



Judicial Council of California

ADMINISTRATIVE OFFICE OF THE COURTS

455 Golden Gate Avenue • San Francisco, California 94102-3688
Telephone 415-865-4200 • Fax 415-865-4205 • TDD 415-865-4272

RONALD M. GEORGE
Chief Justice of California
Chair of the Judicial Council

WILLIAM C. VICKREY
Administrative Director of the Courts

RONALD G. OVERHOLT
Chief Deputy Director

RECEIVED
JAN 23 2007

January 11, 2007

ADMINISTRATIVE OFFICE
OF THE COURTS (SAC)

Hon. Denise Moreno Ducheny
Chair, Joint Legislative Budget Committee
State Capitol, Room 5035
Sacramento, California 95814

Mr. E. Dotson Wilson
Chief Clerk of the Assembly
State Capitol, Room 3196
Sacramento, California 95814

Mr. Gregory Schmidt
Secretary of the Senate
State Capitol, Room 400
Sacramento, California 95814

Ms. Diane Boyer-Vine
Legislative Counsel
925 L Street, Suite 900
Sacramento, California 95814

Dear Senator Ducheny, Mr. Wilson, Mr. Schmidt, and Ms. Boyer-Vine:

The Administrative Office of the Courts (AOC) respectfully submits the attached Supplemental Report to the Legislature pursuant to the Budget Act of 2006 (June 30, 2006), Item 0250-001-0001. This report contains information concerning the nature and prevalence of performance measures in AOC Information Technology (IT) procurements.

January 11, 2007

Page 2

Information in this report applies to the fiscal years 2003–2004 through 2006–2007. Information regarding the procurement performance process and measures applies to goods purchased, such as hardware equipment and “off-the-shelf” software, and to services, including telecommunications, managed services, and professional consulting services.

If you have any questions about the information provided in this report, please contact Eraina Ortega, Manager, AOC Office of Governmental Affairs at 916-323-3121 or eraina.ortega@jud.ca.gov.

Sincerely,

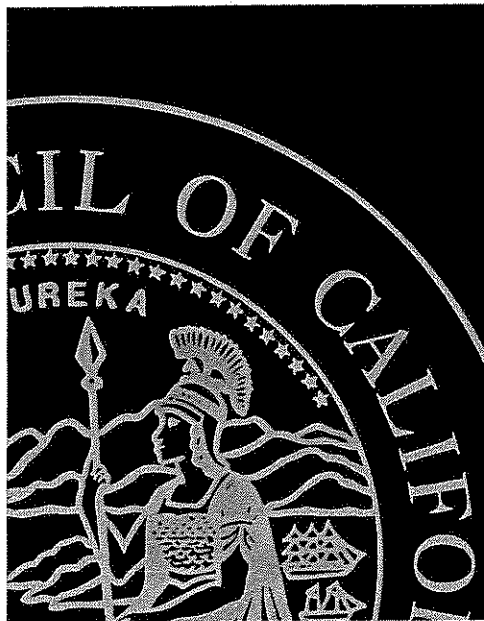


William C. Vickrey
Administrative Director of the Courts

WCV/EO/cc

Enclosures

cc: Edgar Cabral, Fiscal and Policy Analyst, Legislative Analyst's Office
Keely Martin Bosler, Consultant, Senate Budget & Fiscal Review Committee
Janus Norman, Consultant, Assembly Budget Committee
Jeff Carasone, Principal Program Budget Analyst, Department of Finance
Ronald G. Overholt, AOC Chief Deputy Director
Kathleen T. Howard, Director, AOC Office of Governmental Affairs
Stephen H. Nash, Acting Director, AOC Finance Division
Patricia M. Yerian, Director, AOC Information Services Division



Judicial Branch Information Technology Procurement

SUPPLEMENTAL REPORT TO THE
LEGISLATURE PURSUANT TO THE 2006
BUDGET ACT (JUNE 30, 2006), ITEM
0250-001-0001



ADMINISTRATIVE OFFICE
OF THE COURTS

INFORMATION SERVICES DIVISION

Summary

The Trial Court Funding Act of 1997 and subsequent legislation consolidated administrative responsibilities for courts within the judicial branch. The act also entrusted the judiciary, as an independent branch of government, with responsibility for the financial oversight of the trial courts. Prior to the passage of the 1997 legislation, the trial courts had a bifurcated system in which they received the majority of their funding and all business and administrative services through their county administrative offices. Consistent with the goals of the act and the expectations of the legislative and executive branches, the Judicial Council is establishing:

- A comprehensive administrative infrastructure for use by all trial courts and the Administrative Office of the Courts (AOC);
- Processes and procedures that provide accountability for the effective and efficient use of resources throughout the judicial branch;
- Technology environment and data standards that provide the necessary information to support the council and the courts' policymaking responsibilities; and
- Consistent and reliable administrative tools and services to support day-to-day court operations.

Pursuant to the direction of the council at its April 2002 meeting, the AOC, working with the trial courts, is developing and implementing strategies for statewide administrative infrastructure initiatives in the following areas for the trial courts, including finance, information technology (IT), human resources, facilities, and legal services. This collaborative approach is designed to improve the quality of justice in California by advancing statewide values for the judicial branch and consistency in court operations while maintaining decentralized court management. These initiatives, which are predicated on participation by all trial courts, have progressed to various stages of development or implementation.

Procurement Organization

The Business Services Unit in the AOC Finance Division's Office of Accounting and Business Services is responsible for the rollout of procurement processes and provides specific support to the trial courts, outside of resources established for AOC procurements. In addition, the Trial Court Central Procurement Support (TCCPS) Group, which resides within the Business Services Unit, works exclusively with the trial courts. This group is primarily responsible for providing procurement support services to the trial courts by assisting in the procurement of goods and services through purchase orders and contracts, creating master agreements for use by the trial courts, and providing procurement guidance to the trial courts. The Procurement Group also resides within the Business Services Unit and provides procurement support to the AOC and the appellate courts.

Policies and Procedures

AOC internal policy 7.2.1, Procurement of Goods and Services, dated December 1, 2002, establishes uniform guidelines for the AOC to use in procuring necessary goods and services, in documenting that AOC procurement practices are fair and reasonable, and in providing for economical use of public funds. This AOC procurement policy specifies that procurement of goods and services is to be conducted economically and expeditiously, under fair competition, and in accordance with sound procurement practice, using clear guidelines. Employees who are authorized to commit public funds are held to a high level of accountability.

Standard Process

The standard procurement process begins with the determination that there is a business need for the procurement, goods, or scope of work required and whether there are alternatives. A written or electronic requisition is completed and submitted to the person responsible in the division who approves the requisition and assures that funds are available. The requisition is then reviewed by AOC Business Services to verify completeness of the requisition. They review and obtain bids, quotes, and proposals or may initiate the procurement process for sole source. Business Services analyzes the offers and ensures fair competition among the selection of vendors under consideration. The requesting division has primary responsibility for selecting the offer that best meets the evaluation criteria. A purchase order authorizes the transaction and receipt of the goods, and a contract authorizes the transaction for services.

Purchase Requisition and Approval

A written or electronic purchase order is used to initiate all procurement actions and clearly describes the goods or services required, the quantity needed, and the schedule for delivery or performance.

Purchasing Thresholds

The AOC uses the following suggested purchasing thresholds for AOC procurements:

Purchase Value	Procurement Type	Procurement Method
Less than \$1,000	Small dollar micro purchase	Purchases will be awarded according to good purchasing practice. Business Services will notify the successful vendor of the award.
\$1,000–\$5,000	Micro purchase	At least 3 offers must be obtained by Business Services through the Internet or by e-mail or telephone and documented in writing.
\$5,001–\$20,000	Small purchase	At least 3 written offers must be obtained by Business Services.
Greater than \$20,000	Formal competitive procurement	Formal written offers must be obtained by Business Services.

Approval Thresholds

Thresholds vary based on the goods or services purchased.

Position	Approval Threshold
Division Director	\$25,000 and above
Assistant Director	Less than \$25,000
Manager	Less than \$10,000

Types of Goods and Services

The AOC purchases a variety of IT goods, including desktop computers, servers, software, security devices, cabling, infrastructure equipment, routers, tapes, backup equipment, custom management tools, and related equipment such as shelving and racks, etc.

The AOC purchases a variety of IT services, including: wide-area network (WAN) services, Internet services, external Web sites, maintenance contracts, offsite storage, security monitoring, training, phone lines, professional consulting services for major technology initiatives, AT&T services, off-site data storage, and power installation services.

The AOC utilizes the CalNet Master Agreement for services such as AT&T circuits for the statewide LAN/WAN and some equipment.

Acceptance Testing and Performance Standards

The AOC follows industry best practices for acceptance testing for equipment, systems, and services. Standardized language is used to ensure that the agency is protected against deliverables that do not conform to the contract terms and conditions. Acceptance testing ensures that the software or services are in substantial accord with the agency's technical specifications, that they are adequate to accomplish the tasks for which they are being acquired (meet performance expectations), and that they evidence a satisfactory level of performance reliability, prior to their acceptance by the agency. In the event that the equipment and/or services do not meet the standards of performance within the designated time period, the agency may request corrective action or replacement equipment and/or services, or terminate the contract. No charges will be paid unless the equipment has satisfactorily met the stated acceptance criteria. Other performance measures may consist of Service Level Agreements (SLAs), which are part of a service contract.

Best Practices

The AOC strives to follow best industry practices with regard to IT procurements, including:

- Procurement policies and procedures that are modeled on best government procurement practices and are consistent with procurement practices in the state's executive branch.

- While the AOC procurement is separate from that of the trial courts, the AOC purchasing approach is consistent with the judicial branch's Technology Goal VI, Objective 1, as outlined in *Leading Justice Into the Future: Operational Plan for California's Judicial Branch, FY 2003–2004 through 2005–2006*, that proposed to create a statewide infrastructure for finance, technology, human resources, and legal services that provides more consistent, uniform, and cost-effective administrative services and programs to support daily court operations. The desired outcome for this objective is to develop and implement the necessary fiscal accountability infrastructure to support the operations of the courts, including statewide contracting and procurement services.
- The AOC supports development of branchwide contracts for goods and services, such as Oracle software, used in key technology initiatives. This allows courts across the state access to world-class software that they may not otherwise be able to afford and supports consistency of services.
- The AOC retains outside legal counsel specializing in technology contracts.
- The AOC procures professional outside accounting/consulting services. For example, Sjoberg Evashenk Consulting provided independent verification and validation (IV&V) for the California Court Case Management System V3 system development.
- The Trial Court Financial Policy (Policy No. AOC FIN 6.01), a resource developed for the trial courts, and AOC internal policy 7.2.1 are entirely consistent with regard to procurement of goods and services so that the entire branch procures with best procurement practices.
- A recent study, the *Administrative Office of the Courts Statewide Administrative Infrastructure Initiatives Review*, by KPMG LLP, stated: "The procurement function at the AOC has been an ever-evolving process. Over the last few years, the AOC has established a more formal, streamlined procurement system that reflects the industry's best practices."
- The AOC consults the Gartner Group to assist in benchmarking best practices in IT procurement and selection.

