,413</b>	<b>3,830,015</b>	<b>3,660,081</b>
Short Term Investment	0						0	0
Investment in Financial Institution								
<b>Total Investments</b>	<b>0</b>						<b>0</b>	<b>0</b>
Accrued Revenue	3,094	0					3,094	11,836
Accounts Receivable - General			61,490				61,490	64,803
Dishonored Checks								
Due From Employee								
Civil Jury Fees								
Trust								
Due From Other Funds	135,979						135,979	61,787
Due From Other Governments	462	73,090					73,552	69,946
Due From Other Courts								
Due From State	104,777	7,359	10,575				122,710	36,853
Trust Due To/From								
Distribution Due To/From								
Civil Filing Fee Due To/From								
General Due To/From								
<b>Total Receivables</b>	<b>244,312</b>	<b>80,449</b>	<b>72,064</b>				<b>396,825</b>	<b>245,225</b>
Prepaid Expenses - General	12,356						12,356	
Salary and Travel Advances								
Counties								
<b>Total Prepaid Expenses</b>	<b>12,356</b>						<b>12,356</b>	
Other Assets								
<b>Total Other Assets</b>								
<b>Total Assets</b>	<b>3,455,449</b>	<b>275,270</b>	<b>72,064</b>			<b>236,413</b>	<b>4,039,196</b>	<b>3,905,306</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Accrued Liabilities	46,825	254	0				47,079	103,214
Accounts Payable - General	2,155	0	1,526				3,681	0
Due to Other Funds		73,679	62,300				135,979	61,787
Due to Other Courts								
Due to State	0						0	0
TC145 Liability						10,256	10,256	12,656
Due to Other Governments	12,064		421				12,486	35,506
AB145 Due to Other Government Agency								
Due to Other Public Agencies								
Sales and Use Tax	0						0	0
Interest						0	0	0
Miscellaneous Accts. Pay. and Accrued Liab.								
<b>Total Accounts Payable and Accrued Liab.</b>	<b>61,044</b>	<b>73,933</b>	<b>64,248</b>			<b>10,256</b>	<b>209,480</b>	<b>213,163</b>
Civil								
Criminal								
Unreconciled - Civil and Criminal								
Trust Held Outside of the AOC						226,157	226,157	132,900
Trust Interest Payable								
Miscellaneous Trust								
<b>Total Trust Deposits</b>						<b>226,157</b>	<b>226,157</b>	<b>132,900</b>
Accrued Payroll								
Benefits Payable								
Deferred Compensation Payable								
Deductions Payable								
Payroll Clearing	190,983	6,716	7,816				205,515	189,987
<b>Total Payroll Liabilities</b>	<b>190,983</b>	<b>6,716</b>	<b>7,816</b>				<b>205,515</b>	<b>189,987</b>
Revenue Collected in Advance								
Liabilities For Deposits	110						110	97
Jury Fees - Non-Interest								
Fees - Partial Payment & Overpayment								
Uncleared Collections								
Other Miscellaneous Liabilities								
<b>Total Other Liabilities</b>	<b>110</b>						<b>110</b>	<b>97</b>
<b>Total Liabilities</b>	<b>252,136</b>	<b>80,649</b>	<b>72,064</b>			<b>236,413</b>	<b>641,262</b>	<b>536,147</b>
Fund Balance - Restricted	676,495	194,622	0	0	0	0	871,117	768,058
Fund Balance - Unrestricted								
Designated	2,526,817	0	0	0	0	0	2,526,817	2,535,727
Undesignated	0	0	0	0	0	0	0	0
C/Y Excess (Deficit) of Rev. Over Expenses	0	0	0	0	0	0	0	65,374
<b>Total Fund Balance</b>	<b>3,203,312</b>	<b>194,622</b>	<b>0</b>				<b>3,397,934</b>	<b>3,369,159</b>
<b>Total Liabilities and Fund Balance</b>	<b>3,455,449</b>	<b>275,270</b>	<b>72,064</b>			<b>236,413</b>	<b>4,039,196</b>	<b>3,905,306</b>

Inyo Superior Court  
 Trial Court Operations Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 (Unaudited)

	For the year ended June									
	Fiscal Year 2009/10							2008/09		
	Governmental Funds				Proprietary Funds	Fiduciary Funds	Total Funds (Info. Purposes Only)	Current Budget (Annual)	Total Funds (Info. Purposes Only)	Final Budget (Annual)
	General	Special Revenue		Capital Projects						
Non-Grant		Grant								
<b>REVENUES</b>										
<b>State Financing Sources</b>										
Trial Court Trust Fund	2,312,181						2,312,181	2,196,263	2,321,921	2,326,006
Trial Court Improvement Fund	11,926						11,926	3,990	3,990	3,990
Judicial Administration Efficiency & Mod Fund	54,274						54,274	86,300	49,580	68,950
Judges' Compensation (45.25)	11,000						11,000	11,000	11,000	11,000
Court Interpreter (45.45)	84,143						84,143	53,640	51,155	51,200
Civil Coordination Reimbursement (45.55)										
MOU Reimbursements (45.10 and General)	160,352						160,352	149,732	121,320	154,259
Other Miscellaneous									15,233	15,233
	2,633,876						2,633,876	2,500,925	2,574,199	2,630,638
<b>Grants</b>										
AB 1058 Commissioner/Facilitator			154,807				154,807	164,460	149,949	151,933
Other AOC Grants			13,120				13,120	13,120	13,939	14,000
Non-AOC Grants										
			167,927				167,927	177,580	163,888	165,933
<b>Other Financing Sources</b>										
Interest Income	3,896	74,551					78,446	32,633	32,676	41,920
Investment Income										
Donations										
Local Fees	43,039						43,039	48,700	44,092	32,321
Non-Fee Revenues	9,332						9,332	9,200	8,729	10,700
Enhanced Collections		50,230					50,230	41,205	39,619	53,992
Escheatment										
Prior Year Revenue										
County Program - Restricted	0	469					469	73,738	28,660	66,233
Reimbursement Other	232						232		4,266	4,300
Sale of Fixed Assets										
Other Miscellaneous	414						414			
	56,912	125,249					182,162	205,476	223,948	209,466
<b>Total Revenues</b>	<b>2,690,789</b>	<b>125,249</b>	<b>167,927</b>				<b>2,983,965</b>	<b>2,883,981</b>	<b>2,962,035</b>	<b>3,006,037</b>
<b>EXPENDITURES</b>										
<b>Personal Services</b>										
Salaries - Permanent	1,019,680	79,691	41,668				1,141,038	1,083,172	1,020,201	1,038,018
Temp Help	20,100						20,100	20,000	13,917	24,000
Overtime	530,302	38,915	15,137				584,354	562,284	534,425	527,802
Staff Benefits										
	1,570,083	118,605	56,805				1,745,493	1,665,456	1,568,543	1,589,820
<b>Operating Expenses and Equipment</b>										
General Expense	98,457		17,745				116,203	118,766	139,546	194,459
Printing	7,020						7,020	9,400	4,335	7,600
Telecommunications	54,123		279				54,402	70,024	133,313	147,492
Postage	24,813						24,813	24,500	23,907	39,950
Insurance	1,174						1,174	1,100	1,084	1,102
In-State Travel	5,927		1,274				7,201	12,810	11,378	17,071
Out-of-State Travel										
Training								200	218	1,000
Security Services	247,817		4,185				252,002	243,244	245,374	249,375
Facility Operations	27,445						27,445	25,500	23,194	26,700
Utilities										
Contracted Services	520,805	5,183	83,091				609,079	659,570	598,297	657,957
Consulting and Professional Services	33,898		1,485				35,383	22,185	20,854	24,185
Information Technology	59,993						59,993	88,500	62,460	71,900
Major Equipment	5,538						5,538	15,000	54,782	31,300
Other Items of Expense	3,366		100				3,466	3,200	2,349	11,804
	1,090,378	5,183	108,160				1,203,720	1,293,995	1,321,092	1,481,895
<b>Special Items of Expense</b>										
Grand Jury										
Jury Costs	4,397						4,397	10,500	7,900	8,825
Judgements, Settlements and Claims										
Debt Service										
Other										
<b>Internal Cost Recovery</b>	(11,232)		11,232				0	0	0	(753)
<b>Prior Year Expense Adjustment</b>	1,579						1,579		(874)	
	(5,255)		11,232				5,977	10,500	7,026	8,072
<b>Total Expenditures</b>	<b>2,655,205</b>	<b>123,788</b>	<b>176,196</b>				<b>2,955,189</b>	<b>2,969,951</b>	<b>2,896,661</b>	<b>3,079,787</b>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	35,584	1,461	(8,269)				28,775	(85,970)	65,374	(73,750)
<b>Operating Transfers In (Out)</b>	7,616	653	(8,269)				0	0	0	(18,586)
<b>Fund Balance (Deficit)</b>										
Beginning Balance (Deficit)	3,175,344	193,814	0				3,369,159	3,369,159	3,303,785	3,303,785
Ending Balance (Deficit)	3,203,312	194,622	0				3,397,934	3,283,188	3,369,159	3,248,621

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**Appendix B: Phoenix-FI Account Detail, Fiscal Year 2009-2010**

**Report Section 1: Accounts Related to Court Administration**

Trial courts are subject to rules and policies established by the Judicial Council to promote efficiency and uniformity within a system of trial court management. Guidelines and requirements concerning court governance are specified in California Rules of Court (CRC) and the *Trial Court Financial Policies and Procedures Manual* (FIN Manual), as established under Government Code §77009(f) and proceduralized under CRC 10.804. Yet, within the boundaries established by the Judicial Council, 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.

Table A reflects the Court’s Fiscal Year 2009-2010 expenditures that IAS considers associated with the Court’s administrative decisions and governance responsibilities.

*Table A. Court Administration*

<b>G/L Account</b>	<b>Description</b>	<b>Sub-Account</b>	<b>Account Balance</b>
<b>Expenditures</b>			
906303	SALARIES – COMMISSIONERS	\$ 24,891.52	
906311	SALARIES – SUPERIOR COURT JUDGES	\$ 11,000.16	
<b>906300</b>	<b>SALARIES - JUDICIAL OFFICERS</b>		<b>\$ 35,891.68</b>
<b>920500</b>	<b>DUES AND MEMBERSHIPS</b>		<b>\$ 495.00</b>
<b>TOTAL</b>			<b>\$ 36,386.68</b>

**Report Section 2: Accounts Related to Fiscal Management and Reporting**

Trial courts must employ sound business, financial, and accounting practices to conduct its fiscal operations. To operate within the limitations of the funding approved and appropriated in the State Budget Act, courts should establish budgetary controls to monitor its budget on an ongoing basis to assure that actual expenditures do not exceed budgeted amounts. As personnel services costs account for more than half of many trial courts’ budgets, courts must establish a position management system that includes, at a minimum, a current and updated position roster, a process for abolishing vacant positions, and procedures for requesting, evaluating, and approving new and reclassified positions. In Tables B and C on the following page are Fiscal Year 2009-2010 balances from the Court’s general ledger that IAS considers associated with fiscal management and reporting.

Table B. Salary and Benefit Liabilities

G/L Account	Description	Amount Balance
374001	PAYROLL CLEARING ACCOUNT	\$ ( 205,514.98)
<b>TOTAL</b>		<b>\$ (205,514.98)</b>

Table C. Salary and Benefit Expenditures

G/L Account	Description	Sub-Account	Account Balance
900300	SALARIES - PERMANENT		\$ 1,105,146.51
908300	OVERTIME		\$ 20,100.44
	<b>SALARIES TOTAL</b>		<b>\$ 1,125,246.95</b>
910302	MEDICARE TAX	\$ 86,623.58	
910300	TAX		\$ 86,623.58
910400	HEALTH INSURANCE		\$ 255,575.83
910600	RETIREMENT		\$ 216,179.60
912500	WORKERS' COMPENSATION		\$ 19,416.00
913301	UNEMPLOYMENT INSURANCE	\$ 2,809.00	
913699	OTHER INSURANCE	3,750.00	
912700	OTHER INSURANCE		\$ 6,559.00
	<b>STAFF BENEFITS TOTAL</b>		<b>\$ 584,354.01</b>
	<b>PERSONAL SERVICES TOTAL</b>		<b>\$ 1,709,600.96</b>

### **Report Section 3: Accounts Related to Fund Accounting**

According to FIN Manual 3.01, Section 3.0, trial courts shall establish and maintain separate funds to segregate their financial resources and allow for the detailed accounting and accurate reporting of the Court's financial operations. Section 6.1.1 defines a "fund" as a complete set of accounting records designed to segregate various financial resources and maintain separate accountability for resources designated for specific uses, so as to ensure that public monies are only spent for approved and legitimate purposes. A set of governmental, fiduciary, and proprietary funds have been set up in Phoenix-FI to serve this purpose. Furthermore, the Judicial Council has approved a policy to ensure that courts are able to identify resources to meet statutory and contractual obligations, maintain a minimum level of operating and emergency funds, and provide uniform standards for fund balance reporting. Table D on the following page reflects the Court's Fiscal Year 2009-2010 fund balances—additionally, there were no transfers in or out recorded in the system.



Table D. Fund Balances and Operating Transfers

G/L Account	Description	Sub-Account	Account Balance*
552001	FUND BALANCE - RESTRICTED	\$ (824,261.32)	
553001	FUND BALANCE - UNREST. - DESIG.	(2,544,897.25)	
	<b>FUND BALANCES</b>		<b>\$ (3,369,158.57)</b>
701100	<b>OPERATING TRANSFERS IN</b>		<b>\$ (8,922.14)</b>
701200	<b>OPERATING TRANSFERS OUT</b>		<b>\$ 8,922.14</b>

\* Fund Balances shown are post-close/ending fund balance with FY 2009-2010 revenues and expenditures

**Report Section 4: Accounts Related to Accounting Principles and Practices**

Trial courts must accurately account for use of public funds and demonstrate their accountability by producing financial reports that are understandable, reliable, relevant, timely, consistent, and comparable. To assist courts in meeting these objectives, the FIN Manual provides uniform accounting guidelines for trial courts to follow when recording revenues and expenditures associated with court operations. Trial courts are required to prepare and submit various financial reports using these accounting guidelines to the AOC and appropriate counties, as well as internal reports for monitoring purposes. In Tables E and F are Fiscal Year 2009-2010 balances from the Court's general ledger that IAS has associated with accounting principles and practices.

Table E. Court Accounts Receivables, Payables, and Other Current Liabilities

G/L Account	Description	Account Balance
130001	A/R - ACCRUED REVENUE	\$ 3,094.28
131204	A/R - DUE FROM AOC (CUSTOMER)	61,489.62
140001	A/R - DUE FROM OTHER FUNDS	135,979.25
150001	A/R - DUE FROM OTHER GOVERNMENTS	73,551.86
152000	A/R - DUE FROM STATE	122,710.13
	<b>RECEIVABLES</b>	<b>\$ 396,825.14</b>
	<b>PREPAID EXPENSES</b>	<b>\$ 12,355.90</b>
	<b>ACCOUNTS RECEIVABLES</b>	<b>\$ 409,181.04</b>
301001	A/P GENERAL	(3,680.91)
311401	A/P - DUE TO OTHER FUNDS	\$ (135,979.25)
321600	A/P - TC145 LIABILITY	(10,256.18)
322001	A/P - DUE TO OTHER GOVERN	(12,485.58)
330001	A/P - ACCRUED LIABILITIES	(47,078.55)
	<b>ACCOUNTS PAYABLE</b>	<b>\$ (209,480.47)</b>
351001	LIABILITIES FOR DEPOSITS	\$ (109.86)
353090	FUNDS HELD OUTSIDE OF THE	(226,156.81)
374001	PAYROLL CLEARING ACCOUNT	(205,514.98)
	<b>CURRENT LIABILITIES</b>	<b>\$ (431,781.65)</b>

Table F. Court Revenue Sources and Prior Year Adjustments

G/L Account	Description	Sub-Account	Account Balance
812110	TCTF-PROGRAM 45.10 – OPERATIONS	\$ (2,243,913.26)	
812140	TCTF-PROGRAM 45.10 – SMALL CLAIMS – SERVICE BY MAIL	(440.00)	
812144	TCTF-PROGRAM 45.10-CLERKS TRANSCRIPT ON APPEAL	(418.00)	
812146	TCTF-PROGRAM 45.10-COPY PREPARATION	(785.00)	
812147	TCTF-PROGRAM 45.10 -COMPARISON OF PAPER	(71.00)	
812148	TCTF-PROGRAM 45.10-MANUAL SEARCH OF RECORDS	(1,125.00)	
812150	TCTF-PROGRAM 45.10-ESTATE	(30.00)	
812151	TCTF-10-PROGRAM 45.10-CUSTODY/VISITATION – MEDIATION	(150.00)	
812152	TCTF-10-PROGRAM 45.10-RETURN CHECK	(1,183.00)	
812154	TCTF-PROGRAM 45.10-INFO PACKAGE FOR CONSERVATORS	(20.00)	
812158	TCTF-10-PROGRAM 45.10-CUSTODY/VISITATION – FAMILY LAW	(100.00)	
812159	TCTF-10-PROGRAM 45.10-CIVIL ASSESSMENT	(63,641.89)	
812160	TCTF-10-PROGRAM 45.10-MICROGRAPHICS	(304.00)	
<b>812100</b>	<b>TCTF – PGM 10 OPERATIONS</b>		<b>\$ (2,312,181.15)</b>
821183	PC1463.22a INSURANCE CONV	\$ (2,161.86)	
821191	VC40508.6 DMV HISTORY /PRIORS	(40,876.71)	
<b>821000</b>	<b>LOCAL FEES REVENUE</b>		<b>\$ (43,038.57)</b>
821201	ENHANCED COLLECTIONS (CIVIL)	\$ (9,017.70)	
821202	ENHANCED COLLECTIONS (OTHER)	(41,211.85)	
<b>821200</b>	<b>ENHANCED COLLECTIONS – REV</b>		<b>\$ (50,229.55)</b>
822120	CRC3.670f COURT CALL	\$ (1,295.00)	
822121	GC13963.f RESTITUTION REBATE	(8,037.14)	
<b>822000</b>	<b>LOCAL NON-FEES REVENUE</b>		<b>\$ (9,332.14)</b>
<b>823000</b>	<b>OTHER – REVENUE</b>		<b>\$ (414.00)</b>
<b>825000</b>	<b>INTEREST INCOME <sup>1</sup></b>		<b>\$ (78,446.08)</b>
<b>SUB-TOTAL TRIAL COURTS REVENUE SOURCES</b>			<b>\$ (2,493,641.49)</b>
<b>831000</b>	<b>GENERAL FUND - MOU/REIMBURSEMENTS (AB2030/AB2695)</b>		<b>\$ (570.00)</b>
832010	TCTF GENERAL MOU REIMBURSEMENTS	\$ (44,988.00)	
832011	TCTF-PGM 45.10- JURY	(4,399.00)	
832012	TCTF-PGM 45.10- CAC	(110,395.00)	
<b>832000</b>	<b>PROGRAM 45.10 – MOU/REIMBURSEMENTS</b>		<b>\$ (159,782.00)</b>
<b>833000</b>	<b>PROGRAM 45.25 – REIMBURSEMENTS</b>		<b>\$ (11,000.00)</b>

G/L Account	Description	Sub-Account	Account Balance
834000	PROGRAM 45.45 – COURT INTERPRETER REIMB		\$ (84,143.25)
836000	MODERNIZATION FUND – REIMBURSEMENTS		\$ (54,274.36)
837000	IMPROVEMENT FUND – REIMBURSEMENTS		\$ (11,925.50)
838010	AB1058 GRANTS	\$ (154,807.39)	
838020	OTHER AOC GRANTS	(13,119.70)	
838000	AOC GRANTS – REIMBURSEMENTS		\$ (167,927.09)
841010	SMALL CLAIMS ADVISORY	\$ (469.00)	
840000	COUNTY PROGRAM – RESTRICTED FUNDS – REIMB		\$ (469.00)
860000	REIMBURSEMENTS – OTHER		\$ (232.17)
<b>SUB-TOTAL TRIAL COURTS REIMBURSEMENTS</b>			<b>\$ (490,323.37)</b>
<b>REVENUE TOTAL</b>			<b>\$ 2,983,964.86</b>

<sup>1</sup> Interest income should only be \$5,356.22 as our audit review found \$73,089.86 incorrectly recorded in this G/L account.

### **Report Section 5: Accounts Related to Cash Collections**

The FIN Manual Section 10.02 was established to provide uniform guidelines for trial court employees to use in receiving and accounting for payments from the public in the form of fees, fines, forfeitures, restitutions, penalties, and assessments resulting from court orders. Additionally, FIN 10.01 provides uniform guidelines regarding the collection, processing, and reporting of these amounts. Trial courts should institute procedures and internal controls that assure safe and secure collection, as well as accurate accounting of all payments.

In Table G are balances from the Court’s general ledger for Fiscal Year 2009-2010 that IAS considers to be associated with this section.

*Table G. Cash Collections Accounts*

G/L Account	Description	Account Balance
111000	CASH-OPERATIONS ACCOUNT	\$ 2,172,557.11
111100	CASH-OPERATIONS CLEARING	(75,903.05)
114000	CASH-REVOLVING	5,000.00
117500	CASH CIVIL FILING FEES	10,256.18
119001	CASH ON HAND – CHANGE FUND	100.00
120001	CASH WITH COUNTY	1,518,004.86
<b>CASH AND CASH EQUIVALENTS</b>		<b>\$ 3,630,015.10</b>

### **Report Section 6: Accounts Related to Information Systems**

Information systems used by the Court include the JALAN case management system (CMS) that has an integrated cashiering module, Jury Plus for jury attendance and payroll, in addition to

Phoenix-FI for the recording of financial transactions. In Table H are balances from the Court's general ledger that IAS considers to be associated with information systems.

*Table H. Information Technology General Ledger Line Items*

G/L Account	Description	Sub-Account	Account Balance
<b>943200</b>	<b>IT MAINTENANCE</b>		<b>\$ 58,072.07</b>
943502	IT SOFTWARE & LICNESING FEES	\$ 1,920.79	
<b>943500</b>	<b>IT REPAIRS/SUPPLIES/LICENSES</b>		<b>\$ 1,920.79</b>
<b>INFORMATION TECHNOLOGY (IT) TOTAL</b>			<b>\$ 59,992.86</b>

**Report Section 7: Accounts Related to Banking and Treasury**

GC 77009 authorizes the Judicial Council to establish bank accounts for trial courts to deposit trial court operations funds and other funds under the Courts' control. FIN 13.01 establishes the conditions and operational controls under which trial courts may open these bank accounts and maintain funds. Trial courts may earn interest income on all court funds wherever located. Currently, the Court deposits its operating funds and AB 145 monies into separate AOC-established accounts while its daily collections and trust are deposited into the County Treasury.

*Table I. Banking and Treasury General Ledger Line Items*

G/L Account	Description	Account Balance
111000	CASH-OPERATIONS ACCOUNT	\$ 2,172,557.11
111100	CASH-OPERATIONS CLEARING	(75,903.05)
114000	CASH-REVOLVING	5,000.00
117500	CASH CIVIL FILING FEES	10,256.18
119001	CASH ON HAND – CHANGE FUND	100.00
120001	CASH WITH COUNTY	1,518,004.86
<b>Cash and Cash Equivalents</b>		<b>\$ 3,630,015.10</b>
825010	INTEREST INCOME <sup>1</sup>	\$ (78,446.08)
<b>Revenues</b>		<b>\$ (78,446.08)</b>
920302	BANK FEES	\$ 4,166.15
<b>Expenditures</b>		<b>\$ 4,166.15</b>

<sup>1</sup> Interest income should only be \$5,356.22 as our audit review found \$73,089.86 incorrectly recorded in this G/L account.

**Report Section 8: Accounts Related to Court Security**

Appropriate law enforcement services are essential to trial court operations and public safety. The Court contracts with the County Sheriff's Office for security services at all courthouse locations, including bailiff-related functions when court is in session and assuming responsibility

for the custody of all inmates. Table J presents balances from the Court’s general ledger that IAS considers to be associated with this section.

*Table J. Court Security General Ledger Line Items*

<b>G/L Account</b>	<b>Description</b>	<b>Sub-Account</b>	<b>Account Balance</b>
934505	PERIMETER SECURITY – ENTRANCE	\$ 12,941.54	
934510	COURTROOM SECURITY – SHERIFF	238,428.26	
934512	ALARM SERVICE	632.14	
<b>934500</b>	<b>SECURITY</b>		<b>\$ 252,001.94</b>
<b>941100</b>	<b>SHERIFF</b>		<b>\$ 2,655.00</b>
	<b>TOTAL SECURITY</b>		<b>\$ 254,656.94</b>

**Report Section 9, 10, &11: Accounts Related to Procurement, Contracts, and Accounts Payable**

The FIN Manual provides uniform guidelines for trial courts to use in procuring necessary goods and services and documenting procurement practices. Trial courts must demonstrate that purchases of goods and services are conducted economically and expeditiously, under fair and open competition, and in accordance with sound procurement practice. Typically, a purchase requisition is used to initiate all procurement actions and documents approval by an authorized individual. Depending on the type, cost, and frequency of the good or service to be purchased, trial court employees may need to perform varying degrees of comparison research to generate an appropriate level of competition to obtain the best value. Court employees may also need to enter into purchase orders, service agreements, or contracts to document the terms and conditions of its purchases.

Policy Number FIN 7.01 establishes uniform guidelines for the trial court to follow in preparing, reviewing, negotiating, and entering into contractual agreements with qualified vendors as well as Memorandums of Understanding with other government entities. Not only should trial courts issue a contract when entering into agreements for services or complex procurements of goods, but also 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.

All trial court vendor, supplier, consultant, and contractor invoices and claims shall be routed to the trial court accounts payable department for processing. The accounts payable staff shall process the invoices and claims in a timely fashion and in accordance with the terms and conditions of the purchase agreements. All invoices and claims 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.

Table K provides balances from the Court’s general ledger that IAS considers to be associated with procurement, contracting, and payable activity.

Table K. Procurement, Contracts, and Accounts Payable General Ledger Line Items

G/L Account	Description	Sub-Account	Account Balance
<b>920200</b>	<b>LABORATORY EXPENSE</b>		<b>\$ 12,026.82</b>
<b>920300</b>	<b>FEES/PERMITS</b>		<b>\$ 4,166.15</b>
<b>920500</b>	<b>DUES AND MEMBERSHIPS</b>		<b>\$ 495.00</b>
920601	MISCELLANEOUS OFFICE SUPPLIES	\$ 7,108.58	
920603	FIRST AID/SAFETY SUPPLIES	227.84	
920608	TONER	7,439.21	
920699	OFFICE EXPENSE	3,901.13	
<b>920600</b>	<b>OFFICE EXPENSE</b>		<b>\$ 18,676.76</b>
<b>921500</b>	<b>ADVERTISING</b>		<b>\$ 971.89</b>
<b>921700</b>	<b>MEETINGS, CONFERENCES, EXHIBITS</b>		<b>\$ 1,142.72</b>
<b>922300</b>	<b>LIBRARY PURCHASES AND SUPPLIES</b>		<b>\$ 30,359.46</b>
922603	OFFICE FURNITURE – MINOR	\$ 8,066.19	
922608	WEAPON SCREENING EQUIPMENT	9,791.26	
922610	COMPUTER ACCESSORIES	1,083.22	
922611	COMPUTER	11,807.41	
922613	PRINTERSMULTI-FUNCTION DEVICE	17.90	
912699	MINOR EQUIPMENT – UNDER \$5,000	12,053.05	
<b>922600</b>	<b>MINOR EQUIPMENT – UNDER \$5,000</b>		<b>\$ 42,819.03</b>
<b>922800</b>	<b>EQUIPMENT MAINTENANCE</b>		<b>\$ 4,695.00</b>
<b>923900</b>	<b>GENERAL EXPENSE - SERVICE</b>		<b>\$ 850.00</b>
<b>924500</b>	<b>PRINTING</b>		<b>\$ 7,020.43</b>
925101	TELECOMMUNICATIONS	\$ 11,492.82	
925102	INTERNET ACCESS PROVIDER	5,941.25	
925103	CELL PHONES/PAGERS	4,745.99	
925106	LEASED LINES	27,894.67	
925113	TELEPHONE SYSTEMS	4,327.35	
<b>925100</b>	<b>TELECOMMUNICATIONS</b>		<b>\$ 54,402.08</b>
<b>926200</b>	<b>STAMPS, STAMPED ENVELOPES, POSTCARDS</b>		<b>\$ 24,813.38</b>
<b>928800</b>	<b>INSURANCE</b>		<b>\$ 1,174.22</b>
<b>929200</b>	<b>TRAVEL IN-STATE</b>		<b>\$ 6,976.21</b>
<b>929300</b>	<b>OTHER TRAVEL EXPENSE</b>		<b>\$ 225.00</b>
<b>934500</b>	<b>SECURITY</b>		<b>\$ 252,001.94</b>
<b>935200</b>	<b>RENT/LEASE</b>		<b>\$ 7,013.79</b>
<b>935300</b>	<b>JANITORIAL</b>		<b>\$ 15,724.25</b>
<b>935400</b>	<b>MAINTENANCE AND SUPPLIES</b>		<b>\$ 4,706.85</b>

G/L Account	Description	Sub-Account	Account Balance
938401	GENERAL CONSULTANTS & PROFESSIONALS	\$ 140,500.00	
938404	ADMINISTRATIVE SERVICE	15,875.00	
938409	ARCHIVING/IMAGING MANAGEMENT	2,506.00	
<b>938300</b>	<b>GENERAL CONSULTANT &amp; PROFESSIONALS</b>		<b>\$ 158,881.00</b>
938504	COURT INTERPRETERS – CERT	\$ 35,892.60	
938506	COURT INTERPRETERS – NON CERT	1,857.00	
938509	COURT INTERPRETER - MILEAGE	17,448.71	
938510	COURT INTERPRETER - MEALS	137.14	
938511	COURT INTERPRETER – LODGING	1,068.40	
<b>938500</b>	<b>COURT INTERPRETER SERVICES</b>		<b>\$ 56,403.85</b>
938601	COURT REPORTER SERVICES	\$ 96,325.06	
938605	COURT REPORTER - MILEAGE	8,923.90	
<b>938600</b>	<b>COURT REPORTER SERVICES</b>		<b>\$ 105,248.96</b>
<b>938700</b>	<b>COURT TRANSCRIPTS</b>		<b>\$ 19,700.66</b>
938801	DEPENDENCY COUNSEL CHARGES FOR CHILDREN	\$ 88,829.48	
938803	COURT-APPOINTED COUNSEL CHARGES – FAMILY CODE SECTION 3150	60,951.74	
<b>938800</b>	<b>COURT APPOINTED COUNSEL</b>		<b>\$ 149,781.22</b>
939001	COURT-ORDERED INVESTIGATIVE SERVICES	\$ 25,836.00	
939002	PSYCHIATRIC EVALUATIONS	3,237.50	
939004	DOCTOR	910.00	
939020	PROBATE EVALUATIONS & REP	897.50	
<b>939000</b>	<b>COURT ORDERED PROFESSIONAL SERVICES</b>		<b>\$ 30,881.00</b>
<b>939100</b>	<b>MEDIATORS/ARBITRATORS</b>		<b>\$ 76,475.80</b>
<b>939200</b>	<b>COLLECTION SERVICES</b>		<b>\$ 4,713.95</b>
939402	LABOR NEGOTIATIONS	\$ 3,442.69	
939420	SMALL CLAIMS ADVISORY SERVICES	3,000.00	
<b>939400</b>	<b>LEGAL</b>		<b>\$ 6,442.69</b>
<b>939800</b>	<b>OTHER CONTRACT SERVICES</b>		<b>\$ 550.00</b>
<b>941100</b>	<b>SHERIFF</b>		<b>\$ 2,655.00</b>
942101	PROBATION DEPARTMENT SERVICES	\$ 1,977.66	
942302	AUDITOR-CONTROLLER SERVICES	7,200.00	
942401	COUNTY – ADMINISTRATIVE SERVICES	13,550.23	
942501	COUNTY – HUMAN RESOURCES	10,000.00	
<b>942100</b>	<b>COUNTY-PROVIDED SERVICES</b>		<b>\$ 32,727.89</b>
<b>943200</b>	<b>IT MAINTENANCE</b>		<b>\$ 58,072.07</b>

G/L Account	Description	Sub-Account	Account Balance
<b>943500</b>	<b>IT REPAIRS/SUPPLIES/LICENSES</b>		<b>\$ 1,920.79</b>
<b>952300</b>	<b>VEHICLE OPERATIONS</b>		<b>\$ 3,466.05</b>
<b>945200</b>	<b>MAJOR EQUIPMENT</b>		<b>\$ 5,538.30</b>
965101	JURORS - FEES	\$ 2,115.00	
965102	JURORS - MILEAGE	1,819.68	
965103	JURORS – SEQUESTERED MEAL	462.65	
<b>965100</b>	<b>JURY COSTS TOTAL</b>		<b>\$ 4,397.33</b>

**Report Section 12: Accounts Related to Fixed Assets Management**

FIN Manual Section 9.01 states that the trial court shall establish and maintain a Fixed Asset Management System to record, control, and report court assets. The primary objectives of the system are to:

- Ensure that court assets are properly identified and recorded;
- Ensure that court assets are effectively utilized; and
- Safeguard court assets against loss or misuse.

On the following page, Table L provides balances from the Court’s general ledger that IAS considers to be associated with fixed assets.

*Table L. Fixed Assets Management General Ledger Line Items*

G/L Account	Description	Sub-Account	Account Balance
945301	MAJOR EQUIPMENT - NON-IT	\$ 5,538.30	
<b>945200</b>	<b>MAJOR EQUIPMENT – OVER \$5,000 TOTAL</b>		<b>\$ 5,538.30</b>



Appendix C: Issues Control Log

## Appendix C

### Superior Court of California, County of Inyo

### Issue Control Log

**Note:**

The Issue Control Log contains all the issues identified in the audit. Any issues discussed in the body of the audit report are cross-referenced in the "Report No." Column.

Those issues that are complete at the end of the audit are indicated by the 'C' in the column labeled C. Issues that remain open at the end of the audit have an 'I' for incomplete in the column labeled I and have an Estimated Completion Date.

Internal Audit Services will periodically contact the Court to monitor the status of the correction efforts indicated by the Court. Those issues with a "\_" in the Report No. column are only listed in this appendix. Additionally, there are issues that were not significant enough to be included in this report. They were discussed with the court management as 'informational' issues.

July 2011

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE PER COURT
1	Court Administration	1.1	<b>Submitted Cases Were Not Monitored in accordance with California Rules of Court</b>					
			Implement the newly created procedure related to the tracking of submitted matters and ensure this process is carried out consistently.		C	The Court <u>agrees</u> with this recommendation.	CEO	Complete
2	Fiscal Management	2.1						
			No issues identified warranting a response.					
3	Fund Accounting	3.1	<b>Certain Monies Held in County Treasury Should be Transferred to AOC Treasury</b>					
			Transfer eligible monies from the County Treasury to the AOC Treasury including monies related to old two percent automation, DMV link trust, and municipal court restitution rebate.	I		The Court <u>agrees</u> with this recommendation, and has always intended to transfer eligible monies from the County Treasury to AOC Treasury after the updated County/Court MOU was adopted, signed, and fully executed.	CEO	June 30, 2012
			Seek assistance from the AOC's Trial Court Administrative Services payroll team in transitioning payroll from the County to an external vendor.	I		The Court <u>agrees</u> with this recommendation. The Court has been working with the County to update the expired and outdated Memorandum of Understanding that presently exists between the Court and County. The Court's new Court Executive Officer, Tammy L. Grimm, began negotiations with the County Administrative Officer, Kevin Carunchio, in April 2010. The Memorandum of Understanding has been a work in progress, resulting in numerous meetings and negotiations. The Memorandum of Understanding is set to	CEO	January 1, 2012

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE PER COURT
						be finalized and adopted by the County of Inyo's Board of Supervisors on July 5, 2011.		
			Process jury payments through the AOC rather than the County.		C	The Court <u>agrees</u> with this recommendation.	CEO	Complete
			Transfer payroll and jury related monies from the County Treasury to the AOC Treasury when services have been transitioned from the County.	I		The Court <u>agrees</u> with this recommendation.	CEO	January 1, 2012
<b>4</b>	<b>Accounting Principles and Practices</b>	<b>4.1</b>	<b>Issues Related to Payroll Processing and Use of External Firm</b>					
			No issues identified warranting a response.					
<b>5</b>	<b>Cash Collections</b>	<b>5.1</b>	<b>Collections and CMS Daily Balancing Require Immediate Attention</b>					
			Implement separate cash drawers or bags for each clerk and establish a small change fund for each clerk responsible for accepting payments.	I		The Court <u>disagrees</u> with this recommendation. Mitigating factors in implementing this recommendation include: The Superior Court of California, County of Inyo is a small, two-judge court with clerks who must perform a variety of tasks each day. Unlike larger and mid-size courts, the Clerks in our Court are accountable for everything from clerking in the Courtroom, providing effective and correct minutes, helping court customers at the Counter, answering traffic lines and emails, and taking and posting payments. The Court is too small to have a stable Counter Clerk position or one dedicated desk for	CEO	

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE PER COURT
						payments/cash handling.		
		<b>5.2</b>	<b>Change Funds Require Proper Verification</b>					
			Work with the CMS vendor to implement a new daily collections report that can be generated by each clerk.	I		<p>The Court <u>disagrees</u> with this recommendation. Mitigating factors in implementing this recommendation include:</p> <p>The issues and reasons cited in Recommendation #6, above, directly correlate to Recommendation #7. The Court disagrees that Court Clerks should have separate cash drawers and/or boxes; as a result, a daily collections report generated by each clerk is unnecessary and is an ineffective use of time and court resources, as the Court's JALAN Case Management System would have to be reprogrammed, costing money that the Court does not have in a budget crisis.</p>	CEO	
		<b>5.3</b>	<b>Access to Department Safe Should be Restricted</b>					
			Require clerks to balance daily collections to the individual daily JALAN reports at the end of each day and turn over collections and change funds to the Court Operations Manager to verify totals. Daily reports should be initialed and dated by both the clerks and Court Operations Manager.	I		<p>The Court <u>disagrees</u> with this recommendation. Mitigating factors in implementing this recommendation include:</p> <p>The issues and reasons cited in Recommendation #6, above, directly correlate to Recommendation #8. The Court disagrees that Court Clerks should have separate cash drawers</p>	CEO	

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE PER COURT
						and/or boxes; as a result, it is unnecessary and it is an ineffective use of time and court resources to require Clerks to balance daily collections to individual daily JALAN reports, as the Court's JALAN Case Management System would have to be reprogrammed, costing money that the Court does not have in a budget crisis. Further, Managers are overextended and do not have time to review and accept change funds from fifteen employees. None of our Departments have adequate space for locking up this number of change boxes/bags.		
			Ensure the three departmental change funds are counted in the presence of the Court Operations Manager at each location at both the beginning and end of each day.	I		The Court <u>agrees</u> with this recommendation.	CEO	September 1, 2011
			Create a Change Funds Log that is signed and dated by both the clerk and Court Operations Manager to indicate that change funds were counted and verified in both the morning and afternoon.	I		The Court <u>agrees</u> with this recommendation.	CEO	November 1, 2011
			Limit access to the department safes to as few persons as possible such as the Court Operations Manager and CEO.	I		The Court <u>agrees</u> with this recommendation, and places safeguarding of cash, valuables, and safe contents as its highest priority and responsibility.	CEO	September 30, 2011
		<b>5.4</b>	<b>Mail Collections Should be Processed More Timely</b>					
			Ensure mail payments are processed in a more timely fashion, preferably same day.		C	The Court <u>agrees</u> with this recommendation, in that the recommendation		Complete

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE PER COURT
						is a best practice and when followed ensures timely processing of payments, increased security, and prompt customer service. While there are times when workload volume is high, and staffing limitations make processing of every payment on the day received problematic, Court staff shall prioritize their tasks to ensure payments are indeed processed on the day they are received.		
		<b>5.5</b>	<b>Manual Receipt Books Require Additional Oversight</b>					
			Consider limiting access to the manual receipt books to a select couple of staff members and tracking receipt book issuance in a log.	I		The Court <u>agrees</u> with this recommendation.	CEO	September 15, 2011
			Periodically review manual receipt books to ensure receipts are accounted for and appropriately entered into the CMS. To aid in the process, the Court must ensure that clerks are entering the JALAN receipt numbers on the manual receipt copies.	I		The Court <u>agrees</u> with this recommendation.	CEO	September 15, 2011
<b>6</b>	<b>Information Systems</b>	<b>6.1</b>	<b>Court Does Not Have a Disaster Recovery Plan</b>					
			Develop and implement a formal disaster recovery plan that includes planning for resumption of applications, data, hardware, communications, and other IT infrastructure.	I		The Court <u>agrees</u> with this recommendation. Mitigating factors in implementing this recommendation include: The Superior Court of California, County of Inyo has an Information Technology Manager- Jeff Roberts- who is responsible for all technology,	CEO	June 30, 2012

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE PER COURT
						infrastructure, and electronics for all Court employees, judicial officers, and administrators county-wide. Mr. Roberts does not have an assistant at this point in time and must prioritize his tasks based on necessity and urgency. Mr. Roberts has commenced development of a disaster recovery plan for the Court; it is in draft form and is often having to be placed to the side so that he can tend to urgent daily technological matters that effect efficient and timely operations of the Court. (Refer to the Court's detailed response with corrective action plans and timelines in Appendix D of this report.)		
		6.2	<b>Monitoring of Activity Associated with the Court's Automated Systems Requires Improvement</b>					
			Implement a process whereby reversals are reviewed on a regular basis (e.g. monthly) by an employee not involved in processing payments or reversals in the CMS such as the CEO or ACEO.		C	The Court <u>agrees</u> with this recommendation.	CEO	Complete
			Create a reversal policy which requires reversals to be performed by the Administrative Analyst, the reason for the reversal to be input into JALAN, and reversal receipts to be retained with the daily collection reports.		C	The Court <u>partially agrees</u> with this recommendation. The Court firmly deems a reversal policy to be necessary and essential for competent court fiscal operations; however, the Court disagrees that reversals should be performed by the	CEO	Complete

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE PER COURT
						Administrative Analyst. Given the small nature of our Court, where Clerks handle a myriad of court functions, the Inyo Court's stand on reversals would be that they be performed by a clerk that was not the original clerk who processed the payment or transactions.		
			Develop a routine review process whereby a sample of cases for each clerk is selected to ensure that the fees and fines paid appear appropriate for the case charges.	I		The Court <u>agrees</u> with this recommendation.	CEO	November 2011
			Establish a review process of fee waivers by generating a JALAN report of all fee waivers for a particular period of time (e.g. month) and selecting a sample of fee waivers to verify that waived fees are supported by approved fee waiver applications and orders.	I		The Court <u>agrees</u> with this recommendation.	CEO	November 2011
			Remove the automatic deletion setting in JALAN and require a review signature on the report of records marked for deletion prior to running the deletion.	I		The Court <u>partially agrees</u> with this recommendation. The Court understands the ramifications that can exist with data deletions and continues to safeguard all information, utilizing the deletion option with the utmost care. The JALAN program requires an outside HTE programmer to make changes to the program, which can be cost and time prohibitive.	CEO	August 15, 2011
			Reevaluate court employee access to the DMV system ensuring access makes sense from a business/operational perspective. Deactivate access		C	The Court <u>agrees</u> with this recommendation, but changes to current practices are profoundly based on the assistance of	CEO	Complete



FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE PER COURT
			for those employees not having a business-critical need to the system.			DMV in providing the Court Executive Officer, Tammy L. Grimm, an updated roster of whom in the Superior Court of California, County of Inyo has privileges to open DMV at present. It is possible that retirees and other employees who have left the employ of the Court in the past years may still be operational and active on the DMV database.		
			Perform periodic reviews of DMV activity reports to ensure protection of confidential information and prevent unauthorized changes to DMV records.		C	The Court <u>agrees</u> with the recommendation, and takes paramount care to ensure that DMV access by employees is necessary, legitimate, and confidential. (Refer to the Court's detailed response with corrective action plans and timelines in Appendix D of this report.)	CEO	Complete
		<b>6.3</b>	<b>Certain Fine Assessments and Distribution Calculations Were Incorrect</b>					
			When changes are made to the Court's distribution tables, the Court should ensure the changes are correct and verify the distributions prior to making changes to the production environment. The Court should work with the AOC to ensure revenue distribution changes are accurate.		C	The Court <u>agrees</u> with this recommendation, and has corrected prior protocols to make certain revenue distribution modifications are accurate.	CEO	Complete
			Ensure the distribution formulas in CMS are correct to address the errors noted above and continue to ensure that all fee/fine revenue distributions comply with relevant laws, regulations, and guidance. If necessary, seek clarification and guidance from the AOC on		C	The Court <u>agrees</u> with this recommendation, and has corrected prior issues relating to fee/fine revenue distributions.	CEO	Complete

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE PER COURT
			configuring accurate distributions in the case management system.					
			Review the financial codes in JALAN to ensure the test base fine amount used in calculating percentages is best aligned with actual base fine amounts for applicable violations.		C	The Court <u>agrees</u> with this recommendation.	CEO	Complete
<b>7</b>	<b>Banking and Treasury</b>	<b>7.1</b>	<b>Revolving and County-held Monies Should be Formally Reconciled Monthly</b>					
			Reconcile its revolving bank account a monthly basis in a formalized fashion and require the reconciliation to be reviewed and approved by the CEO or ACEO as well as contain preparer and reviewer signatures/initials and dates.		C	The Court <u>agrees</u> with this recommendation.	CEO	Complete
			Review and reconcile county-held monies on a monthly basis, especially monies within the DMV Link Trust fund, Court Insurance Admin Fee fund, and payroll/jury cash fund.		C	The Court agrees with this recommendation, and has corrected the prior manner that county-held monies were reviewed and reconciled to ensure that the Court is in proper observance of recognized best practices for Accounting and within the guidance of the FIN Manual.	CEO	Complete
		<b>7.2</b>	<b>Segregation of Duties and Oversight Related to the Trust Account Needs Improvement</b>					
			Require the CEO or ACEO to review and approve the accounts payable batch of trust refunds/forfeitures before it is sent to the County.		C	The Court <u>agrees</u> with this recommendation, and recognizes the worth in overlooking and endorsing the Accounts Payable batch of trust funds/forfeitures before it is sent to the County.	CEO	Complete
			Establish a secondary review process of the monthly trust reconciliations whereby they are reviewed and approved by the CEO or ACEO well as contain preparer and reviewer signatures.		C	The Court <u>agrees</u> with this recommendation, and the Court Executive Officer Tammy L. Grimm welcomes this recommendation so that she may review monthly trust	CEO	Complete

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE PER COURT
						reconciliations, thereby being in compliance with FIN Manual recommendations, sound principles of accounting, and guaranteeing that appropriate oversight and segregation of duties exists within the Superior Court of California, County of Inyo.		
<b>8</b>	<b>Court Security</b>							
<b>9</b>	<b>Procurement</b>							
			No issues identified warranting a response.					
<b>10</b>	<b>Contracts</b>	<b>10.1</b>	<b>10.2</b>	<b>MOU for General Services between Court and County is Outdated and Has Expired</b>				
			Continue working with the County CAO to draft and implement an updated MOU between the Court and County for general services provided, including clearly delineating terms and conditions as well as reimbursement terms.		<b>C</b>	The Court <u>agrees</u> with this recommendation.	CEO	Complete
			On an annual basis, reevaluate and update MOUs for all services provided between the Court and County.		<b>C</b>	The Court <u>agrees</u> with this recommendation.	CEO	Complete
<b>11</b>	<b>Accounts Payable</b>	<b>11.1</b>	<b>Travel Processes and Policies Are Not In Compliance with AOC requirements</b>					
			Formally document the travel pre-approval process and ensure the pre-approval is attached to the travel claims.		<b>C</b>	The Court <u>agrees</u> with this recommendation.	CEO	Complete
		<b>11.2</b>	<b>Some Expenditures Tested Lacked Sufficient Documentation Demonstrating Good and Services were Delivered and Invoiced Costs were Supported</b>					
			Take action to make certain that all invoices or claims are properly reviewed, approved, and processed, and that each step is appropriately documented. This should include: - Documenting the receipt of goods and services with a		<b>C</b>	The Court <u>agrees</u> with this recommendation.	CEO	Complete

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE PER COURT
			signature and date of the receipt for the good or service. - Ensuring all supporting documentation such as packing slips, court orders, timesheets, and receipts are attached. - Verifying the number of folios reported on claim forms by requiring the court clerks accepting the transcripts to sign-off on a transcripts log that lists the case information and number of folios. Further, the log should be forwarded to the Administrative Analyst prior to processing the claims to ensure appropriate acceptance of the good/service. - Verifying that in-court service providers are reimbursed actual mileage by requiring physical addresses to calculate mileage.					
<b>12</b>	<b>Fixed Assets Management</b>	<b>12.1</b>	<b>Fixed Assets Reported on its CAFR Worksheets is Likely Overstated</b>					
			Update its Excel spreadsheet of fixed assets to reflect depreciation; to do this, the Court must determine useful life values for all items in the spreadsheet.	I		The Court <u>agrees</u> with this recommendation.	CEO	June 30, 2012
		<b>12.2</b>	<b>Complete Physical Inventories of Court Assets are Not Periodically Conducted</b>					
			Perform periodic inventories of all assets in accordance with the FIN Manual.	I		The Court <u>agrees</u> with this recommendation.	CEO	June 30, 2012
<b>14</b>	<b>Domestic Violence</b>							
			No issues identified warranting a response.					
<b>15</b>	<b>Exhibits</b>	<b>15.1</b>	<b>Exhibit Room Processes Require Further Attention</b>					
			Finish developing and implement the formal, written exhibit room manual and consider including a policy on conducting regular inspections and/or annual inventories.		C	The Court <u>agrees</u> with this recommendation. One of the top priorities of new Court Executive Officer Tammy L. Grimm upon arriving at the Superior Court of	CEO	Complete

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE PER COURT
						California, County of Inyo in April 2010 was the immediate initiation of a draft of an exhibit room/evidence manual.		
			Continue in its efforts to begin utilizing JALAN to record and track exhibits.		C	The Court <u>agrees</u> with this recommendation, and would like to utilize existing technology to document and trace court exhibits.	CEO	Complete
			Continue the destruction process for eligible civil and criminal exhibits as resources allow.		C	The Court <u>agrees</u> with this recommendation. For space issues, the Court looks forward to continuing the evidence/exhibit destruction process to create much-needed storage area for new exhibits and files.	CEO	Complete
			Begin conducting physical inventory audits of exhibits at least annually to ensure that exhibits are appropriately accounted.		C	The Court <u>agrees</u> with this recommendation. To avoid having an unorganized evidence closet in the future, the Court plans on frequent internal audits on physical evidence within the Court's control, to ensure that exhibits are properly documented and identified, pursuant to the Court's new exhibits/evidence handling and destruction procedures. (Refer to the Court's detailed response with corrective action plans and timelines in Appendix D of this report.)	CEO	Complete
<b>16</b>	<b>Facilities</b>							
			No issues identified warranting					

FUNCTION	RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE PER COURT
		a response.					

I = Incomplete; Court response and/or corrective action plan does not fully address issue and thus, remains incomplete.

C = Complete; Court response and/or corrective action plan addresses issue and is considered completed.

**Appendix D: Court's Full Response**

Brian J. Lamb  
*Presiding Judge*

Dean T. Stout  
*Judge*

Tammy L. Grimm  
*Court Executive Officer*

Virginia Bird  
*Assistant Executive Officer*



## Superior Court of California County of Inyo

July 6, 2011

John Judnick, Senior Manager  
Internal Audit Services  
Administrative Office of the Courts  
455 Golden Gate Avenue, 7<sup>th</sup> Floor  
San Francisco, CA 94102

Re: Audit of the Superior Court of California, County of Inyo (May 2011)

Dear Mr. Judnick:

On behalf of the Superior Court of California, County of Inyo, we thank you for the professional and positive auditing experience that we had with Melissa Lomas of *Sjoberg Evashenk*. Since the last audit in 2006, the Superior Court of California, County of Inyo has had a change in the Presiding Judge assignment as well as a new Court Executive Officer who came onboard in April 2010. This audit will be very useful to both the Presiding Judge and Court Executive Officer in identifying areas where our Court can strive to improve and where we are not currently audit compliant. We look forward to utilizing the audit as an educational tool that will allow us to strengthen our Court practices, procedures, and protocols in our endeavor to administer fair and equitable justice through modern principles of court and judicial administration.

Below, you will find our responses to each written recommendation addressed in the *Audit of the Superior Court of California, County of Inyo- May 2011*. We have identified our corrective action plan and timetable for addressing the issues, when appropriate, as well as acknowledged the Court Representative who will take responsibility in both the monitoring and the follow-through of each audit suggestion.

**Recommendation #1: Implement the newly created procedure related to the tracking of submitted matters and ensure this process is carried out consistently.**

The Court agrees with this recommendation.



Mitigating factors in implementing this recommendation include:

- Court Executive Officer- Tammy L. Grimm- was not employed with the Court during the last audit, and for a majority of the portion of the time period reviewed and covered by this present audit. The prior practices of preceding Superior Court of California, County of Inyo employees were out of the control of the current Court Executive Officer. The Court agrees that it was out of compliance with monitoring submitted matters in the past, and did not have any identifiable plan on how to oversee this mandatory Court function as no formal procedure was written.
- In April 2010, Presiding Judge Brian J. Lamb delegated his formal duty to monitor court-wide submitted matters under California Rule of Court 10.603(c)(3) to Court Executive Officer Tammy L. Grimm under a formal Order and Designation of Duties of the Court Executive Officer.
- When the Audit of the Superior Court of California, County of Inyo began in late 2010, no formal procedure regarding "submitted matters and cases" was available or implemented by the Court. The Court Executive Officer was informally checking the status of the submitted matters through Judicial Assistant Gail Shults, who recorded the status of submitted cases in the Court's case management system. After determining status from the Judicial Assistant, the Court Executive Officer would check in with judicial officers on an individual basis, performing e-mail and verbal follow-ups on cases that were getting close to expiration.
- Prior to the Audit, Judicial Assistant Gail Shults was primarily responsible for monitoring submitted matters, notifying the Court Executive Officer if any noticeable problems or time sensitive issues were forthcoming. She would enter the event codes in the Case Management System- JALAN- as tickler reminders to Court Clerks and Judges. On the 90th day, the CMS calendar would notify the Judicial Assistant that action on a particular case was due, and this would prompt the Judicial Assistant to follow up with the Judge to see if a decision was made. If not, then the Judicial Assistant would contact the Court Executive Officer and explain the deadlines.
- While informal submitted matter procedures were being followed, the Court admits that the process was not in compliance with California Rule of Court 10.603(c)(3), which requires more formal and frequent tracking. Since the delegation was to the Court Executive Officer, the Court acknowledges that the Court Executive Officer, rather than the Judicial Assistant, should perform this task since submitted matters are time sensitive and involve parties' legal rights.

Corrective action plan:

- During the Court's ongoing review, Auditor Melissa Lomas explained to Court Executive Officer Tammy L. Grimm and Assistant Court Executive Officer Virginia Bird the rules relating to submitted matters, and indicated that a detailed written procedure would be ideal so that the Court has a definitive method to track any matter submitted to a Judicial Officer in the Superior Court of California, County of Inyo.
- On April 26, 2011, during the Audit, the Presiding Judge approved an internal written "Submitted Matters Procedure" that was implemented and distributed that day to all impacted Court employees involved in the submitted matter process.
- Under that Procedure, the Court's formal written procedure- currently used and compliant with legal requirements- is:

- To ensure that submitted matters are addressed within the statutory 90-day window, clerks indicate in the case management system the status by assigning a special “submitted matter” code to the calendar docket. In addition, the clerk enters a date for submission 90 days out from the date the matter is taken under submission by the Judge, using the Julian calendar.
- The file is then passed to Judicial Assistant, Gail Shults, for review of date calculation, attachment of the Submitted Matter note to outside of file, and calendaring of the tickler review date for 80 & 89 days. It is the Judicial Assistant’s duty to forward the file to the assigned Judicial Officer for ruling.
- The Judicial Assistant shall **review** tickler events at 80 and 89 days. If no ruling has been made, Judicial Assistant Gail Shults will check on the matter’s status with the assigned judicial officer, and refer the situation with the Court Executive Officer, Tammy L. Grimm.
- Monthly, a report of all submitted cases will be run by Court Financial Specialist Danielle Sexton, and provided to the Court Executive Officer, Tammy L. Grimm, for review and follow-up. The report will list all outstanding causes under submission for **more than 30 days** and, with respect to each cause, designate whether it has been **under submission for 30-60 days, 61-90 days, or over 90 days.**
- The Court Executive Officer, Tammy L. Grimm, will circulate a complete copy of the submitted list to each judge of the court, and review matters which have been submitted over 30 days with the judge.
- Upon making a ruling in any submitted matter, the Clerk receiving the file from the judge shall enter that a ruling was made by the judge in the case management system so that this disposition appears on the docket entry/calendar.
- In May 2011, Court Financial Specialist Danielle Sexton began providing a “submitted cases” review to Court Executive Officer Tammy L. Grimm on a monthly basis. The Court Executive Officer reviews the report thoroughly, discussing upcoming due dates with the judicial officers individually.
- With this procedure, the Superior Court of California, County of Inyo is in compliance with the regulations and requirements related to the handling of submitted matters as outlined within the California Rules of Court.

**Recommendation #2: Transfer eligible monies from the County Treasury to the AOC Treasury including monies related to old two percent automation, DMV link trust, and municipal court restitution rebate.**

The Court agrees with this recommendation, and has always intended to transfer eligible monies from the County Treasury to AOC Treasury after the updated County/Court MOU was adopted, signed, and fully executed.

*Mitigating factors in implementing this recommendation include:*

- The Court has been working with the County to update the expired and outdated Memorandum of Understanding that presently exists between the Court and County.

The Court's new Court Executive Officer, Tammy L. Grimm, began negotiations with the County Administrative Officer, Kevin Carunchio, in April 2010. The Memorandum of Understanding has been a work in progress, resulting in numerous meetings and negotiations. The Memorandum of Understanding is set to be finalized and adopted by the County of Inyo's Board of Supervisors on July 5, 2011.

Corrective action plan:

- June 29, 2011: Mr. Kevin Carunchio, County Administrative Officer, and Ms. Tammy L. Grimm, Court Executive Officer, finalize Memorandum of Understanding for upcoming Board of Supervisors meeting.
- July 5, 2011: Mr. Kevin Carunchio, County Administrative Officer, and Ms. Tammy L. Grimm, Court Executive Officer, present to the Inyo County Board of Supervisors the Memorandum of Understanding between Court and County. The MOU is adopted and signed by Chairperson Susan Cash.
- Week of July 11-15, 2011: Court Executive Officer Tammy L. Grimm notifies Court Financial Specialist Danielle Sexton of the Board's approval of the MOU and gives her a copy of the MOU. Ms. Sexton will begin the process to move all of the Court's "Cash with County" held accounts- except for those that are statutorily required to stay with the County- to the Court's Bank of America Account.
- The transition of eligible funds from the County Treasury to the Court's bank account/AOC Treasury will occur in fiscal year 2011-2012. It is anticipated that this will occur in the early part of the fiscal year, by December 31, 2011, but will definitely be completed no later than June 30, 2012.

**Recommendation #3: Seek assistance from the AOC's Trial Court Administrative Services payroll team in transitioning payroll from the County to an external vendor.**

The Court agrees with this recommendation.

Mitigating factors in implementing this recommendation include:

- The Court has been working with the County to update the expired and outdated Memorandum of Understanding that presently exists between the Court and County. The Court's new Court Executive Officer, Tammy L. Grimm, began negotiations with the County Administrative Officer, Kevin Carunchio, in April 2010. The Memorandum of Understanding has been a work in progress, resulting in numerous meetings and negotiations. The Memorandum of Understanding is set to be finalized and adopted by the County of Inyo's Board of Supervisors on July 5, 2011.
- This new MOU addresses the Court's ability to outsource payroll services to other vendors.
- Previous MOUs with the Court/County limited the Court to payroll options with the County only.

Corrective action plan:

- In an effort to understand payroll outsourcing options, the Court Financial Specialist- Danielle Sexton- contacted the AOC's Trial Court Administrative Services payroll team in May 2011 for assistance and direction.
- In May 2011, the AOC's Trial Court Administrative Services payroll team referred Ms. Sexton to ADP.
- Ms. Sexton immediately contacted ADP and received a small court contact. He is preparing an informational packet for the Court's review, which will be mailed to Inyo Court in early July 2011.
- Once the informational packet is received, the Court will determine if moving payroll services from the County to ADP is economically feasible and beneficial.
- If movement to ADP is determined to be the most favorable option to the Court, the Court Executive Officer Tammy L. Grimm will direct Court Financial Specialist Danielle Sexton and Assistant Court Executive Officer Virginia Bird to work with ADP to make the transition happen by January 1, 2012.
- If transition to ADP does occur, the Court Executive Officer, Tammy L. Grimm, shall give notice to the County Payroll and Administrative Officer at least ninety (90) days prior to the transition, with a proposed targeted transition date set for January 1, 2012.

**Recommendation #4: Process jury payments through the AOC rather than the County.**

The Court agrees with this recommendation.

Corrective action plan:

- Upon authorization by the Court Executive Officer Tammy L. Grimm on June 2, 2011, Court Financial Specialist Danielle Sexton contacted Mark Gustin of the Administrative Office of the Courts payables section.
- Mr. Gustin called Mrs. Sexton back and explained options for the court to transition our criminal jury expenses to the AOC's SAP program, through vendor JSI, explaining that the criminal jury checks would be processed by the TCAFS check processing team. Our Jury Clerk/Judicial Assistant, Gail Shults, would generate an electronic report from our Jury+ software system, e-mailing it to the AOC-TCAFS Check Team for upload and payment in SAP.
- JSI, the vendor, will have employee Oscar, at no cost, create a formatted report within our Jury+ software program to allow our Jury Clerk/Judicial Assistant, Gail Shults, the ability to input and extract data.
- This switch from County to AOC processed jury payments is set to occur and be in effect in July 2011.
- Please note: this is for criminal jury payments only. The civil jury funds must stay with the County of Inyo because funding is located in the Case Management System, and the "Case Management System Trust" is held with the County of Inyo.

**Recommendation #5: Transfer payroll and jury related monies from the County Treasury to the AOC Treasury when services have been transitioned from the County.**

The Court agrees with this recommendation.

Corrective action plan:

- Court Financial Specialist Danielle Sexton is arranging for the transfer of payroll and jury related monies with the Administrative Office of the Courts.
- This switch from County to AOC processed **jury payments** (for Criminal cases) is set to occur and be in effect in July 2011. Court Financial Specialist Danielle Sexton is following up with JSI in late June 2011 to make sure they perform the testing for the transition on the jury checks. After testing is performed, jury related monies can be transferred from the County Treasury to the AOC Treasury. Civil jury funds must stay with the County of Inyo because funding is located in the Case Management System, and the "Case Management System Trust" is within the control and held with the County of Inyo.
- The Court is remaining on the County of Inyo's payroll through the end of 2011 so that the Court may finish researching and discussing options with ADP Services, who will provide the Court a detailed packet of information in early July 2011. The Court has every intention of switching **payroll monies** into the AOC Treasury, but this cannot occur until we have transitioned from the County of Inyo. In the MOU for 2011-2012, the County has been made aware that the Court intends to outsource payroll to ADP as of January 1, 2012. At this time, we would transition payroll monies from the County Treasury to the AOC Treasury.

**Recommendation #6: Implement separate cash drawers or bags for each clerk and establish a small change fund for each clerk responsible for accepting payments.**

The Court disagrees with this recommendation.

Mitigating factors in implementing this recommendation include:

- The Superior Court of California, County of Inyo is a small, two-judge Court with clerks who must perform a variety of tasks each day. Unlike larger and mid-size Courts, the Clerks in our Court are accountable for everything from clerking in the Courtroom, providing effective and correct minutes, helping court customers at the Counter, answering traffic lines and emails, and taking and posting payments. The Court is too small to have a stable Counter Clerk position or one dedicated desk for payments/cash handling.
- Our small Court does not process the volume of payments that other large Courts process. Issuing individual cash bags to 15 Clerks may result in a few checks per Clerk, which is labor and time intensive in the procedure recommended by this Audit. The Court, already strapped by reduced personnel and budget, cannot afford to give any unnecessary or unduly burdensome time to a procedure that does not create any further safeguards to cash handling than are employed by the Court at the present time. The current procedures are virtually theft-proof. In each Department, the Court has recently tightened our current structure and procedures to verify that each transaction is tagged with the initials of the Clerk processing each transaction. Monies counted at the end of

the day are totaled by a different clerk than the one who is balancing the money the next morning.

- Past audits have addressed this issue, with the previous Court Executive Officer, Nancy Moxley, responding the same way that the current Court Executive Officer, Tammy L. Grimm, is responding. Past audits that have addressed this have resulted in an audit response of "disagree" by the Court.
- The Superior Court of California, County of Inyo has five departments in two locations in a County that is geographically expansive. Court clerks do not always report to the same assignment each day. Clerks who are assigned to different locations on different days are unable to have a cash drawer or bag to check out daily. The Court cannot justify multiple bags for each Clerk who travels. Multiple bags increases risk of loss and would require extra cash on hand for each box/bag. Further, individual cash drawers/bags would demand more supervision/management, having each clerk check-out/check-in the bags daily with the two Managers, who are already stretched for time. There is no substantial ability to have this process overseen in an effective manner.
- Due to the open nature of the Court offices (usually one window with a cluster of Clerks sitting in the open, visible view of the public), secreting money or theft of Court funds is virtually impossible and would be incredibly difficult. In the history of the Superior Court of California, County of Inyo, there have been no major fund discrepancies with cashing, and the present procedure- even though done as a group- is secure and ensures money ends up correctly with the Court.
- By providing each cashier an individual cash bag/box, this would actually create a less secure environment that could invite monetary loss and accounting problems. There is no room to maintain individual cash boxes/bags at each Department Counter. This would require money to be placed in desk drawers of individual Clerks, which do not lock. This creates a less secure situation where money is not in a communal cash box and visible to all Clerks. Our offices have heavy foot-traffic by Court partners, with attorneys, attorney staff, District Attorneys, Probation and Law enforcement officers walking freely in and out of the Clerk's Office. In Independence, the Clerk's Office is between two County Recorder offices, with their Staff walking in and out of our Clerk's office with great frequency, sometimes with customers and strangers. Many Court partners who enter the Court Clerk's Office often sit at Clerk desks to use the phone when clerks are away from their desks, on lunch or on break. Will money have to be signed in and out every time a Clerk leaves their desk for a moment? The risk is too high with the amount of visitors that pass through our Clerk's Offices. We are not like other Courts who do not allow entry of community partners to their internal work areas. There can be up to fifty non-Court personnel walking through any Department in a given day; with money at individual desks, this creates a situation where theft or loss is more possible. Further, the Court Executive Officer, Tammy L. Grimm, is very concerned that individual cash boxes/cash bags would require clerks to walk back to their desk with money/checks in hand, which could result in misplacement of funds (being co-mingled with Court documents/work product lying on desks) and a situation where the public openly views the handling of cash and checks at desks, which may invite greater risk to Court staff of robbery, theft, or crime.

Corrective action plan:

- The Financial Management Section of the FIN Manual (also known as the Trial Court Financial Policies and Procedures Manual), section 6.1 states that the "court is

responsible for developing action plans, obtaining resources for implementing plans, monitoring its operations, and accounting publicly for its performance.” FIN Manual section 6.3 allows the trial courts to “utilize an efficient and organized accounting system that ensures the accurate reporting of all transactions.... assuring that the transactions... are supported by documentation and evidential matter that can withstand internal or external financial audits.” The Court has come up with an effective and efficient system that works for our Court. Individual cash bags would create a chaotic, disorganized and inefficient Accounting system that would unduly burden the Court Clerks resulting in extra risk, extra liability, extra tasks and extra time. While the Court recognizes FIN Manual 10.02 section 6.3.3 requires individual cash drawers, this would not allow us to be as effective and would place us in a less secure and unmanageable situation.

- The Superior Court of California, County of Inyo is doing the best that it can with limited resources and staffing. Not all procedures fit with all Courts, and small Court Clerks must wear many hats when there is no devoted cashier. Procedures for our small Court have worked in the past and continue to work; we are proud that we have not been off more than \$10 in a fiscal year from cashiering. That is an accomplishment that is done through the procedures that we have established to work for our Court’s effectiveness. We know the funds belong to the public, and we take extra precautions under our current protocols to ensure that everything is balanced to the penny. The system works for us, and changing that system to the way larger Courts do things provides unnecessary and burdensome risk to our Court, the Court Clerks, and the Executive Management Team.
- Individual Clerk cash drawers/bags are also virtually impossible to implement for our Court because daily cashiering reports cannot be generated from JALAN for individual clerks. This recommendation would require reprogramming of the JALAN system with HTE, which could result in further costs to the Court.
- The Court acknowledges that there is indeed a risk in sharing a cash box/bag at each Department, but every night the money is counted. The daily collections from the night before are placed in a safe and are balanced to the daily reports the following morning to ensure that the money is there and is correct. If money went missing, it would be a problem no matter whether it was done by an individual or as a group.
- Therefore, the Court disagrees with this recommendation and wishes to continue its current practices. The Superior Court of California, County of Inyo maintains an effective system of internal controls that is integral to its operational and management practices. Competent personnel who document and safeguard Court Customer payments ensure that the Court has effective control over monetary transactions.
- The Court does agree that a ***Change Funds Log*** would be an additional measure to strengthen the current practices of the Court, and will implement that recommendation, discussed in Recommendation 10, below. The Court Executive Officer is in the process of obtaining samples from other smaller California Courts, and will create this form no later than September 1, 2011. The Assistant Court Executive Officer Virginia Bird, with the help of Court Financial Specialist Danielle Sexton and Court Managers Brigid Anderson and Sandy Anderson, will work on creating a procedure for staff on how the ***Change Funds Log*** is to be signed, dated, and completed each day by the Manager and Clerk signing out the Department’s drawer.
- The Superior Court of California, County of Inyo respectfully requests an exception be made from this recommendation given the circumstances described above, and requests that future FIN Manual revisions consider allowing Courts some latitude in operational

**Recommendation #7: Work with the CMS vendor to implement a new daily collections report that can be generated by each clerk.**

The Court disagrees with this recommendation.

*Mitigating factors in implementing this recommendation include:*

- The issues and reasons cited in Recommendation #6, above, directly correlate to Recommendation #7. The Court disagrees that Court Clerks should have separate cash drawers and/or boxes; as a result, a daily collections report generated by each clerk is unnecessary and is an ineffective use of time and Court resources, as the Court's JALAN Case Management System would have to be reprogrammed, costing money that the Court does not have in a budget crisis.

*Corrective action plan:*

- The Court currently balances all processed payments and financial monies daily within each Department. While the cash drawers and payments are not maintained separately, but rather as a Department- the Court did recently, during the audit, tighten its current procedural structure to verify that each transaction is tagged with the initials of the Clerk who processed the transaction. If the Departmental daily balance was off at the end of the day, the Court could easily know which Clerk processed the erroneous transaction.
- The Court respectfully disagrees with this recommendation given the circumstances discussed in Recommendation #6. The Court requests future FIN Manual revisions consider allowing Courts some latitude in operational and organizational procedures when the proposal creates an undue cost or restriction upon the resources of the Court.

**Recommendation #8: Require clerks to balance daily collections to the individual daily JALAN reports at the end of each day and turn over collections and change funds to the Court Operations Manager to verify totals. Daily reports should be initialed and dated by both the clerks and Court Operations Manager.**

The Court disagrees with this recommendation.

*Mitigating factors in implementing this recommendation include:*

- The issues and reasons cited in Recommendation #6, above, directly correlate to Recommendation #8. The Court disagrees that Court Clerks should have separate cash drawers and/or boxes; as a result, it is unnecessary and it is an ineffective use of time and Court resources to require Clerks to balance daily collections to individual daily JALAN reports, as the Court's JALAN Case Management System would have to be reprogrammed, costing money that the Court does not have in a budget crisis. Further, Managers are overextended and do not have time to review and accept change funds from fifteen employees. None of our Departments have adequate space for locking up this number of change boxes/bags.



Corrective action plan:

- The Court currently balances all processed payments, daily collections, and financial monies daily within each Department. The Court recognizes and acknowledges the importance of daily balances for all collections received, but does not agree that each individual Clerk should be required to do a separate balance and involve the Manager.
- While the cash drawers and payments are not maintained separately, but rather as a Department- the Court did recently, during the audit, tighten its current procedural structure to verify that each transaction is tagged with the initials of the Clerk who processed the transaction. If the Departmental daily balance was off at the end of the day, the Court could easily know which Clerk processed the erroneous transaction.
- At present, the Manager is in the room when change is placed in the communal cash drawer. Some easy changes by the Court could be made to ensure that daily reports are initialed and dated in the future by the Manager and opening Clerk of each Department (See Recommendation 9's response by the Court).
- The Court respectfully disagrees with this recommendation given the circumstances discussed in Recommendation #6. The Court requests future FIN Manual revisions consider allowing Courts some latitude in operational and organizational procedures when the proposal creates an undue cost or restriction upon the resources of the Court.

**Recommendation #9: Ensure the three departmental change funds are counted in the presence of the Court Operations Manager at each location at both the beginning and end of each day.**

The Court agrees with this recommendation.

Corrective action plan:

- The Court does agree that the three departmental change funds should be counted in the presence of the Court Manager each and every day.
- The Clerk opening the Department's cashier box/bag shall check out the cash box/bag with the Manager, and together they should count the cash to verify amounts and totals. Both the Clerk and the Manager shall initial the **Change Funds Log**, kept in the bottom of the cash drawer/bag each month, at both the beginning and ending of each workday. This procedure and verification of cash protects employees as a Manager or co-worker provides a double check to verify the starting and ending proceeds.
- If a Manager is unavailable in the morning or evening, then the money should be counted in the presence of the Lead Clerk (Lindsay Eropkin in Bishop; Claudia Alexander in Independence) or another employee if they are not available.
- In Departments where the Manager is not present (Department 3), the Manager or Lead Clerk shall work out a schedule of when they can come down to check out and in money. If unavailable, another employee within Department 3 may be the double-check/signatory.

- The Court Executive Officer, Tammy L. Grimm, is in the process of obtaining sample ***Change Funds Log*** forms from other smaller California Courts, and will create this form no later than September 1, 2011.
- The Assistant Court Executive Officer Virginia Bird, with the help of Court Financial Specialist Danielle Sexton and Court Managers Brigid Anderson and Sandy Anderson, will work on creating a procedure for staff on how the ***Change Funds Log*** is to be signed, dated, and completed each day by the Manager and Clerk signing out the Department's drawer.
- This procedure, with the new ***Change Funds Log***, will be given to all Court Staff and Administration no later than October 15, 2011, with implementation of the new sign-in/sign-out procedure occurring as of November 1, 2011.
- Assistant Court Executive Officer (Virginia Bird) will be responsible for monitoring this process and following-up to ensure that staff and Managers are correctly completing the updated process and accurately completing the ***Change Funds Log***. It will be the responsibility of the Assistant Court Executive Officer to work with Managers if problems or concerns arise from this new procedure.
- At the end of each month, the ***Change Funds Log*** shall be turned into Court Executive Officer Tammy L. Grimm for basic review and filing in a secure location with other monthly fiscal and budgetary documents. The Court Executive Officer will review the forms to ensure that cash bags/boxes are being signed in and out by two separate individuals within the Department, preferably the Clerk handling opening/closing and the Manager or Lead Clerk.

**Recommendation #10: Create a Change Funds Log that is signed and dated by both the clerk and Court Operations Manager to indicate that change funds were counted and verified in both the morning and afternoon.**

The Court agrees with this recommendation.

Corrective action plan:

- The Court does agree that a ***Change Funds Log*** would be an additional measure to strengthen the current cash handling practices of the Court, and will implement this recommendation.
- The Court Executive Officer, Tammy L. Grimm, is in the process of obtaining sample ***Change Funds Log forms*** from other smaller California Courts, and will create this form no later than September 1, 2011.
- The Assistant Court Executive Officer Virginia Bird, with the help of Court Financial Specialist Danielle Sexton and Court Managers Brigid Anderson and Sandy Anderson, will work on creating a procedure for staff on how the ***Change Funds Log*** is to be signed, dated, and completed each day by the Manager and Clerk signing out the Department's drawer.
- This procedure, with the new ***Change Funds Log***, will be given to all Court Staff and Administration no later than October 15, 2011, with implementation of the new sign-in/sign-out procedure occurring as of November 1, 2011.

- Assistant Court Executive Officer (Virginia Bird) will be responsible for monitoring this process and following-up to ensure that staff and Managers are correctly completing the updated process and accurately completing the ***Change Funds Log***. It will be the responsibility of the Assistant Court Executive Officer to work with Managers if problems or concerns arise from this new procedure.
- At the end of each month, the ***Change Funds Log*** shall be turned into Court Executive Officer Tammy L. Grimm for basic review and filing in a secure location with other monthly fiscal and budgetary documents.

**Recommendation #11: Limit access to the department safes to as few persons as possible such as the Court Operations Manager and CEO.**

The Court agrees with this recommendation, and places safeguarding of cash, valuables, and safe contents as its highest priority and responsibility.

Corrective action plan:

- September 2011: Court Executive Officer Tammy L. Grimm and Assistant Court Executive Officer Virginia Bird shall meet, develop, write, and implement procedure for accessing safes in Bishop and Independence. In Bishop, the safe is a small wall-safe located in the employee bathroom; in Independence, the safe is a larger floor safe located in the Chambers in Department 3, lower level.
- The Court Executive team shall develop a procedure that addresses (a) a process for changing combinations on a periodic basis, and (b) designation of limited administrative, fiscal, and managerial staff with authority to access Court safe combinations.
- The developed and implemented procedure will be handed out and explained to staff- especially those that may indeed access the safes- no later than September 30, 2011.

**Recommendation #12: Ensure mail payments are processed in a more timely fashion, preferably same day.**

The Court agrees with this recommendation, in that the recommendation is a best practice and when followed ensures timely processing of payments, increased security, and prompt customer service. While there are times when workload volume is high, and staffing limitations make processing of every payment on the day received problematic, Court staff shall prioritize their tasks to ensure payments are indeed processed on the day they are received.

Corrective action plan:

- June 2011: Court staff advised that processing mail payments is of immediate priority.
- June 2011: A departmental fiscal procedure has been written and distributed to staff outlining the Court's expectations and method for processing all monies received. If monies cannot be applied to a case or receipted the same day received for a good faith reason, and the branch Manager has been notified, payments are to be secured overnight in either a locked cabinet in Bishop or in the Court's safe in Independence. The following day, staff must make processing the funds their main concern and first priority.

- Branch Managers (Brigid Anderson- Bishop; Sandy Anderson- Independence) are responsible for monitoring the status of payments, ensuring the processing of those payments in a timely manner and adjusting work assignments to ensure completeness in compliance with the new procedure.

**Recommendation #13: Consider limiting access to the manual receipt books to a select couple of staff members and tracking receipt book issuance in a log.**

The Court agrees with this recommendation.

Corrective action plan:

- By September 15, 2011, Court Executive Officer Tammy L. Grimm will write a policy and procedure for the maintenance of manual receipt books, which will be distributed to Court Staff and Managers. In addition, Court Executive Officer Tammy L. Grimm shall create a **Tracking Receipt Book Issuance Log** for staff members to complete when signing the receipt book in and out. In addition, Court Executive Officer Tammy L. Grimm will create a **Receipt Book Checkout Log** that will be kept with Court Financial Specialist Danielle Sexton. When the receipt books are used and need replacing, the old receipt book will have to be checked in with Ms. Sexton and a new one signed out.
- As part of the procedure, Managers Brigid Anderson (Bishop) and Sandy Anderson (Independence) will be required to keep the receipt books for their Department in a locked and secure location.
- If a manual receipt book is necessary, Court staff shall go to their Manager to request check-out of the receipt book. Employees shall fill out the **Tracking Receipt Book Issuance Log** before the receipt book is handed to them by the Manager.
- When they are done with the manual receipt book, they shall return it to the Manager and check it back in on the **Tracking Receipt Book Issuance Log**.
- When the manual receipt book is returned, the Manager should review the receipts written by their Clerk before filing the book back in its secure location. The review should look at general completeness of the receipt and whether entry of the JALAN receipt number has been included.
- Court Financial Specialist shall include a review of the receipt book during month end reconciliation process.
- When the Manual Receipt book has been completely used, the Manager shall take the completed book to the Court Financial Specialist, Danielle Sexton, and sign it over to her on the **Receipt Book Checkout Log**. A new receipt book will then be issued to the Manager by Danielle Sexton.
- Danielle Sexton, Court Financial Specialist, shall tell Court Executive Officer Tammy L. Grimm when a manual receipt book is complete. Ms. Grimm shall audit the book to ensure no receipts are missing.
- Upon review by the CEO Tammy L. Grimm, Completed Manual Receipt books will be kept in the Finance Office of the Superior Court of California, County of Inyo, in compliance with FIN procedures for fiscal safeguarding of records.
- This procedure and the logs shall be completed and implemented no later than September 15, 2011. The Court Executive Officer, Tammy L. Grimm, is responsible for the procedure and log forms, as well as organizing appropriate training and communication about this new process to all necessary staff.

**Recommendation #14: Periodically review manual receipt books to ensure receipts are accounted for and appropriately entered into the CMS. To aid in the process, the Court must ensure that clerks are entering the JALAN receipt numbers on the manual receipt copies.**

The Court agrees with this recommendation.

Corrective action plan:

- By September 15, 2011, Court Executive Officer Tammy L. Grimm will write a policy and procedure for the maintenance of manual receipt books, which will be distributed to Court Staff and Managers. This procedure will include direction as to when and by whom the receipt books are to be reviewed.
- Manual Receipt books will be reviewed in three (3) situations:
  1. After a manual receipt book is checked out and returned by the Court Clerk to one of the two Court Managers, that Manager shall be required to review all receipts written by that Clerk before filing the book back in its secure location. The Managers should be checking on completeness of the receipt, whether any pertinent information is missing, and whether entry of the JALAN receipt number was included and clearly displayed on the manual receipt.
  2. When the Manual Receipt book has been completely used, the Manager shall take the completed book to the Court Financial Specialist, Danielle Sexton, who will notify the Court Executive Officer, Tammy L. Grimm. Ms. Grimm shall audit the entire book to ensure no receipts are missing and no obvious problems are found.
  3. Every month, the Court Executive Officer Tammy L. Grimm or Assistant Court Executive Officer Virginia Bird shall do a surprise spot check audit on the manual receipt log, checking it out from the Manager. In the monthly audit, Ms. Grimm or Ms. Bird shall review for receipt completeness, omissions, errors, and cross-check the receipt with the computer case management system to ensure correct entry.
- This procedure shall be completed and implemented no later than September 15, 2011. The Court Executive Officer, Tammy L. Grimm, is responsible for the procedure and communicating the process of auditing the receipt books to the appropriate Staff members.
- Monthly auditing shall start in October, 2011.
- Manual receipt book review after check out from the managers, as well as when turned in for a new book, will occur as of September 15, 2011, when the procedure has been finalized, documented, and implemented court-wide.

**Recommendation #15: Develop and implement a formal disaster recovery plan that includes planning for resumption of applications, data, hardware, communications, and other IT infrastructure.**

The Court agrees with this recommendation.

Mitigating factors in implementing this recommendation include:

- The Superior Court of California, County of Inyo has an Information Technology Manager- Jeff Roberts- who is responsible for all technology, infrastructure, and electronics for all Court employees, judicial officers, and administrators county-wide. Mr. Roberts does not have an assistant at this point in time and must prioritize his tasks based on necessity and urgency. Mr. Roberts has commenced development of a disaster recovery plan for the Court; it is in draft form and is often having to be placed to the side so that he can tend to urgent daily technological matters that effect efficient and timely operations of the Court.

Corrective action plan:

- The Court is looking into hiring an Information Technology Clerk for Mr. Roberts in the next fiscal year. This position has been budgeted and is essential to the upkeep of the Superior Court of California, County of Inyo's technological infrastructure and equipment. Our technology is advanced for our small Court, and with the special items Mr. Roberts' has been able to do for the Court comes a need to have a backup for him as the work is too much for one person to physically be able to handle. The Court is hoping to have an IT Clerk or assistant by early 2011-2012 if economically feasible given statewide budget scenarios.
- Court Information Technology Manager Jeff Roberts recognizes that establishing and developing a formal disaster recovery program is procedurally vital in the event of emergency.
- Mr. Roberts has a working draft of the disaster recovery plan that he has been trying to implement for years. However, he has been waiting on providing this draft to Court Administration until he could provide accurate information for such a plan due to a number of factors, including, but not limited to: the growing redundancy in and evolution of the court's infrastructure; the development of and our court's input into the Administrative Office of the Court's Continuity of Operations Planning System (COOP); and availability to take on such a time intensive task.
- Court Information Technology Manager Jeff Roberts will create a draft recovery procedure with the information that he has available to him at this time. He will provide a rough draft to Court Executive Officer Tammy Grimm by December 31, 2011. This will be a rough draft that will be changed given additional information that Mr. Roberts obtains to make the plan more accurate and current.
- Completion of a fully executed disaster recovery plan shall be approved by the Court Executive Officer and distributed to staff in all locations no later than June 30, 2012.
- Mr. Roberts will thereby update the executed disaster recovery plan on an annual basis, in coordination and approval of the Court Executive Officer. Once approved, Mr. Roberts will provide amended copies of the disaster recovery plan to all Court Staff yearly.

**Recommendation #16: Implement a process whereby reversals are reviewed on a regular basis (e.g. monthly) by an employee not involved in processing payments or reversals in the CMS such as the CEO or ACEO.**

The Court agrees with this recommendation.

Corrective action plan:

- June 2011: Court Financial Specialist Danielle Sexton has formulated an Excel report which extracts data related to all reversals from the CMS.
- June 2011: Initial Reversal Report has been run for the period of January, 2011 through May, 2011. Assistant Court Executive Officer Virginia Bird has received Reversal Report, and will review a random selection of cases in the CMS that have had reversals entered, to ensure reversals were appropriate.
- Reversal Report will be generated every month by Financial Specialist Danielle Sexton, and reviewed in a timely manner by the Assistant Court Executive Officer, Virginia Bird. Assistant Court Executive Officer, Virginia Bird, will be responsible for ensuring reversals are appropriate.
- The comprehensive report includes data such as: case number, original receipt number (which tells who the originating clerk was who accepted the money), reason for reversal, payment date, check number, amount reversed, and reversal clerk.
- After reviewing the report, and randomly selecting a few transactions from each reversing clerk, the Assistant Court Executive Officer Virginia Bird will sign the report stating that she reviewed it and send it to the Court Executive Officer Tammy L. Grimm.
- Court Executive Officer Tammy L. Grimm will file the report in a safe and locked drawer with other financial and budgetary information for that month, including that month's daily collection reports and reversal receipts.
- In case of Virginia Bird's absence, Court Executive Officer Tammy L. Grimm will review and randomly test the Reversal Report.

**Recommendation #17: Create a reversal policy which requires reversals to be performed by the Administrative Analyst, the reason for the reversal to be input into JALAN, and reversal receipts to be retained with the daily collection reports.**

The Court partially agrees with this recommendation. The Court firmly deems a reversal policy to be necessary and essential for competent Court fiscal operations; however, the Court disagrees that reversals should be performed by the Administrative Analyst. Given the small nature of our Court, where Clerks handle a myriad of Court functions, the Inyo Court's stand on reversals would be that they be performed by any Clerk that was not the original Clerk who processed the payment or transaction. Since the Administrative Analyst/Court Financial Specialist runs reversal reports for review by the Assistant Court Executive Officer, Virginia Bird, the Court does not wish to authorize the Administrative Analyst/Court Financial Specialist authority to do reversals to avoid conflict/appearance of conflict in her reversal report duties.

Corrective action plan:

- Assistant Court Executive Officer Virginia Bird and Court Financial Specialist Danielle Sexton met to discuss the reversal process in May 2011, resulting in the implementation of a monthly reversal review process. Refer to Response in Audit Recommendation #16 for a detailed explanation of the review process.

**Recommendation #18: Develop a routine review process whereby a sample of cases for each clerk is selected to ensure that the fees and fines paid appear appropriate for the case charges.**

The Court agrees with this recommendation.

Corrective action plan:

- By October 15, 2011, Assistant Court Executive Officer Virginia Bird will write a policy and procedure for the habitual assessment of random Court Cases, which will be distributed to Court Staff and Managers.
- This procedure shall be completed and implemented no later than November 1, 2011, with appropriate internal training occurring for those employees impacted by the new protocol. The Assistant Court Executive Officer, Virginia Bird, is responsible for the procedure and communicating the process of its implementation to all necessary parties.
- Monthly spot auditing of payments applied to fees and fines in cases shall start in November, 2011.
- Prior to November 2011: Managers Brigid Anderson and Sandy Anderson shall work with Court Financial Specialist Danielle Sexton to create a manner to randomly extract a list of test cases to sample, analyzing a minimum of two processed cases per Clerk per month.
- By the 15th of every month, starting in November 2011: Managers- Sandy Anderson in Independence and Brigid Anderson in Bishop- with the assistance of Court Financial Specialist Danielle Sexton- will be responsible to run a list or obtain random sample cases that were processed by each of the Clerks that they supervise. Both Managers shall print a copy of the report or list of cases that they are to review and look at the entries, reporting any noticeable omissions or issues. Then, both Managers shall perform an assessment of the fees and fines paid, to make sure that appropriate fines/fees were charged and/or paid in light of the charges, and all necessary documentation is available as back-up.
- If an error or problem is discovered, the Managers are to report the finding to Assistant Court Executive Officer Virginia Bird for direction and/or discussion of necessary correction.
- Upon reviewing the random cases, each Manager shall sign and date a hard copy of the list of cases reviewed, indicating it has been examined. The report shall be returned to Tammy L. Grimm, Court Executive Officer, who will file the report in the financial/budget documentation that is locked and secured in her office by month and year of transaction.

**Recommendation #19: Establish a review process of fee waivers by generating a JALAN report of all fee waivers for a particular period of time (e.g. month) and selecting a sample of fee waivers to verify that waived fees are supported by approved fee waiver applications and orders.**

The Court agrees with this recommendation.

Corrective action plan:



- By October 15, 2011, Assistant Court Executive Officer Virginia Bird will write a policy and procedure for the review of fee waivers, which will be distributed to Court Staff and Managers.
- This procedure shall be completed and implemented no later than November 1, 2011, with appropriate internal training occurring for those employees impacted by the new protocol. The Assistant Court Executive Officer, Virginia Bird, is responsible for the procedure and communicating the process of its implementation to all necessary parties.
- Monthly auditing of fee waivers shall start in November, 2011.
- Prior to November 2011: Court Financial Specialist Danielle Sexton will formulate an Excel report which extracts data related to all fee waivers authorized monthly from the CMS.
- By the first Wednesday of every month, starting in November 2011: Court Financial Specialist Danielle Sexton will give a printed copy of her Excel fee waiver report to both Managers- Sandy Anderson in Independence and Brigid Anderson in Bishop. Both Managers shall review the report for any noticeable omissions or issues. Then, both Managers shall perform a random selection of fee waivers to review, selecting fee waivers that were completed by staff in their respective departments, ensuring that the issuance of the fee waiver was appropriate and all necessary documentation is available as back-up.
- If an error or problem is discovered, the Managers are to report the finding to Assistant Court Executive Officer Virginia Bird for direction and/or discussion of necessary correction.
- Upon reviewing the report, each Manager shall sign and date a hard copy of the fee waiver report, indicating it has been reviewed. The report shall be returned to Tammy L. Grimm, Court Executive Officer, who will file the report in the financial/budget documentation that is locked and secured in her office by month and year of transaction.

**Recommendation #20: Remove the automatic deletion setting in JALAN and require a review signature on the report of records marked for deletion prior to running the deletion.**

The Court partially agrees with this recommendation. The Court understands the ramifications that can exist with data deletions and continues to safeguard all information, utilizing the deletion option with the utmost care. The JALAN program requires an outside HTE programmer to make changes to the program, which can be cost and time prohibitive. The automatic deletion occurs on Sundays, and the automatic deletion process *will not* delete anything dealing with the application of money or any case where financial transactions occur. As long as the court runs a full report listing all data marked for deletion, having a Manager review and approve the lists on the Friday before deletion, this problem should be resolved.

Corrective action plan:

- By August 15, 2011: Manager Brigid Anderson, Information Technology Manager Jeff Roberts, and Court Executive Officer Tammy L. Grimm will write an official internal procedure on the deletion of JALAN information to be distributed to all impacted parties and documenting the procedural changes set forth below.

- Automatic deletions shall continue each Sunday, so that the Court does not have to spend unnecessary time or money in reprogramming.
- Bishop Branch Manager Brigid Anderson will run a report, with secondary assistance of Information Technology Manager Jeff Roberts, each Friday before the deletion. Brigid Anderson will be reviewing deletions by her Clerks who have placed deletions and errors in the queue for deletion.
- After receiving a hard copy of the report, Brigid Anderson will review the report and look for any irregularities, items that are incorrectly marked, or records that contain questionable data. The other Branch Manager from Independence- Sandy Anderson- will be trained in the reviewing of the report in case of absence by Brigid Anderson.
- After reviewing the report, Brigid Anderson will sign the report and date the report, indicating she has reviewed the data. The hard copy of the report will be given to the Court Executive Officer, Tammy L. Grimm, to maintain in a confidential locked cabinet in her office.
- On the Monday following the Sunday deletion, the deletion report will be delivered to Brigid Anderson who will give it to the Court Executive Officer to attach to the report originally approving such deletions.

**Recommendation #21: Reevaluate court employee access to the DMV system ensuring access makes sense from a business/operational perspective. Deactivate access for those employees not having a business-critical need to the system.**

The Court agrees with this recommendation, but changes to current practices are profoundly based on the assistance of DMV in providing the Court Executive Officer, Tammy L. Grimm, an updated roster of whom in the Superior Court of California, County of Inyo has privileges to open DMV at present. It is possible that retirees and other employees who have left the employ of the Court in the past years may still be operational and active on the DMV database.

Mitigating factors in implementing this recommendation include:

- Past practices did not include notifying DMV or the Information Technology Manager when an employee retired, separated or was terminated from employment. Therefore, many former Court workers may indeed be listed as "current" users in the DMV system.
- The ability to remedy this issue will heavily rely on whether the DMV can release a list of current Superior Court of California, County of Inyo users to the Court Executive Officer for update and correction.

Corrective action plan:

- The Court Executive Officer will contact the Director/Manager in charge of DMV access in July 2011, requesting an updated list of all active court users of DMV at the Superior Court of California, County of Inyo.
- Upon receiving a list (if possible), Court Executive Officer Tammy L. Grimm will release the list to the Information Technology Manager- Jeff Roberts- to consult, revise, and update the list, eliminating employees who have retired, separated, or who have been terminated.

- The Court Executive Officer Tammy L. Grimm and the Information Technology Manager Jeff Roberts will then meet with Manager Brigid Anderson to discuss which current employees indeed need access to DMV for the sake of the organization on a business/operational necessity. All other current users who currently have access to DMV- but who have been deemed to not have a business-critical reason for access- will be deactivated and notified of such deactivation by the Information Technology Manager Jeff Roberts and or Branch Manager Brigid Anderson.
- The Assistant Court Executive Officer Virginia Bird and Court Executive Officer Tammy Grimm will create an **Employee Action Checklist** for all new hires and terminations. This checklist will be circulated to all necessary parties when an employee enters or leaves the Court. Mr. Jeff Roberts, Information Technology Manager, would receive a copy of the Checklist, which would identify whether DMV needs to be activated and/or deactivated given the employee's change in employment status. This form will be the authorization by Court Management to activate or deactivate a DMV account from this point forward. The Checklist will be done and implemented on July 1, 2011, which is the official date that the Superior Court of California, County of Inyo takes over Human Resources Management of Court Employees from the County of Inyo.
- On an annual basis, each July, the Court Executive Officer Tammy Grimm will attempt to get a new DMV current Court Users list to share with the Information Technology Manager Jeff Roberts and Bishop Branch Manager Brigid Anderson. After review, any additional changes necessary to the DMV Court access list shall be made.

**Recommendation #22: Perform periodic review of DMV activity reports to ensure protection of confidential information and prevent unauthorized changes to DMV records.**

The Court agrees with this recommendation, and takes paramount care to ensure that DMV access by employees is necessary, legitimate, and confidential.

Mitigating factors in implementing this recommendation include:

- Until Auditor Melissa Lomas mentioned that there was a "DMV activity report" available and in use by other Courts, the Superior Court of California, County of Inyo did not have a DMV report to monitor employee changes and access information.

Corrective action plan:

- May 2011: Information Technology Manager Jeff Roberts contacted another California Court, at the advice of Auditor Melissa Lomas, obtaining information on how to acquire a **DMV Activity Report**. After obtaining this information, Mr. Roberts was able to print a report and give it to Bishop Branch Manager Brigid Anderson for review.
- June 2011: Information Technology Manager Jeff Roberts began running a monthly **DMV Activity Report**, which he passes to Bishop Branch Manager Brigid Anderson for review. Brigid Anderson reviews the report for any suspicious activity or unauthorized activities. Once reviewed, Brigid Anderson signs the report and gives it to the Court Executive Officer to be filed in a locked, secure location.

- The report will be run the first Monday of each month by Information Technology Manager Jeff Roberts. Manager Brigid Anderson will have five business days to complete the audit and return the signed **DMV Activity Report** to Court Executive Officer Tammy L. Grimm for filing. Any suspicious activity shall be reported to Court Executive Officer Tammy L. Grimm as soon as discovered.

**Recommendation #23: When changes are made to the Court's distribution tables, the Court should ensure the changes are correct and verify the distributions prior to making changes to the production environment. The Court should work with the AOC to ensure revenue distribution changes are accurate.**

The Court agrees with this recommendation, and has corrected prior protocols to make certain revenue distribution modifications are accurate.

Mitigating factors in implementing this recommendation include:

- Both the Court Financial Specialist- Danielle Sexton - and the Court Executive Officer- Tammy L. Grimm- were not employed with the Court during the last audit, and for a portion of the time period reviewed and covered by this present audit. The prior practices of preceding Superior Court of California, County of Inyo employees were out of the control of present fiscal and administrative staff.
- There are some limitations with the JALAN Case Management System; in particular, JALAN is unable to program each violation type with a different financial code. Therefore, a single financial code is often utilized for several violation types. Further, bail distributions can vary based upon whether the system calculates on a percentage versus flat fine amount.

Corrective action plan:

- June 2010: With a change in the Court Executive Officer and a promotion of the Court Financial Specialist, the practice of how revenue allocation was previously handled changed immediately to remedy discrepancies and miscalculations in the tables.
- As of June 2010, the Court Financial Specialist- Danielle Sexton- reads all statutes impacting and mandating revenue distribution changes. After reviewing all relevant materials, she creates an action plan on how the legislation will impact the fines and fees, thereby setting up the new distribution for the bail and fines on the fee schedule. After analyzing this, the Court Financial Specialist discusses this with the Presiding Judge and Court Executive Officer prior to implementation. If there are any concerns, Danielle Sexton contacts John Judnick at the Administrative Office of the Courts to ask any questions or to seek further clarification.
- Court Financial Specialist Danielle Sexton took great care to get the Court back on track and in compliance with maintaining accurate revenue distribution tables as of June 2010. She uses a meticulous method of triple checking her calculations outside of the production environment before making changes in the Court's financial system. Once these have been changed in the production environment, Danielle Sexton reviews the financial codes in the court's CMS program to guarantee the test base fine total used in calculating percentages is best aligned with the actual base fine amounts for relevant violations, thereby reducing distributional discrepancies. She also examines- often in

collaboration with a Branch Manager- the programming in JALAN to ensure financial codes in cases are accurate and in compliance with applicable statutes, laws, and legislation.

**Recommendation #24: Ensure the distribution formulas in CMS are correct to address the errors noted above and continue to ensure that all fee/fine revenue distributions comply with relevant laws, regulations, and guidance. If necessary, seek clarification and guidance from the AOC on configuring accurate distributions in the case management system.**

The Court agrees with this recommendation, and has corrected prior issues relating to fee/fine revenue distributions.

Mitigating factors in implementing this recommendation include:

- Both the Court Financial Specialist- Danielle Sexton - and the Court Executive Officer- Tammy L. Grimm- were not employed with the Court during the last audit, and for a portion of the time period reviewed and covered by this present audit. The prior practices of preceding Superior Court of California, County of Inyo employees in how to distribute fine/fee revenue distribution calculations within the CMS program were out of the control of present fiscal, executive, and administrative staff.
- There are some limitations with the JALAN Case Management System; in particular, JALAN is unable to program each violation type with a different financial code. Therefore, a single financial code is often utilized for several violation types. Further, bail distributions can vary based upon whether the system calculates on a percentage versus flat fine amount.

Corrective action plan:

- June 2010: With a change in the Court Executive Officer and a promotion of the Court Financial Specialist, the practice of how fee/fine revenue distributions were previously handled changed immediately to remedy discrepancies and possible miscalculations.
- As of June 2010, the Court Financial Specialist- Danielle Sexton- before entering anything into the production environment- reads all statutes impacting and mandating revenue distribution changes. After reviewing all relevant materials, she creates an action plan on how the legislation will impact the fines and fees, thereby setting up the new distribution for the bail and fines on the fee schedule. She creates and triple checks a detailed excel calculation spreadsheet that she has created to promote precise calculations. After analyzing this, the Court Financial Specialist discusses this with the Presiding Judge and Court Executive Officer prior to implementation. If there are any concerns, Danielle Sexton contacts John Judnick at the Administrative Office of the Courts to ask any questions or to seek further clarification.
- It was a personal and professional goal of Court Financial Specialist Danielle Sexton to return the Court to sound accounting principles and correct fee/fine revenue distribution methods. She has been in compliance with this plan and methodology since June 2010. She uses a scrupulous routine of triple checking her figures outside of the production environment before making changes in the Court's financial system.

- Once these have been changed in the production environment, Danielle Sexton reviews the financial codes in the court's CMS program to guarantee the test base fine total used in calculating percentages is best aligned with the actual base fine amounts for relevant violations, thereby reducing distributional discrepancies. She also examines- often in collaboration with a Branch Manager- the programming in JALAN to ensure financial codes in cases are accurate and in compliance with applicable statutes, laws, and legislation. If she doesn't know, she never hesitates to ask the Court Executive Officer or an employee at the Administrative Office of the Courts. She prides herself on her accuracy and efficiency, and she has been committed to correcting non-compliant measures in this area that she inherited upon her arrival with the Court.
- The Court is hereby compliant with this recommendation and has been since June 2010.

**Recommendation #25: Review the financial codes in JALAN to ensure the test base fine amount used in calculating percentages is best aligned with actual base fine amounts for applicable violations.**

The Court agrees with this recommendation.

Mitigating factors in implementing this recommendation include:

- Both the Court Financial Specialist- Danielle Sexton - and the Court Executive Officer- Tammy L. Grimm- were not employed with the Court during the last audit, and for a portion of the time period reviewed and covered by this present audit. The prior practices of preceding Superior Court of California, County of Inyo employees were out of the control of present fiscal and administrative staff.
- There are some limitations with the JALAN Case Management System; in particular, JALAN is unable to program each violation type with a different financial code. Therefore, a single financial code is often utilized for several violation types. Further, bail distributions can vary based upon whether the system calculates on a percentage versus flat fine amount.

Corrective action plan:

- Court Financial Officer Danielle Sexton has been working on reviewing the financial codes in the Court's CMS program to guarantee the test base fine total used in calculating percentages is best aligned with the actual base fine amounts for relevant violations, thereby reducing distributional discrepancies.
- Each financial Code with a percentage distribution will be compared to the violations that use them to find an average fine value to base the percentage's distribution upon.
- This has been a work in progress, and the Court Financial Specialist- Danielle Sexton- continues to work to make changes within the tables after recalculating within an extensive Excel calculation sheet that she has developed.
- All updates to this process will occur in fiscal year 2011-2012, no later than June 30, 2012.

**Recommendation #26: Reconcile its revolving bank account on a monthly basis in a formalized fashion and require the reconciliation to be reviewed and approved by the CEO or ACEO as well as contain preparer and reviewer signatures/initials and dates.**

The Court agrees with this recommendation.

*Mitigating factors in implementing this recommendation include:*

- The Superior Court of California, County of Inyo has one solo Fiscal Staff Member- Danielle Sexton, Court Financial Specialist- who is responsible for all Court fiscal tasks. Mrs. Sexton does not have an assistant at this point in time and must prioritize her tasks based on necessity and urgency.
- Danielle Sexton has aptly and timely conveyed all of the Court's bank account information to the AOC on Schedule C (also known as the "Annual Report of Trial Court Bank Accounts"), as required by FIN Manual 13.01 Section 6.6. This was noted in the audit report.
- However, given her workload and availability of the TCAFS, the Court Financial Specialist historically, and with the consent of the Executive team, has informally reconciled revolving bank accounts monthly, and formally reconciled them on a quarterly- rather than monthly- basis.

*Corrective action plan:*

- The Court recognizes the importance of monthly reconciliation of Court bank accounts, to be in compliance with the FIN manual and to ensure appropriate recordation of funds in Phoenix-FI.
- The Court Financial Specialist will change her current quarterly reconciliation procedure to a monthly reconciliation procedure, beginning in Fiscal Year 2011-2012. This will begin July 2011.
- Further, after reconciling the bank accounts each month, Danielle Sexton- Court Financial Specialist- will bring the reconciliation and backup documentation to the Court Executive Officer, Tammy L. Grimm, who will sign off that she reviewed the reconciliation of the bank account statements for that month. The signed-off hard-copy review by the Court Executive Officer will be filed with fiscal/budgetary documentation and data for that particular month in safe and secure court location.

**Recommendation #27: Review and reconcile county-held monies on a monthly basis, especially monies within the DMV Link Trust fund, Court Insurance Admin Fee fund, and payroll/jury cash fund.**

The Court agrees with this recommendation, and has corrected the prior manner that county-held monies were reviewed and reconciled to ensure that the Court is in proper observance of recognized best practices for Accounting and within the guidance of the FIN Manual.

Mitigating factors in implementing this recommendation include:

- Both the Court Financial Specialist- Danielle Sexton - and the Court Executive Officer- Tammy L. Grimm- were not employed with the Court during the last audit, and for a portion of the time period reviewed and covered by this present audit. The prior practices of preceding Superior Court of California, County of Inyo employees were out of the control of present fiscal and administrative staff.

Corrective action plan:

- June 2010: With a change in the Court Executive Officer and a promotion of the Court Financial Specialist, the practice of how county-held monies were reviewed and reconciled changed immediately, with reconciliation done quarterly.
- In participating in the Audit Process, Auditor Melissa Lomas explained to Court Executive Officer Tammy L. Grimm and Court Financial Specialist Danielle Sexton the magnitude of having monthly review and balancing of all court-held monies to make sure that the Court retains a sturdy economic environment related to our bank account and treasury activities. While the Court was balancing informally to IFAS (the County's financial system) monthly, we made a change to balance formally each month and reconcile these accounts on a dedicated monthly basis.
- This change has been implemented as of May 2011- as soon as the recommendation was made by the visiting Auditor- and the Court remains committed to balancing/reconciling county-held monies on a monthly basis.

**Recommendation #28: Require the CEO or ACEO to review and approve the accounts payable batch of trust refunds/forfeitures before it is sent to the County.**

The Court agrees with this recommendation, and recognizes the worth in overlooking and endorsing the Accounts Payable batch of trust funds/forfeitures before it is sent to the County.

Corrective action plan:

- July 2011: Beginning in Fiscal Year 2011-2012, Court Financial Specialist Danielle Sexton will provide Court Executive Officer Tammy L. Grimm the accounts payable batch of trust funds/forfeitures- and back-up- before anything is sent to the County. The documents that Danielle Sexton, Court Financial Specialist, shall provide Tammy L. Grimm, Court Executive Officer, are as follows:
  - Complete listing of cases with forfeiture/refund amounts to be performed
  - JALAN Court Case Management System printed transaction report
  - County's Accounts Payable Batch for refunds to be issued through County Auditor
  - Journal Entry to move money in trust to distribution for forfeitures.
- Court Executive Officer Tammy L. Grimm will review these documents, randomly sampling funds/forfeitures to ensure accuracy. After examining the back-up, Court Executive Officer Tammy L. Grimm will review and sign off on each phase of the process before action is taken, referring back to the four documents provided.



- A formal procedure documenting this process shall be written by Court Executive Officer Tammy L. Grimm no later than December 15, 2011.

**Recommendation #29: Establish a secondary review process of the monthly trust reconciliations whereby they are reviewed and approved by the CEO or ACEO as well as contain preparer and reviewer signatures.**

The Court agrees with this recommendation, and the Court Executive Officer Tammy L. Grimm welcomes this recommendation so that she may review monthly trust reconciliations, thereby being in compliance with FIN Manual recommendations, sound principles of accounting, and guaranteeing that appropriate oversight and segregation of duties exists within the Superior Court of California, County of Inyo.

Corrective action plan:

- July 2011: Beginning in Fiscal Year 2011-2012, Court Financial Specialist Danielle Sexton will provide Court Executive Officer Tammy L. Grimm the monthly trust reconciliations. As preparer, Danielle Sexton shall sign off as the preparer on the hard copies of the back-up. The documents that Danielle Sexton, Court Financial Specialist, shall provide Tammy L. Grimm, Court Executive Officer, are as follows:
  - IFAS (County Accounting System) Generated Detail Transaction Balance Sheets for all County Accounts
  - JALAN (CMS) Monthly Cash Balance Sheets to compare to distribution and trust accounts.
  - JALAN Trust Listing
  - Excel Balance Sheets for all County Held Accounts.
- Court Executive Officer Tammy L. Grimm will review these documents, and then approve them by signing off as reviewer on each of the above-mentioned items.
- A formal procedure documenting this process shall be written by Court Executive Officer Tammy L. Grimm no later than December 15, 2011.

**Recommendation #30: Continue working with the County CAO to draft and implement an updated MOU between the Court and County for general services provided, including clearly delineating terms and conditions as well as reimbursement terms.**

The Court agrees with this recommendation.

Mitigating factors in implementing this recommendation include:

- Court Executive Officer- Tammy L. Grimm- was not employed with the Court during the last audit, and for a majority of the portion of the time period reviewed and covered by this present audit. The prior practices of preceding Superior Court of California, County of Inyo employees were out of the control of the current Court Executive Officer.
- The Court agrees that it was out of compliance with Government Code 77212 and FIN Manual 7.02, Section 6.5, which requires trial courts to "enter into a contract with the

County to define the services the Court desires to receive from the county and the services the county agrees to provide to the Court.” When the current Court Executive Officer arrived, she inherited an MOU that was expired six years earlier, being formalized between the County and the Court last in 2004.

- When current Court Executive Officer Tammy L. Grimm joined the Court in May 2010, she immediately began working with the County Administrative Officer (CAO) Kevin Carunchio to begin negotiations to create a new Memorandum of Understanding that would document agreed-upon services and rates between the County and Court.
- From May 2010 through June 2011, the Court Executive Officer Tammy L. Grimm and County Administrative Officer Kevin Carunchio had countless meetings negotiating the terms of the Memorandum of Understanding. Meetings were limited by calendaring obligations of both busy parties. Over twenty drafts were made within this period of time.
- The drafts were passed to Department Heads, Judicial Officers, and County Counsel/Office of General Counsel before final sign-off and agreement was made between County and Court.
- Court Executive Officer Tammy L. Grimm and County Administrative Officer Kevin Carunchio made an agreement that the new MOU would be in place and completed by the end of the fiscal year (June 30, 2011).

Corrective action plan:

- On June 29, 2011, Court Executive Officer Tammy L. Grimm and County Administrative Officer Kevin Carunchio finished negotiations of the Court/County MOU for 2011-2012, finalizing the document in the late evening.
- June 30, 2011: Court Executive Officer Tammy L. Grimm has signed the Memorandum of Understanding between the Court and County and passed the MOU to Presiding Judge Brian J. Lamb to review and sign.
- The MOU will then be presented to the Board of Supervisors at their Board Meeting of July 5, 2011 with Court Executive Officer Tammy L. Grimm and County Administrative Officer Kevin Carunchio present for questions. The Board, if adopting the MOU, will make it effective July 1, 2011.
- The Court has met its goal to have the new MOU in place for Fiscal Year 2011-2012 (July 1, 2011) and are now in compliance with this recommendation. The County/Court will start review of the MOU for 2012-2013 early into fiscal year 2011-2012 to ensure compliance for all future years.

**Recommendation #31: On an annual basis, reevaluate and update MOUs for all services provided between the Court and County.**

The Court agrees with this recommendation.

Corrective action plan:

- To avoid a lengthy MOU process, the Court/County will work together early in the upcoming Fiscal Year to begin any negotiations for the 2012-2013 MOUs (and following years).
- Court Executive Officer Tammy L. Grimm has calendared key dates regarding the MOU (1, 5, 30, 60, 90, and 120 days prior to termination) in her personal calendar as well as on the Court's Master Calendar to follow-up and ensure productivity in getting the annual County/Court MOU completed, signed, and passed through the Board in future years.
- As issues come up related to the MOU, the Court Executive Officer shall make a note on the current MOU draft as a reminder to negotiate or clarify that part in future years.

**Recommendation #32: To ensure proper controls over payments of invoices as well as to minimize the risk of unauthorized payments, the Court should formally document the travel pre-approval process and ensure the pre-approval is attached to the travel claims.**

The Court agrees with this recommendation.

Corrective action plan:

- As written in Article IX of the Court's new ***Personnel Rules and Regulations Manual***, effective July 1, 2011, all travel arrangements shall be approved by the Court Executive Officer, Tammy L. Grimm, who will designate a court person to arrange the travel (i.e. Court Financial Specialist, Assistant Court Executive Officer). No travel arrangements shall be made unless approval for the travel has been obtained first by the Court Executive officer. Individual employees must not make their own travel arrangements without authorization from the Court Executive Officer.
- For travel of Judicial Officers or the Court Executive Officer, the Presiding Judge must pre-approve the travel.
- In Article IX of the Court's new ***Personnel Rules and Regulations Manual***, effective July 1, 2011, employees are required to seek written approval when requesting travel, submitting a memo or email to the Court Executive Officer, who will respond in writing. Written approval is required prior to receiving reimbursement or approval to attend the desired training or travel opportunity.
- To ensure that the Court Financial Specialist knows of the upcoming travel and approval for expenses out of the Court's budget, the Court Executive Officer shall copy the written notice of approval and submit it immediately upon signature to the Court Financial Specialist. If the request was made by e-mail, the Court Executive Officer will print off a copy of the email and sign to indicate that the request was approved, giving a copy to both the requesting employee and the Court Financial Specialist.
- The same procedure, above, applies to travel requested by the Assistant Presiding Judge or Court Executive Officer. The Assistant Presiding Judge and/or Court Executive Officer shall seek written pre-approval for any training, conference, or travel opportunity. Upon receipt of a written approval by the Presiding Officer, the Assistant Presiding Judge and/or Court Executive Officer shall copy the written approval for Court Financial Specialist Danielle Sexton so that she is aware of the approval for future expenses to the Court's budget that may result from this approval.

**Recommendation #33: To ensure proper controls over payments of invoices as well as to minimize the risk of unauthorized payments, the Court should take action to make certain that all invoices or claims are properly reviewed, approved, and processed, and that each step is appropriately documented.**

The Court agrees with this recommendation.

Corrective action plan:

The Court believes that all invoices and expenditures- including vendor invoices, travel claims, court service claims, transcripts, goods, services, and providers (interpreters, reporters)- should be properly reviewed, approved, and processed as outlined in this recommendation. This should include:

**a. Documenting the receipt of goods and services with a signature and date of the receipt for the good or service.**

Agreed. When Court goods are received, or a service rendered, Court employees should take the invoice and make a note that the service was completed, signing and dating, or if a good, that the good was received and was in appropriate condition, signing and dating.

**b. Ensuring all supporting documentation such as packing slips, court orders, timesheets, and receipts are attached.**

Agreed. The Court has asked all Court employees to retain any and all paperwork that comes in packed boxes, including packing slips. If reporters or translators provide invoices or receipts, Court employees are asked to take all paperwork and timesheets and provide them immediately to the Court Financial Specialist, who will process the items accordingly.

**c. Verifying the number of folios reported on claim forms by requiring the court clerks accepting the transcripts to sign-off on a transcripts log that lists the case information and number of folios. Further, the log should be forwarded to the Administrative Analyst prior to processing the claims to ensure appropriate acceptance of the good/service.**

Agreed. Assistant Court Executive Officer Virginia Bird will create a *Transcript Log* and Transcript policy regarding folio sign-offs. This shall be done and in effect no later than March 15, 2012, with appropriate training being provided to all Court Clerks whom the policy impacts. It will be the job of the Manager at each Department to forward the *Transcript Log* to the Court Financial Specialist each month, so that she may match up the transcript payment claims with actual folios received.

**d. Verifying that in-court service providers are reimbursed actual mileage by requiring physical addresses to calculate mileage.**

Agreed. Most reporters and interpreters live out-of-area and retain a Post Office Box for mail. However, the Court understands the importance of verifying mileage claims from the actual address that the service provider left from to the Court location. Therefore, the Court Executive Officer will work with the Court Financial Specialist to create a new invoice that requires an actual physical address, as well as a new procedure to distribute

to independent contractors and court service providers. This new policy and new invoice form shall be created and implemented no later than February 15, 2011.

**Recommendation #34: To better ensure adequate safeguarding and reporting of assets, the Court should update its Excel spreadsheet of fixed assets to reflect depreciation; to do this, the Court must determine useful life values for all items in the spreadsheet.**

The Court agrees with this recommendation.

*Mitigating factors in implementing this recommendation include:*

- The Superior Court of California, County of Inyo has an Information Technology Manager- Jeff Roberts- who is responsible for all technology, infrastructure, and electronics for all Court employees, judicial officers, and administrators for the entire geographical area that Inyo County encompasses. Danielle Sexton, Court Financial Specialist- like Mr. Roberts, is the sole member of her fiscal department, and is responsible for all fiscal, monetary, collections, and analyst-level jobs within the entire Court. Neither Mr. Roberts nor Mrs. Sexton have assistants at this point in time; both must prioritize their tasks based on necessity and urgency.
- Mr. Roberts maintains a Microsoft Access Database of Inyo Court Information Technology assets; this database was created for effective management of Court-owned IT equipment. Mrs. Sexton, in compliance with CAFR requirements to record and track fixed assets over \$5000 owned by the Court, tracks these specific items on a separate Excel spreadsheet. At present, the Court only owns three non-IT fixed assets that are valued over \$5000: (a) the Court Car- Chevrolet Trailblazer; (b) a microfiche machine in Independence; and (c) an envelope stuffing/folding machine located in Independence.

*Corrective action plan:*

- The Court is looking into hiring an Information Technology Clerk for Mr. Roberts in the next fiscal year. This position has been budgeted and is essential to the upkeep of the Superior Court of California, County of Inyo's technological infrastructure and equipment. Our technology is advanced for our small Court, and with the special technological items Mr. Roberts' has been able to do for the Court comes a need to have a backup for him as the work is too much for one person to physically be able to handle. The Court is hoping to have an IT Clerk or assistant by early 2011-2012 if economically feasible given statewide budget scenarios. An assistant would allow Mr. Roberts adequate time to add additional information to his Microsoft Access IT Asset Database regarding depreciation in calculating the Court's fixed asset balance. If an additional employee was hired, the three non-IT high-value items reported on CAFR could be reported in the Microsoft Access Database, merging all reportable Court assets into the one database, and thus removing this task from the overstretched hands of Mrs. Sexton.
- Until additional help can be granted to both the Court's Financial and Information Technology Departments, the Court Financial Specialist, in her Excel Spreadsheet, and the Court IT Manager, through his Access Database, will include fields for time of asset acquisition and current asset value. The Microsoft Access Database and Excel Spreadsheets currently kept by the Court shall be updated with the depreciation value of the Court's holdings no later than June 30, 2012.

- Beginning Fiscal Year 2011-2012, for any **future** Information Technology procurements that are asset tagged- or any non-IT procurement of over \$5000- the Court Financial Specialist or Court IT Manager shall update their database/Excel Spreadsheet by adding in a five-year depreciation schedule at 20% depreciation per year from the date of the original purchase and utilizing the actual purchase price.
- Beginning Fiscal Year 2011-2012, for any **current or older** Information Technology procurements that are asset tagged- or any non-IT procurement of over \$5000- the Court Financial Specialist or Court IT Manager shall update their database/Excel Spreadsheet by adding in an estimated depreciation value after investigating the approximate value at the time of the purchase and the date that the item was acquired.
- A Procedure for depreciation of the Court's fixed assets (all asset tag items in IT and all items of \$5000 or more that are non-IT) shall be written in coordination with both the Court IT Manager and the Court Financial Specialist. The written procedure shall be given to the Court Executive Officer no later than May 1, 2012 to review and comment. Once examined and approved by the Court Executive Officer, the procedure shall be implemented no later than June 30, 2012.

**Recommendation #35: To better ensure adequate safeguarding and reporting of assets, the Court should perform periodic inventories of all assets in accordance with the FIN Manual.**

The Court agrees with this recommendation.

Corrective action plan:

- The Court has been in partial compliance with this recommendation and recognizes the importance of FIN Manual Section 9.01, section 6.6.1, which requires the Court to "conduct a physical inventory of all court assets and equipment on a periodic basis (annual recommended)."
- At present, the Information Technology Manager performs a formal inventory on all Information Technology Procurements at least annually, if not twice a year. The amount of times an asset inventory occurs depends upon asset turnover and acquisition.
- At present, non-IT assets have not been formally inventoried on an annual basis. Beginning Fiscal Year 2011-2012, the Assistant Court Executive Officer, Virginia Bird, shall be responsible to obtain a copy of the non-IT asset spreadsheet from Court Financial Specialist, Danielle Sexton for non-IT assets over the amount of \$5000. The Assistant Court Executive Officer, Virginia Bird, shall physically pinpoint each item and identify its location, comparing it to the Court's paper records. This includes comparing asset tag numbers affixed to the item versus the number recorded manually in the records. The Assistant Court Executive Officer, Virginia Bird, shall conduct a physical inventory audit of non-IT Court assets at least annually. IT assets will continue to be inventoried at least annually as they have occurred in the past.
- If a problem is determined (i.e. asset tag does not match written records; item is missing; etc) then the Assistant Court Executive Officer (for non-IT assets) and Court IT Manager (for IT assets) shall immediately report the problem to both the Court Financial Specialist and the Court Executive Officer for discussion of appropriate remedy.

- The Assistant Court Executive Officer, Virginia Bird, working in cooperation with the Court Executive Officer, Court IT Manager, and Court Financial Specialist, shall develop a written procedure on how the Court will safeguard and inventory both IT and non-IT assets. This procedure must be completed and released to all relevant parties no later than June 30, 2012.

**Recommendation #36: Finish developing and implement the formal, written exhibit room manual and consider including a policy on conducting regular inspections and/or annual inventories.**

The Court agrees with this recommendation. One of the top priorities of new Court Executive Officer Tammy L. Grimm upon arriving at the Superior Court of California, County of Inyo in April 2010 was the immediate initiation of a draft of an exhibit room/evidence manual.

Corrective action plan:

- The Court Executive Officer, Tammy L. Grimm, wrote and developed a comprehensive evidence and records management draft manual in October 2010.
- An internal Court Evidence Committee (consisting of Tammy L. Grimm, Court Executive Officer; Virginia Bird, Assistant Court Executive Officer; Maureen McVicker, Court Legal Process Clerk II; Dolores Zelaya, Calendar Clerk; and Sandy Anderson, Independence Branch Manager) began meeting in September 2010 to discuss evidence and records management, the evidence manual, exhibit maintenance, and court-wide implementation.
- In April of 2011 the evidence room was inventoried, organized, and evidence logs/records were updated.
- The evidence/exhibits procedures are currently being refined related to evidence destruction, inspections, and inventory. The Court has received input from other California trial courts as well as the internal Court Evidence Committee. These procedures, including the recording and tracking of evidence (inventory and destruction) through JALAN, are being worked on now by Court Executive Officer Tammy L. Grimm. A draft should be completed by August 2011 for circulation to the internal Court Evidence Committee for comment. After review, the procedures and finalized evidence manual will be released. The completed and reviewed written procedure manual regarding evidence and exhibit room protocols shall be implemented and released to staff no later than September 2011.
- Assistant Court Executive Officer Virginia Bird will be responsible for monitoring this process and follow-up.

**Recommendation #37: Continue in its efforts to begin utilizing JALAN to record and track exhibits.**

The Court agrees with this recommendation, and would like to utilize existing technology to document and trace court exhibits.

Corrective action plan:

- The Court Executive Officer, Tammy L. Grimm, wrote and developed a comprehensive evidence and records management manual in October 2010.
- An internal Court Evidence Committee (consisting of Tammy L. Grimm, Court Executive Officer; Virginia Bird, Assistant Court Executive Officer; Maureen McVicker, Court Legal Process Clerk II; Dolores Zelaya, Calendar Clerk; and Sandy Anderson, Independence Branch Manager) began meeting in September 2010 to discuss evidence and records management, the evidence manual, exhibit maintenance, and court-wide implementation.
- The evidence/exhibits procedures are currently being refined related to evidence destruction and inventory. The Court has received input from other California trial courts as well as the internal Court Evidence Committee. These procedures, including the recording and tracking of evidence through JALAN, are being worked on now by Court Executive Officer Tammy L. Grimm. A draft should be completed by August 2011 for circulation to the internal Court Evidence Committee for comment. After review, the procedures and finalized evidence manual will be released; these items will clearly state the Court's new procedures in documenting exhibits within the JALAN Case Management system. The written procedure shall be implemented and released to staff no later than September 2011, to coincide with training of staff on JALAN technology in this area.
- In April of 2011 the evidence room was inventoried, organized, and evidence logs/records were updated.
- Department 1 Manager Sandy Anderson is currently working with HTE to train staff on integrating evidence recording and tracking into the JALAN Case Management System. Training is anticipated to be provided to staff, by HTE, in August or September of 2011.
- Assistant Court Executive Officer Virginia Bird will be responsible for monitoring this process and follow-up.

**Recommendation #38: Continue the destruction process for eligible civil and criminal exhibits as resources allow.**

The Court agrees with this recommendation. For space issues, the Court looks forward to continuing the evidence/exhibit destruction process to create much-needed storage area for new exhibits and files.

*Corrective action plan:*

- The Court Executive Officer, Tammy L. Grimm, wrote and developed a comprehensive evidence and records management manual in October 2010.
- An internal Court Evidence Committee (consisting of Tammy L. Grimm, Court Executive Officer; Virginia Bird, Assistant Court Executive Officer; Maureen McVicker, Court Legal Process Clerk II; Dolores Zelaya, Calendar Clerk; and Sandy Anderson, Independence Branch Manager) began meeting in September 2010 to discuss evidence and records management, including destruction procedures.
- The evidence/exhibits procedures are currently being refined related to evidence destruction and inventory. The Court has received input from other California trial courts



as well as the internal Court Evidence Committee. These procedures are being worked on now by Court Executive Officer Tammy L. Grimm.

- In April of 2011 the evidence room was inventoried, organized, and evidence logs/records were updated. Evidence in civil and criminal cases was prepared for release or destruction. A draft version of the ***Evidence Release and Destruction Notice*** and ***Order Forms*** was completed and were approved for use by the Presiding Judge on June 17, 2011. The Court Executive Officer approved the Notice and Order to form and content on June 30, 2011.
- On June 17, 2011, Assistant Court Executive Officer Virginia Bird gave direction to Court Manager Sandy Anderson to have employees begin to complete and send out the Notices to parties to begin the destruction process of evidence that had already been inventoried and marked for destruction.
- Assistant Court Executive Officer Virginia Bird will be responsible for monitoring this process and follow-up.

**Recommendation #39: Begin conducting physical inventory audits at least annually to ensure that exhibits are appropriately accounted.**

The Court agrees with this recommendation. To avoid having an unorganized evidence closet in the future, the Court plans on frequent internal audits on physical evidence within the Court's control, to ensure that exhibits are properly documented and identified, pursuant to the Court's new exhibits/evidence handling and destruction procedures.

Corrective action plan:

- The Court Executive Officer, Tammy L. Grimm, wrote and developed a comprehensive evidence and records management manual in October 2010.
- An internal Court Evidence Committee (consisting of Tammy L. Grimm, Court Executive Officer; Virginia Bird, Assistant Court Executive Officer; Maureen McVicker, Court Legal Process Clerk II; Dolores Zelaya, Calendar Clerk; and Sandy Anderson, Independence Branch Manager) began meeting in September 2010 to discuss evidence and records management, including destruction procedures.
- The evidence/exhibits procedures are currently being refined related to evidence destruction and inventory. The suggested annual evidence inventory audit will be added to the evidence procedure manual by the Court Executive Officer, Tammy L. Grimm. Part of this new evidence audit procedure will be documenting our exhibit inventory and location electronically through a JALAN screen. This will serve as a double-check for our evidence inventory procedures as it will be documented by both written and electronic format. A draft of this new procedure should be completed by August 2011 for circulation to the internal Court Evidence Committee for comment. After review, the procedure and final evidence manual will be released to staff by no later than September 2011, to coincide with training of staff on JALAN evidence/exhibit documentation and notation.
- Court Calendar Coordinator Dolores Zelaya is responsible for oversight of the evidence room, and has been advised of the need for annual audit- at a minimum- of the evidence room. She will place reminder notices on the Court's Master Calendar to ensure that these audits do occur. She also has developed and implemented an individual tickler

reminder system where she has documented important events to follow up on her tasks regarding this recommendation.

- Assistant Court Executive Officer Virginia Bird will be responsible for monitoring this process and follow-up.

In closing, we appreciate your time in reviewing these comments and corrective action plans in response to the recommendations made to our Court in the recently conducted *Audit of the Superior Court of California, County of Inyo- May 2011*. We look forward to rectifying our deficient areas and reworking procedures so that our Court is in compliance with applicable rules of law, statutes, and FIN manual recommendations.

If we can be of any assistance to you in clarifying or explaining our responses further, please do not hesitate to contact Court Executive Officer Tammy L. Grimm at (760) 872-6728 desk phone, (760) 920-8110 cell phone, or [tammy.grimm@inyocourt.ca.gov](mailto:tammy.grimm@inyocourt.ca.gov) e-mail.

Respectfully Submitted,



Tammy L. Grimm, Court Executive Officer  
Superior Court of California, County of Inyo