

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

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JANUARY 2011

Prepared by:



On Behalf Of:



ADMINISTRATIVE OFFICE  
OF THE COURTS

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FINANCE DIVISION  
INTERNAL AUDIT SERVICES

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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 Plumas (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 Court Financial Officer (CFO) overseeing Fiscal Year 2008-2009 expenditures of nearly \$2.4 million, the Plumas 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 15 employees performing baseline operational activities. Yet, throughout the audit, SEC found several instances where the Court exhibited strong governance practices, and complied with statutes, Rules of Court, and internal policies and procedures. For instance:

- Court management exhibited a positive “tone at the top”;
- Court management and fiscal staff responded positively to recommendations for improving court operations and were proactive in working toward continual operational improvements.
- Frugal 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;
- Written job descriptions were in place for all key positions;
- Court restricted access to court information systems and case data was backed-up regularly to an off-site location; and
- Procurement and accounts payable functions are appropriately segregated.

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.

- **Incompatible Duties Related to Certain Cash Handling Activities Should be Segregated**

While the Court has good cashiering and cash handling controls in general, we found some employees were responsible for incompatible duties related to certain cash handling activities. Specifically, supervising court clerks have the ability to process payments,

collect monies, and void their own transactions in the case management system while the CFO could process and approve trust and bail refunds without oversight—which each puts the Court at risk for inappropriate transactions to be executed while going undetected. Thus, additional oversight or changes in process are required to minimize potential conflicts. Appropriate segregation of duties related to cash handling is one of the cornerstones of an effective system of internal controls, which is addressed specifically by FIN Manual Section 1.03 §6.3.3 that requires work to be assigned to court employees in such a fashion that no one individual can control all phases of an activity or a transaction.

- **Missing System Controls Over Fine/Fee Reductions Require Higher Levels of Oversight**

Cashiers have the ability to 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 SUSTAIN 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.

- **Court's Efforts to Establish MOUs are Hampered by Lack of Response from County and Other Justice Partners**

Despite the Court's considerable effort to reach agreements, we found that arrangements relating to services provided between the Court and its justice partners were either out-of-date or have never been memorialized into written agreements as required by FIN Manuals 6.01 and 7.01. Specifically, the Court does not have current agreements with Plumas County for general services such as information technology and janitorial services or with the Plumas County Sheriff for bailiff and security services. Additionally, until recently, the Court did not have a formal agreement with Plumas County in place regarding each entity's roles and responsibilities over distributing monthly cash collections and handling enhanced collection cases. We also found that written agreement MOUs related to general costs and security costs have not yet been established between Plumas and Sierra Court for the regional courthouse in Portola that is shared between the two courts as well as for the staffing of the courthouse.

- **Fine Revenue Continues to be Distributed to County Alcohol and Drug Program Funds After County Eliminated Associated Programs**

For the most part, the Court's automated systems are programmed to accurately distribute revenue with one exception—Driving Under the Influence (DUI) cases are incorrectly distributing two percent of fine revenue from VC 23649 assessments to the State Automation Fund. Of greater concern, the Court's case management system is programmed to distribute revenue into county accounts intended to support county

alcohol and drug programs, even though the County closed all associated programs in October 2008. Since the closure of the Plumas County Alcohol and Drug Department, the Court has only administered State Alcohol and Drug grant funding for adult drug court and Proposition 36 Treatment Court for those post-sentence defendants eligible for those specialty courts. While no other drug or alcohol services have been provided by the Court, in February 2009, the Plumas County Board of Supervisors approved a resolution that agrees to not object to the State Department of Alcohol and Drug Programs and the Plumas County Superior Court making arrangements by contract or otherwise to provide substance abuse prevention and treatment services to the residents of Plumas County. However, formal alternate arrangements have not been reached; thus, fine revenues continue to be distributed to county accounts. As such, the AOC should make a determination if these distributions are appropriate given the fact that the County discontinued its drug and alcohol programs.

- **Bank Account Activities Need to be Segregated**

During our audit, the CFO had responsibility for several conflicting banking activities such as depositing remittances, authorizing disbursements, controlling check stock, preparing checks, signing checks, and reconciling its local bank accounts. This account is used for the deposit of collections at outlying locations and had a 6/30/2009 year end balance of \$5,000. As such, the CFO could inappropriately authorize a disbursement to herself and conceal the theft during the bank reconciliation process. Until recently, the bank reconciliations performed by the CFO did not receive secondary review.

- **Some Expenditures Lacked Sufficient Documentation**

While our sample of nearly 30 court expenditures revealed the 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 Immediate Attention**

We found that the Court lacks exhibit room policies and procedures, exhibit destruction protocols, and exhibit tracking and inventorying processes. Without adequate procedures, the Court may not be aware of the exhibits it holds and court evidence could be compromised, lost, or stolen. According to the CEO, the Court has prioritized developing comprehensive exhibit room policies and procedures and has already implemented a few policies, such as requiring all small claims exhibits to be returned at the conclusion of a trial.

While we made many 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 critical to enhancing internal controls and court operations as the Court moves forward.

To address these issues, the Court should:

- Ensure void related practices are consistent courtwide by requiring all clerks to maintain voided receipts and record the reason for the void in SUSTAIN.
- Work with SUSTAIN to determine the feasibility of developing fee and fine reduction reports or other ancillary reports that could be used by the Court to monitor fee and fine reductions.
- Establish a monthly or periodic internal review process whereby an independent court employee selects a sample of case files to compare actual case file records and judicial orders with the information recorded in SUSTAIN to ensure fees and fines reflected in the CMS match those reflected on hard case files.
- Generate fee waiver browse reports from SUSTAIN to verify that waived fees are supported by approved fee waiver applications and orders.
- On an annual basis, establish MOUs for all services provided between the Court and County including a general County-Court MOU and bailiff and court security MOUs.
- Develop and establish a general MOU and a security MOU with Sierra County Superior Court which outlines the breakdown of costs between the two courts and defines reimbursement terms.
- Ensure the distribution formulas in SUSTAIN are correct to address any errors and continue to ensure that all fee/fine revenue distributions comply with relevant laws, regulations, and guidance.
- Inquire with the AOC as to whether the distributions for alcohol and drug program revenue are appropriate.
- Segregate duties related to bank account responsibilities to ensure that one position does not hold too much control over incompatible activities. For example, depositing remittances and preparing checks can be reassigned to the Account Clerk, while the CEO authorizes disbursements and signs checks.
- Take action to make certain that all invoices or claims are properly reviewed, approved, and processed, and that each step is appropriately documented.
- Continue its efforts to establish an exhibit control log and begin utilizing SUSTAIN to record and track exhibits as well as formalize a chain of custody process.
- Implement the FIN Manual recommended exhibit inventory controls, such as conducting physical inventory audits of exhibits at least annually to ensure that exhibits are appropriately accounted.

## STATISTICS

The Court operates at four court locations in the cities of Quincy, Portola, Chester, and Greenville with two judges and a contracted part-time commissioner handling nearly 4,350 case filings in Fiscal Year 2008-2009. Further, the Court employed 15 staff members to fulfill its administrative and operational activities through the expenditure of nearly \$2.4 million for the fiscal year ended June 30, 2009. The table below contains general court statistical information.

*Table 1. General Court Statistics*

	<b>Total</b>
Number of Courtrooms (including each courthouse)	6
Number of Authorized Judgeships as of July 1, 2009	2
Number of Authorized Subordinate Judicial Officers as of July 1, 2009	.3
Number of Full Time Equivalent Employees as of July 1, 2009	15
Total Authorized Positions (FTE) as of July 1, 2009 (Schedule 7A Fiscal Year 2009-2010)	19.2
Number of Temporary Employees as of July 1, 2009 (Figures are for Part-Time Extra Help Staff)	1.7 <sup>1</sup>
Total Salaries for Temporary Employees (Fiscal Year 2009-2010, Figures are for Part-Time Extra Help Staff)	\$56,208
Daily Average Revenues Collected (Fiscal Year 2008-2009)	\$2,303
County Population (7/1/09 Estimate per California Department of Finance)	20,492
Number of Case Filings in Fiscal Year 2008-2009	
Criminal Filings:	
• Felonies	<b>190</b>
• Non-Traffic Misdemeanors	<b>403</b>
• Non-Traffic Infractions	<b>253</b>
• Traffic Misdemeanors	<b>53</b>
• Traffic Infractions	<b>2689</b>
Civil Filings:	
• Civil Unlimited	<b>47</b>
• Civil Limited	<b>218</b>
• Family Law – Marital	<b>105</b>
• Family Law – Petitions	<b>145</b>
• Probate*	<b>15</b>
• Small Claims*	<b>96</b>
Juvenile Filings:	
• Juvenile Delinquency – Original	<b>38</b>
• Juvenile Delinquency – Subsequent*	<b>10</b>
• Juvenile Dependency – Original	<b>61</b>
• Juvenile Dependency – Subsequent*	<b>2</b>

*Source: Case Filing statistics reported by the Court. Information only available from 11/9/08 – 6/30/09 due to CMS transition.*

<sup>1</sup> These are one-time, limited term employee positions funded by the AOC.

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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 to be 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 Plumas 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 2007-2008 and 2009-2010.

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 (SUSTAIN) 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.
- Identified and reviewed the civil and criminal appeals process employed at the Court to assess whether practices in place were reasonable and compliant with California Rules of Court as well as evaluated activities over tracking initial filings and key milestones, systems used to monitor dates, and types of reports used to manage timelines and certify records.
- 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.

## TIMING AND REVIEWS WITH MANAGEMENT

An entrance meeting was held with the Court on April 13, 2010 with audit fieldwork commencing on that same day. Although fieldwork was formally completed in September 2010, preliminary results were discussed with court management during the course of the review at several intervals between May and August 2010. Feedback and perspectives from responsible court officials were obtained throughout the course of this audit and were incorporated into this report.

An informal results conference was held on September 10, 2010, followed by a formal exit conference to discussing the final audit results on October 27, 2010 with:

- Deborah Norrie, Court Executive Officer

Management responses to our recommended actions were received on December 29, 2010 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 Plumas County Superior Court maintains four locations in a County with just over 20,000 residents. With approximately 4,350 case filings annually, court expenditures in Fiscal Year 2008-2009 were nearly \$2.4 million. The Court's 15 employees are overseen by a Presiding Judge (PJ) and Assistant Presiding Judge (APJ) as well as a Court Executive Officer (CEO). The current CEO took office in January 2007.

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:

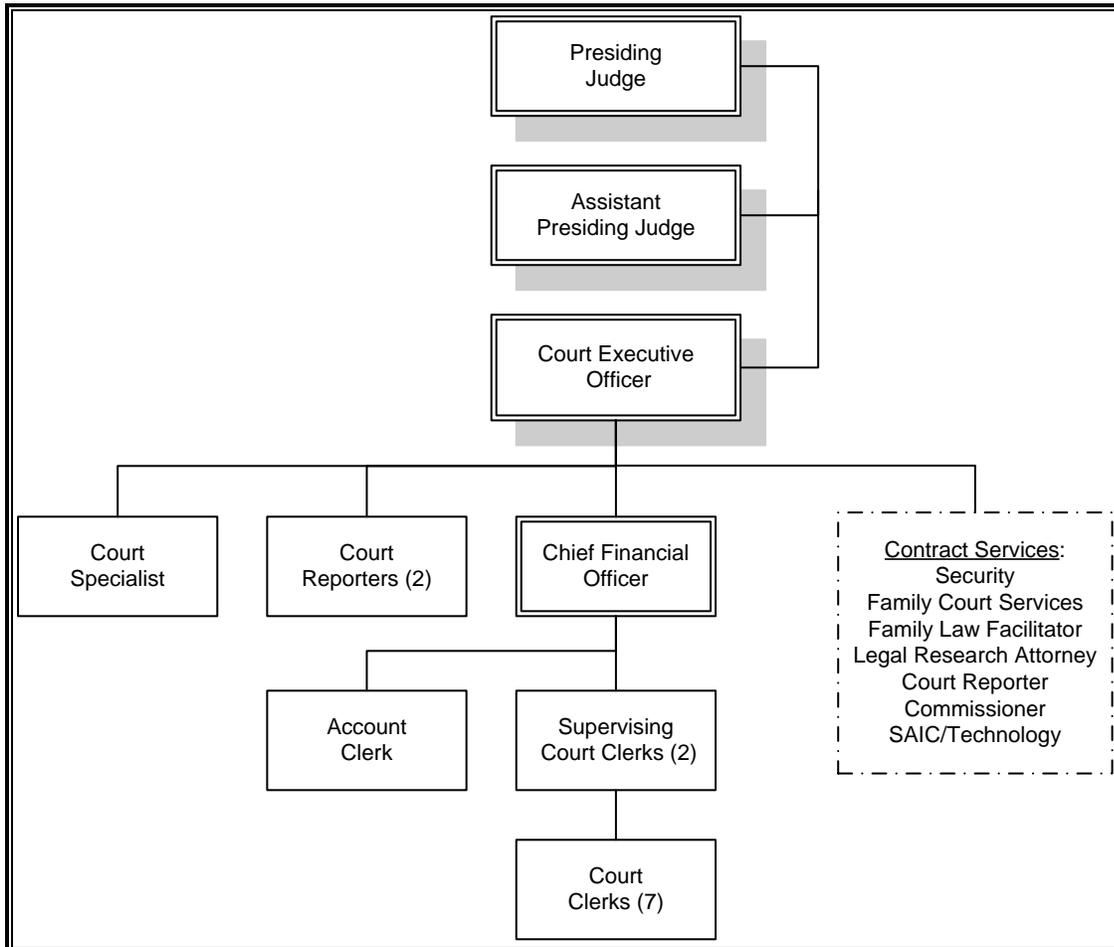
- Duties of the PJ and CEO;
- Delegation of Authority over Court Administration;
- Organizational/Reporting Structure and Strategic Planning;
- Conflict of Interest Disclosures (Statement of Economic Interest Form 700);
- Executive Compensation and Employee Bargaining Agreements; and,
- Submitted Cases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

Overall, we found the Plumas 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, illustrated in Figure 1;
- ✓ Formally delegated the responsibility of managing the Court's fiscal operations to the Court Executive Officer;
- ✓ Developed detailed job descriptions that cover all court employees;
- ✓ Tracks and monitors cases under submission and prepares monthly pay affidavits; and
- ✓ Regularly updates its local rules of court, including 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 a few administrative areas where the Court was either not in compliance with CRC or the FIN Manual or where the Court could improve its operations as described in the following sections.

Figure 1. Court Organizational Chart as of January 1, 2010



Note: Dashed line indicates contracted positions.

### 1.1 Court’s Conflict of Interest Policy Should be Expanded to Include Court Employees

California law prohibits public officials at any level of state or local government from making or influencing governmental decisions in which they may have a financial interest (Government Code (GC) §87100). If the potential for a financial interest arises, the public official must publicly identify the financial interest, recuse him/herself, and withdraw from any participation in the matter (GC §87105). As such, each state and local government agency—including the state trial courts—must adopt a conflict of interest code in compliance with the Fair Political Practices Commission Form 700 Procedure. GC §87200 explicitly requires “judges and commissioners of courts of the judicial branch of government” to file a Statement of Economic Interest (Form 700), and provisions of the Government Code also grants state and local agencies the authority to designate additional positions that are required to file Form 700. In particular, Government Code §87302(a) states that certain positions “which involve the making or participation in the making of decisions which may foreseeably have a material effect on any financial interest” must be included within the agency’s Conflict of Interest Code.

Our audit found that the Court has a process in place to track and manage the submission of the statement of economic interest forms to ensure that the Court's two judges and one commissioner submit a required Form 700 annually. However, we noted other key court officials with decision making responsibilities that could be in conflict with their personal economic interests were not required and did not complete the Statement of Economic Interest form. Specifically, court policy does not stipulate that other employees such as the Court Executive Officer and Court Financial Officer also file the annual form. Examples of operational responsibilities where decisions could affect personal interests or give the perception of personal gain include approvals of purchases, contract negotiations, and labor negotiations. While it is ultimately the decision of the Court, we recommend that the Court Executive Officer and Court Financial Officer also complete a Statement of Economic Interests form since they are both heavily involved in the decision making process on the use of public funds.

### **Recommendation**

To properly disclose potential conflicts of interest and ensure all required court employees and judges complete Form 700 annually, the Court should:

1. Identify all positions within the Court's organizational framework that have decision-making authority, where participating in decisions may be affected or conflict with personal economic interests; and develop a court policy requiring those positions to complete and file Statements of Economic Interest Form 700.

### **Superior Court Response**

The Court has no objection to the recommendation made. The Court has identified the Court Executive Officer and the Court Fiscal Officer as positions within the Court that should file a Statement of Economic Interest Form 700. The Court will develop an expanded policy on conflict of interest; the goal is to have the policy adopted no later than April 1, 2011. In the interim, the current Court Executive Officer and the Court Fiscal Officer will file a Statement of Economic Interest for the 2011 reporting period.

### **1.2 Court Should Update its Strategic Plan**

California Rules of Court (CRC)10.603(c)(9)(A) states the presiding judge must "prepare, with the assistance of appropriate court committees and appropriate input from the community, a long-range strategic plan that is consistent with the plan and policies of the Judicial Council, for adoption in accordance with procedures established by local rules or policies." A strategic plan will not only help the Court define its mission, objectives, and establish goals, but could also assist the Court in successfully managing its future goals and initiatives, such as the construction of its future courthouse in Quincy. While we found that the Court does not have a current strategic plan in place, the Court's focus has been consumed with significant system implementations in recent years that have directed its limited staffing resources away from other priorities such as a strategic plan. However, the CEO acknowledged its importance and indicated that updating the strategic plan will occur in the near future.

### **Recommendation**

To ensure the Court complies with CRC and clearly defines the Court's mission, objectives, and goals, the Court should:

2. Prepare and adopt a strategic plan that addresses the Court's short-termed and long range plans as required by CRC 10.603(c)(9)(A).

### **Superior Court Response**

The Court acknowledges that the strategic plan needs to be updated as required by CRC 10.603(c)(9)(A). 2011 will be the first year since the current Court Executive Officer began employment that the Court will not be involved in a large project. This will allow time for the strategic plan to be reviewed and updated. The Court's goal is to have a final draft of the strategic plan ready for review by the Court's Executive Committee by July 1, 2011.

## 2. Fiscal Management

As detailed in Appendix B, salaries and benefits for non-judicial staff totaled nearly \$1.3 million in Fiscal Year 2008-2009, encompassing about 43 percent of the Court's approximate \$3 million expenditure budget. Fiscal activities are overseen by the CEO while daily activities are carried out by the Court Financial Officer and Court Account Clerk who perform various aspects of fiscal operations, including recording fiscal transactions and activity, processing vendor payments and trust disbursements, preparing daily fee and fine deposits and remittances, and handling payroll activities. Since the Court's transition to the Phoenix-Financial (FI) system, the Court is no longer reliant on the County for fiscal and administrative support. Specifically, the Court inputs its own purchase requisitions, purchase orders, and invoices as well as utilizes services provided by the AOC's Trial Court Administrative Services (TCAS) including reconciling bank accounts, issuing vendor payments, and uploading journal entries. Additionally, the Phoenix-FI system automatically generates the Court's Quarterly Financial Statement (QFS) reports and the Consolidated Annual Financial Report (CAFR) worksheets.

The Court's fiscal staff appears knowledgeable of accounting principles, best practices, and the FIN Manual. Court processed transactions were accurate and appropriately supported by underlying financial records and documentation. As such, it appears the Court has the fiscal expertise to accurately record financials and create reliable financial reports. Furthermore, 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. Further, our review of the Court's fiscal management activities did not identify any reportable issues.

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### 3. Fund Accounting

At the end of Fiscal Year 2008-2009, the Court had combined balances from all its funds totaling more than \$770,000 as recorded in Phoenix-FI as shown in Table 2—this included approximately \$4,800 that can be used only for court automation purposes as designated by law in GC 68090.8. The remaining \$31,900 of restricted monies was for furniture and equipment for the new Portola courthouse and the Quincy clerk’s office.

Table 2. Court Fund Balances per Phoenix-FI Trial Balance, Fiscal Year 2008-2009

G/L Account	Description	Account
552001	FUND BALANCE – RESTRICTED	\$ (36,775.64)
553001	FUND BALANCE - UNREST. - DESIG.	(732,493.68)
554001	FUND BALANCE - UNREST. - UNDESIG.	(.03)
	FUND BALANCES TOTAL	\$ (769,269.35)
	NET SOURCES & USES	\$ (1,285.80)
	<b>ADJUSTED ENDING FUND BALANCE</b>	<b>\$ (770,555.15)</b>

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. Further, the Court reserved \$140,000 of its fund balance for operating and emergency reserves on its QFS report—an amount equivalent to approximately six percent of the Court’s Fiscal Year 2008-2009 unrestricted general fund expenditures of \$2.19 million, which is just above the minimum 5 percent requirement prescribed in the Judicial Council’s Fund Balance Reserve Policy.

Additionally, we noted that the Court’s \$95,545 of funds held in trust accounts have recently been fully reconciled as of August 2010. Specifically, at the beginning of the audit, the Court was unable to perform a regular formal reconciliation to compare activities reported in the case management systems (SUSTAIN) to the amounts reflected in Phoenix-FI to ensure all amounts were reconciled. Due to the change in the collection model between the Court and the County for traffic fines and fees, the Court requested assistance from TCAS in developing a reconciliation procedure and ensuring reconciliations for the trust accounts were current and up-to-date. As of May 2010, all trust funds were fully reconciled. From this point forward, the Court should continue monthly reconciliations between SUSTAIN records, fiscal records, and bank balances and identify and resolve any discrepancies in the trust balances between the fiscal system and case management system to keep trust balances accurate and reliable.

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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.

Generally, the Plumas 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 2008-2009 revealed that the revenues and expenditures were recorded in the proper period and accrued as required by FIN Manual 5.02. As such, we have no identifiable issues to report.

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## 5. Cash Collections

On average, the Court collects approximately \$48,000 monthly in fee and fine amounts and processes 4,350 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 four locations where payments are accepted: Quincy, Chester, Greenville, and Portola. To process its collections, the Court utilizes SUSTAIN Justice Edition as its case management system (CMS) which has a built-in cashiering component. The Court implemented SUSTAIN in November 2008 and began processing and handling traffic collections in November 2009. Prior to that implementation, the County handled all fee and fine collections on the Court's behalf.

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 several controls over cash handling, such as endorsing checks immediately upon receipt, investigating daily collection discrepancies before final close-out, and securing unprocessed payments overnight in a safe. However, we also found instances where controls over cash handling practices and procedures must be strengthened, including segregating certain incompatible job duties and implementing additional oversight related to voids, fee and fine reductions, and use of manual receipts. Additionally, disagreements and issues between the Court and County has affected monthly distributions and enhanced collections.

### 5.1 Incompatible Duties Related to Certain Cash Handling Activities Should be Segregated

Because employees can perform incompatible duties related to voiding transactions in the case management system and approving trust and bail refunds, additional oversight or changes in process is needed to minimize potential conflicts and prevent inappropriate activity or theft from occurring and going undetected. Appropriate segregation of duties related to cash handling is one of the cornerstones of an effective system of internal controls, as addressed in FIN Manual Section 1.03 §6.3.3, that requires work to be assigned to court employees in such a fashion that no one individual can control all phases of an activity or a transaction.

### Supervising Court Clerks Can Both Process and Void Transactions in the CMS

We noted that the Plumas County Superior Court supervising court clerks are responsible for processing payments and collecting monies as well as voiding transactions in the case management system—all without controls in place to either prevent supervisors from voiding their own transaction or monitor voided transactions for appropriateness. Because of the Court's limited resources, supervisors often need to process payments and instances may arise when these employees need to void their own transactions. To mitigate the inherent risks, the Court implemented a void review process in June 2010 in which the CFO reviews a void report generated from SUSTAIN on a monthly basis to ensure all voids were appropriate.

Although the Court indicated to us that voids are not a regular occurrence with only approximately ten voided transactions per month, documentation related to voided transactions is not consistently maintained. For instance, documentation for all voided receipts are maintained at the Portola courthouse, but the Quincy courthouse does not maintain the voided receipts documentation. Moreover, the clerks are not consistent with recording the reason for the void in SUSTAIN although it is court policy. Since FIN Manual 10.02 §6.3.8 requires voided receipts to be retained, the Court should implement a policy to retain voided receipts as well as ensure its practices at each location are consistent.

### CFO Could Process and Approve Trust and Bail Refunds without Appropriate Oversight

At the time of our review, both the CEO and CFO had authority to approve bail refunds and trust refunds in addition to the CFO being responsible for final verification of daily deposits as well as reconciling bank accounts. As such, the CFO could potentially conceal inappropriate payments or take money before deposit because the staff also reconciled activity to the bank statement. Combined with no oversight of the bank reconciliation activities, the responsibility of these incompatible duties concentrated within the CFO position left the Court at risk for inappropriate activities going undetected. Once we informed the Court of the segregation of duties issue in September 2010, they implemented a bank account reconciliation review process by the CEO and required that all refunds be approved by the CEO.

## **Recommendations**

To ensure all cash-related activities are appropriately segregated, the Court should:

3. Ensure void related practices are consistent courtwide by requiring all clerks to maintain voided receipts and record the reason for the void in SUSTAIN.
4. Continue its newly implemented processes of requiring the CEO to review bank reconciliations and approve trust and bail refunds.

## **Superior Court Response**

The Court has already adopted the recommendations of the auditors, and recommendation #4 has been in place since September 2010. As to recommendation #3, the Court Fiscal Officer now runs a void report from the CMS monthly and verifies that all voids were appropriate. All clerks are required to maintain a copy of a voided receipt and record the reason for the void in the CMS. The Court Clerk supervisors are not allowed to void their own receipts; they have been

directed to contact fiscal staff to perform that void function. The Court appreciates the efforts of the auditors in helping the Court to further refine its cash handling policies as the Court had previously asked for those recommendations in the last audit.

## **5.2 Processing of Fine/Fee Reductions and Fee Waiver Processes Need Further Oversight**

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

Our review revealed all clerks have the ability to reduce traffic fees and fines in SUSTAIN—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 conflict exists whereby an employee could steal the money and modify case information to show no monies due. SUSTAIN system limitations prevent the Court from generating an exception report that would summarize fees and fines reduced, although it appears that SUSTAIN has ancillary reports that could help management identify unusual activities. For instance, the Court could generate a report that lists open items that have been modified since they were created or a report comparing open items to sentence records. Using these reports, the Court could select and review a sample of transactions by comparing the payment/modified amounts to orders residing in the physical case file.

Additionally, litigants are given the option to petition the Court to waive or reduce fees in a civil proceeding via a fee waiver. Fee waivers can be approved by either a judge or the clerks who have been granted this authority through an administrative order. Since fee waivers are generally approved and inputted into the CMS by clerks, 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 SUSTAIN, the theft would go undetected. Moreover, fee waivers expire 60 days after the judgment, dismissal, or other final disposition of the case according to the fee waiver information sheet revised in mid-2009. Yet, our conversations with court staff revealed that the Court is not consistently applying this timeframe and some are using a 6-month expiration period.

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.

## Recommendations

To tighten controls surrounding cash collections and the recording of case information into SUSTAIN, as well as deter and detect potentially inappropriate activities, the Court should:

5. Work with SUSTAIN to determine the feasibility of developing fee and fine reduction reports or other ancillary reports that could be used by the Court to monitor fee and fine reductions.
6. Establish a monthly or periodic internal review process whereby an independent court employee selects a sample of case files to compare actual case file records and judicial orders with the information recorded in SUSTAIN to ensure fees and fines reflected in the CMS match those reflected on hard case files.
7. Generate fee waiver browse reports from SUSTAIN to verify that waived fees are supported by approved fee waiver applications and orders.
8. Ensure it has a consistent fee waiver process in place where fee waivers are expired after 60 days as required. To assist in its efforts, the Court should begin recording the fee waiver expiration date in SUSTAIN.

## Superior Court Response

As to recommendations #5 and #6 regarding monitoring fine/fee reduction orders, the Court acknowledges that there may be some possibility that risks may exist – although as of this date there have been no instances of theft or wrong doing. Any risk would exist only as to traffic cases; the County Treasurer collects all supervised and unsupervised misdemeanor and felony fines and fees. The Court investigated whether it would be possible to limit the input of reduced fines/fees to specific staff and thereby limit the risk in that manner. However, the security settings in SUSTAIN are not capable of making that edit, and the judges in both criminal and traffic assignments reduce fines and/or impose other conditions in lieu of paying fines as allowed by law. The Court will inquire of its SUSTAIN consultant whether the creation of a report from the system would be possible. The Court's ability to contract for that type of report will depend on available court funding and the availability of the consultant, who is currently under contract to other SUSTAIN courts and the AOC.

As to recommendations # 7 and #8 regarding fee waivers, the Court already has in place a written procedure for processing fee waivers and has fee waiver browse reports available in SUSTAIN. The Court will establish a procedure for supervisory checks of fee waivers on a monthly basis. That procedure should be in place no later than February 1, 2011. The Court will also review with staff the correct procedure for processing fee waivers, including the review of fee waivers when a judgment is processed. SUSTAIN will be updated to indicate the termination date of the fee waiver.

### **5.3 Unresolved Issues Between Court and County Has Affected Monthly Distributions and Enhanced Collections**

As described in more detail later in this report, the Court and County have been unable to cooperatively and formally agree upon each entity's respective roles and responsibilities

surrounding cash collection activities, including month-end revenue distribution responsibilities. Until the end of 2008, Plumas County handled activities associated with fee and fine collections on the Court's behalf via the County CNET Legacy system. When the Court implemented the SUSTAIN case management system in November 2008, several issues arose that impacted the working relationship of the County and Court related to difficulties associated with multiple systems to track collections, lack of defined roles and responsibilities for collections activities, and disagreements related to the acceptable source of month-end revenue information. For instance, the County was not comfortable with the monthly revenue information produced from the SUSTAIN system even though the Court worked with the SUSTAIN vendor to systematically map each of the Court's revenue accounts within the system to the County's financial system accounts to make month-end reconciliations easier for the County.

As a result of these issues, the County opted to stop using SUSTAIN as of the end of November 2009 and the Court assumed daily fee and fine collection activities for traffic cases at that transition. Also, because the Court's month-end revenue reconciliation process relies on SUSTAIN reports, the County refuses to be responsible for distributing the monthly revenue to the State even though it is the County's responsibility to remit the monies to the State. When the County refused to accept the court-prepared TC-31 and associated check for the State's share of the December 2009 distributed revenue, the Court contacted the State Controller's Office (SCO). Although initially the SCO staff would not accept the TC-31 and check directly from the Court, it now allows the Court to submit the monthly information and sends a conformed copy of the TC-31 back to Plumas County—though the Court has concerns regarding the appropriateness of the Court handling the County's responsibilities related to revenue distribution. While the Court was working with the County over the past several months to resolve any issues and establish an MOU for a cooperative collections program, it did not have much success until recently. In November 2009, the Court initially contacted the AOC's Enhanced Collections Unit to seek assistance regarding establishing an MOU with the County for a proper collections program. After months of attempting to work with the County to establish the MOU, the Court had to request assistance from the California State Association of Counties to facilitate both parties through fact finding and mediation in arriving at an enhanced collections model. Finally, in October 2010, the County and Court established a comprehensive collections MOU before formal mediation had to occur.

The Court also hopes to resolve other issues with the County during negotiations, including:

- At the present time, the Court is imposing the \$300 civil assessment on delinquent accounts. However, we were informed that the County has previously charged additional fees and assessments. For instance, County collection records revealed that the County has charged \$20 "late" fees on delinquent accounts they handle for the Court. The Court believes that a final determination on what is lawful and appropriate to charge should be a part of the collections negotiations and agreements.
- Additionally, the Court does not have a cost recovery process or methodology in place. The CEO informed us that once the Court resolves issues with the County and establishes a formal agreement and collections model, the AOC's Enhanced Collections Unit has agreed to assist the Court in developing a cost recovery process methodology.

### **Recommendation**

To ensure an effective and appropriate collections program is in place, the Court should:

9. Resolve any other outstanding collection issues including the charging of additional fees and assessments, creation of a cost recovery process, and the submittal of the TC-31

### **Superior Court Response**

Since the writing of the audit report, the Court and County Treasurer's staff have begun bi-monthly meetings as agreed upon in the Collections MOU that was signed in October 2010. At the first meeting, ground rules were established and a list of issues that need to be addressed was created. The Court and County agreed to reduce each resolution of an issue to writing and each agency will sign off on the agreement. At the initial meeting, the parties agreed on a procedure for release of accountability accounts and requested from the County resolutions which they maintain authorize the imposition of additional fees on a civil assessment. The next meeting is scheduled for January 3, 2011.

The Court is optimistic that, with the election of a new County Treasurer, the remainder of collections issues will be able to be addressed in a timely manner, and work can begin on a Court cost recovery program.

The issue of the submission of the TC-31 will be more difficult to address as the current County Auditor has declined to meet and confer with the Court. The Court will address the issue with the County Counsel to see if a line of communication can be opened or a resolution reached. If the Court cannot reach a resolution, the Court will seek assistance from the AOC Enhanced Collections Unit.

## 6. Information Systems

The Court utilizes a variety of information technology (IT) systems to serve its needs, including SUSTAIN Justice Edition (case management system), ADP (payroll system), and Phoenix-FI (fiscal system). Instead of operating its own technology department, the Plumas County Superior Court is hosted by the AOC's California Courts Technology Center (CCTC) and its vendor, Science Applications International Corporation (SAIC). They provide the Court with technology services including network administration, access and security, anti-virus support, and system backup. During Fiscal Year 2008-2009, the Court spent approximately \$38,000 on technology related expenses, as detailed by 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 distribution of fine revenue.

### 6.1 Fine Assessment is Incorrectly Distributed for Driving While Under the Influence Violations

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 SUSTAIN case management system. Plumas is one of several courts, including Lake, Modoc, and Humboldt, which utilizes the SUSTAIN system. When legislation changes or modifications are needed, the courts work together with SUSTAIN and the AOC's SUSTAIN user group to make adjustments to the system's assessment and distribution formulas. Before changes become part of the production environment in SUSTAIN, they will first be verified in a test environment to ensure that calculations are accurate—each court tests the changes independently.

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

1. Driving Under the Influence pursuant to Vehicle Code 23152(a)

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 without a License pursuant to Fish and Game Code 7145(a)
5. Child Seat Restraint pursuant to Vehicle Code 27360.5(a)
6. Speeding pursuant to Vehicle Code 22349(b)
7. Traffic School disposition for violation of Passing Over Double Yellow Lines pursuant to Vehicle Code 21460(a)

Through our testing, we found the Court's SUSTAIN case management system accurately distributes revenue except for Driving Under the Influence (DUI) cases that incorrectly distribute two percent of the County Alcohol and Drug Problem Assessment (VC 23649) to the State Automation Fund. As a result, the Court over-distributes those amounts to the State and under remits amount to the County.

### **Recommendation**

To ensure appropriate calculation and distribution of DUI fines, the Court should:

10. Ensure the distribution formulas in SUSTAIN are correct to address the error 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 SUSTAIN case management system.

### **Superior Court Response**

The Court will investigate the distribution formula for the charge of driving while under the influence and make the adjustment in SUSTAIN. The Court will also notify the County Treasurer of this audit finding as the Treasurer collects all forthwith and installment fine payments for this charge. If their fine assessment is incorrectly distributed, the Court will ask them to make that adjustment.

### **6.2 Eliminated County Alcohol and Drug Programs Continue to Receive Fine Revenue**

Our testing revealed that SUSTAIN continues to distribute revenue into county accounts to support following programs, as required by the associated statutes:

- County Alcohol and Drug Problem Assessment (Vehicle Code 23649),
- County Alcohol Program (Penal Code 1463.16),
- Alcohol Abuse and Education (Penal Code 1463.25), and
- County Drug Program (Health and Safety Code 11372.7)

However, the County closed its Alcohol and Drug Department and all associated programs in October 2008. Since the closure of the Plumas County Alcohol and Drug Department, the Court has only administered State Alcohol and Drug grant funding for adult drug court and Proposition 36 Treatment Court for those post-sentence defendants eligible for those specialty courts. While no other drug or alcohol services have been provided by the Court, in February 2009, the Plumas

County Board of Supervisors approved a resolution that agrees to “not object to the State Department of Alcohol and Drug Programs and the Plumas County Superior Court making arrangements by contract or otherwise to provide substance abuse prevention and treatment services to the residents of Plumas County.” However, formal alternate arrangements have not been reached; thus, fine revenues continue to be distributed to county accounts. As such, we recommend that the AOC make a determination if these distributions are appropriate given the fact that the County discontinued its drug and alcohol programs.

### **Recommendation**

To ensure revenue is distributed to the appropriate parties, the Court should:

11. Inquire with the AOC as to whether the distributions for alcohol and drug program revenue are appropriate.

### **Superior Court Response**

The Court has made every attempt to work with the County since the County closed its Alcohol and Drug Department in October 2008. The Court sent a letter to the County Administrative Officer requesting a reply on whether this revenue should continue to be collected. The County has made no response as of this date. The Court Executive Officer has also discussed this issue with the County Administrative Officer, the County Counsel, and the County Treasurer and received no response other than the County would “look into the matter.” The Court has also spoken with staff at the Enhanced Collections Unit asking for assistance. Plumas County is the only county in the state without an alcohol and drug department; it has been difficult for all parties consulted to decide what should or needs to be done.

The Court will send a letter to the AOC Enhanced Collections Unit asking for an opinion on whether the Court should be collecting and distributing this revenue for alcohol and drug programs so long as there is no County Alcohol and Drug Department.

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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. As with other courts, the Plumas 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, any bank accounts outside of the AOC Treasury 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 regularly reconciles its bank accounts, our review revealed that the Court should better segregate responsibilities related to its banking activities.

### 7.1 Segregation of Duties Related to Bank Account Responsibilities Needs Improvement

At the end of June 2009, the Court had five bank accounts—four with Bank of America and one with Plumas Bank. Of the five bank accounts, four are bank accounts established by the AOC and the other is an external, revolving bank account used primarily for the deposit of collections at outlying court locations. As of June 30, 2009, the Court’s bank statements reflected balances totaling \$212,366. Recently, the Court received written permission from the County to open a separate bank account outside the County for the deposit of fines and fees which are currently held in the trust account (XXXXX-24719). The Court will be contacting the AOC to establish a separate bank account for the deposit of fines and fees—though trust monies will continue to be deposited into the trust bank account listed below.

Table 3. Court’s Bank Accounts and Balances as of June 30, 2009

#	Account Number	Purpose	Location	Balance per Bank 6/30/09
1	XXXXXX-23564	Operations	AOC Treasury	\$ 117,659
2	XXXXXX-24125	Disbursement (clearing)	AOC Treasury	\$ 0
3	XXXXXX-24719	Trust	AOC Treasury	\$ 88,964
4	XXXXXX-21013	UCF	AOC Treasury	\$ 743
5	XXXXXX-0085	Revolving	Plumas	\$ 5,000
			<b>Total:</b>	<b>\$ 212,366</b>

While the Court’s bank accounts are reconciled monthly and the bank balances agree with amounts reflected in fiscal records generated from Phoenix-FI, the Court’s banking responsibilities are not sufficiently segregated. Specifically, the CFO has the responsibility over the following banking duties:

- ✓ Depositing remittances
- ✓ Authorizing disbursements
- ✓ Controlling the check stock
- ✓ Preparing checks
- ✓ Signing checks
- ✓ Reconciling the bank accounts

Though the Court has no ability to generate fraudulent checks from the AOC operations and trust bank accounts because check stock is maintained at the AOC, check stock for the local, revolving bank account is kept on-site. Thus, the segregation of duties issue primarily relates to its local, revolving bank account. For example, the CFO could potentially write a check to herself or another party for non-court related business since she has control over the check stock. The inappropriate activity could be concealed as the CFO is solely responsible for bank reconciliations for the local account. Thus, when these functions are performed by one individual, it increases the risk of loss or theft. Heightening this risk is the fact that bank reconciliations performed by the CFO do not receive secondary review.

To better segregate these duties, the Court could consider reassigning the Account Clerk the responsibility of depositing remittances and preparing checks, while the CEO authorizes disbursements and signs checks. The CFO can maintain her duties of controlling the check stock and reconciling the bank accounts. After discussing these issues with Court staff, we were informed that a review process by the CEO has been implemented for the bank reconciliations beginning August 2010. Additionally, the CEO is also now responsible for authorizing all disbursements.

### **Recommendations**

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

12. Segregate duties related to bank account responsibilities to ensure that one position does not hold too much control over incompatible activities. For example, depositing remittances and preparing checks can be reassigned to the Account Clerk, while the CEO authorizes disbursements and signs checks.
13. Continue its newly implemented process to review and approve bank reconciliations, and ensure reconciliations contain preparer and reviewer signatures/initials and dates.

### **Superior Court Response**

The Court agrees and has implemented these recommendations effective September 2010.

## 8. Court Security

The Plumas County Sheriff's Office provides all security services for the Court's main courthouse in Quincy and regional courthouse in Portola as well as for the Greenville and Chester locations as needed. Services provided by the Sheriff's Office include bailiff-related functions when court is in session and entrance weapons screening. As shown in Table J in Appendix B, the Court spent \$186,000 on security related expenditures during Fiscal Year 2008-2009.

### 8.1 Court Should Continue Efforts to Improve Court Security

In 2005, the AOC Emergency Response and Security (ERS) Team conducted a survey and found that because the main courthouse in Quincy is a joint-use facility with several county agencies, the Court is unable to meet certain security standards, such as entrance screening, electronic access, secure movement of inmates around the courthouse, and secured parking. However, the report identified several areas where the Court could enhance security at its Quincy court location, including:

- Utilizing a portable weapons screening units that can be moved into place for specific court cases
- Installing security windows at public counters
- Installing security screens or projectile resistant glass on courtroom windows
- Securing judges' chambers to provide protected access
- Upgrading panic alarm system to utilize direct monitoring by the Sheriff's Office rather than an off-site central alarm company
- Installing closed circuit television cameras for monitoring courtrooms.

Since the 2005 security report, the Court has made it a priority to improve its security situation where possible and has since incorporated several security measures, including:

- Closed circuit television cameras
- Tempered glass installed at public counters
- Electronic card readers at courtroom doors
- Duress alarm system that directly connects to the Sheriff's Department
- X-ray and magnetometer security equipment at courtroom entrances (as needed).

The Court also hopes to improve perimeter security of the Court by permanently installing the x-ray and magnetometer security equipment at the Quincy courthouse public entrances once agreements can be reached with the Plumas County Offices that share the building with the Court. In the interim, the Court will utilize the security equipment at the Quincy courthouse outside the courtrooms as agreed upon by the Court and Sheriff's Office.

Additionally, in April 2009, the ERS team conducted a security survey specific to the new Portola courthouse that opened in December 2009, which is a shared facility serving both the Superior Court of Sierra County and Plumas County. Because the Plumas County Sheriff's Office was not contacted by the AOC's facilities division and several security requirements may not have been considered during the courthouse design, several issues surfaced as the courthouse was being constructed. According to the Court, several security items were addressed after construction, such as installing x-ray and magnetometer equipment at the courthouse's one public entrance and installing closed circuit television cameras. As described in Section 17 of this report, a new facility in Quincy is being designed. According to the CEO, the Plumas County Sheriff's Office and the AOC's ERS team have been heavily involved at the early design phase with the goal of avoiding similar security design issues that plagued the Portola courthouse.

Lastly, the Court also has two additional court annex locations in Greenville and Chester. According to the Court, there is limited security at these locations because of the limited public interaction and court is only held once a month. When court is in session, the Plumas County Sheriff's Office provides courtroom security. Additionally, both the Greenville and Chester locations share facilities with Plumas County Sheriff substations as well as other county offices. While these locations continue to have security limitations such as unsubstantial doors separating court staff from the public, the Court has been working with the AOC's Office of Courthouse Construction and Management to address security at these facilities.

Though the Court has made great strides in improving the security of its courthouses and continues to work with the AOC to remedy outstanding security issues, there are a few measures the Court should work with the new elected Plumas County Sheriff to implement. These measures include formulating formal security plans and emergency/disaster procedures and conducting emergency drills.

### **Recommendations**

To strengthen the security at the Court's facilities, the Court should:

14. Work with the AOC to determine additional security measures that could be implemented to remedy outstanding security issues.
15. Work with the Plumas County Sheriff's Office to create and implement a formal security plan and emergency/disaster procedures and ensure they include procedures related to areas such as health services, courtroom security, inmate security, fire safety, bomb threats, and alarm response.
16. Conduct evacuation/emergency drills at least annually to ensure staff are knowledgeable of court plans and prepared for an emergency.

### **Superior Court Response**

The Court agrees with the audit summary as to the state of security issues in the Court. Until the election of the current Sheriff in June 2010, there was no administration at the Sheriff's Office that would agree to meet and discuss security issues.

The current Sheriff has met with the Presiding Judge and Court Executive Officer and understands the importance of improving security at all court facilities and establishing a formal security/emergency plan. He is in the process of re-organizing his office in order to assign a sworn officer as the point of contact for the Court on all security issues. As soon as that officer is identified, the Court will begin to establish a formal security plan. In the interim, with the cooperation of the County Safety Officer, the Court was part of an emergency drill at the main courthouse in Quincy in December 2010.

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## **9. Procurement**

Since the Plumas County Superior Court's migration to the Phoenix-FI system in April 2006, the Court has undergone numerous changes related to its procurement and payables processes. Most notable among these, the Court now establishes purchase requisitions and purchase orders to guide the appropriate approval of purchases in Phoenix-FI—while the TCAS is responsible for processing checks for the Court's expenditures. As such, the Court no longer has any reliance on the County for its procurement activities. Our testing revealed good controls were in place over the procurement process that complied with certain FIN Manual requirements, although we did note that the Court could issue additional purchase orders.

### **9.1 Purchase Orders for Items over \$500 are Not Always Generated**

During Fiscal Year 2008-2009, the Court issued 26 purchase orders (POs) totaling approximately \$51,755. While the Court indicated it uses purchase orders for items and services greater than \$500 as stipulated by FIN Manual 6.01, §6.5.2, we found instances where POs were inconsistently used. Specifically, for two of the six operational purchases over \$500 that we tested, the Court did not generate a purchase order. While one of these purchases had a written contract in place, the Court had no mechanism in place to encumber fund in Phoenix-FI such as a purchase order. For instance, the Court procured \$3,287 in cabinetry services and goods without generating a purchase order or encumbering the funds. Additionally, our cursory review of the Court's expenditures as recorded in Phoenix-FI revealed numerous similar expenses that were not purchased through a purchase order or other appropriate mechanism. For instance, in Fiscal Year 2008-2009, the Court spent over \$45,000 in telecommunications and \$6,444 for storage rentals through direct purchasing. Because purchase orders serve as formal authorization for the Court to expend funds and, more importantly, ensure that the Court has sufficient funds encumbered to cover the expenses incurred, their use and application should be comprehensive and consistent.

### **Recommendations**

To ensure court purchases are authorized, appropriate, and meet court expectations and needs, the Court should:

17. For purchases greater than \$500, utilize a purchase order to better ensure the Court has sufficient funding to cover the expenses incurred.

### **Superior Court Response**

The Court has no objection to recommendation #17. Fiscal staff will ensure that purchase orders are generated as appropriate. As to the issue of purchase orders for telecommunications, the Court will defer that until at least the beginning of Fiscal Year 2011/2012. At the present time, the model for control and payment of telecommunications cost is changing. The Court is working with AOC/IS staff and the SAIC vendor to determine what level of service is needed. Once that determination is final, the Court will be able to capture its costs in a purchase order.

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## 10. Contracts

The Plumas County Superior Court currently has 22 contracts in place for goods and services from external vendors related to areas such as mediation and legal services, security, website maintenance, and payroll services. We tested nine contracts and found they contained the appropriate elements detailing cost, schedule, terms and conditions, and scope, as well as were generally approved by either the Presiding Judge or the Court Executive Officer (CEO). Additionally, we noted the Court had memorandums of understanding (MOU) in Fiscal Year 2009-10 related to County-provided services. However, we found that certain services provided between the County and Court were not always memorialized in a written agreement as required by FIN Manual Sections 6.01 and 7.01—although the Court has been diligently attempting to reach an agreement with the County. Furthermore, the Court has not yet established an MOU with the Sierra County Superior Court for shared costs related to the newly built regional courthouse shared between the two courts which opened in December 2009.

### 10.1 Court Efforts to Establish MOUs are Hampered by Lack of Response from County and Other Justice Partners

During the time of our audit fieldwork, the Court did not have an MOU in place with the County of Plumas for general services, collection activities, or bailiff and security services. Combined, these are major expenses for the Court as well as critical services being provided; thus, it is imperative that an MOU is established guiding the provision of services between the Court and County. Additionally, no MOU had been established between Plumas and Sierra Superior Courts relating to the regional courthouse.

#### Court and County MOU for General Services

The Court has limited reliance on the County for services and only procured approximately \$21,600 during Fiscal Year 2009-10 in services from the County, including:

- Information Technology—\$504
- Life Insurance<sup>2</sup>—\$642
- Janitorial—\$11,510
- Employee Assistance Program (EAP) —\$573
- General Insurance<sup>3</sup>—\$1,046
- Postage—\$7,334<sup>4</sup>

It took considerable effort and more than seven months before the Court was able to finalize a Fiscal Year 2009-2010 MOU agreement with the County covering the county-provided services, and the Court and County do not yet have a Fiscal Year 2010-2011 MOU in place. According to the CEO, the Court has attempted to work with the County to establish an MOU agreement for the current fiscal year and has sent multiple letters requesting meetings to negotiate and formalize the agreement. However, the Court has received little response from the County and an MOU has not yet been established. Furthermore, the Court wants to revisit facility-related items from past agreements—the 2003 MOU provisions in particular—during the Fiscal Year 2010-2011 MOU negotiation discussions as well.

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<sup>2</sup> The Court stopped receiving life insurance services from the County in August 2010.

<sup>3</sup> The Court stopped receiving general insurance service from the County in March 2010.

<sup>4</sup> Amount reflects postage expenses to the County starting November 2009.

### Court-County MOU Did Not Exist for Cooperative Collections Activities Until Recently

Apart from a collections MOU that was drafted in 2005 but never finalized, the Court and County had not been able to reach a formal agreement guiding the collection activities the County conducts on the Court's behalf until recently. As mentioned previously in Section 5 of this report, the Court assumed daily traffic fee and fine collection activities from the County in 2009 when the County chose to no longer use the SUSTAIN case management system to process payments. Additionally, previous to the transition onto SUSTAIN, the Court had virtually no role in enhanced collections and was not provided information regarding the County's delinquent collection processes and activities. However, over the past few years, the Court has assumed some control over enhanced collection activities on traffic cases, including:

- Processing and sending 10-day demand letters on failure to appear and failure to pay cases,
- Imposing civil assessments on delinquent cases that do not respond to demand letters within allowable timeframes,
- Referring delinquent cases to the Plumas County Treasurer's Office for enhanced collections, and
- Preparing monthly reports of all monies collected.

With the Court's new role in collection activities, the Court began working towards a formal arrangement with the County Treasurer's Office in April 2010 for collection services and drafted a proposed MOU. Yet, due to unresolved issues regarding Court and County roles and responsibilities over collection activities, the Court requested the AOC's assistance with a fact-finding and mediation meeting scheduled for mid-September 2010. After a fact-finding meeting attended by the Court and County staff, a representative from California Employer Advisory Council, and staff from the AOC's Enhanced Collections Unit, the Court and County signed a comprehensive collections MOU effective October 12, 2010.

### MOU for Current Fiscal Year Bailiff and Security Services is Not Established

During Fiscal Year 2009-2010, the Court paid the Plumas County Sheriff's Office approximately \$207,000 for bailiff and court security officer services under two separate MOUs with the Sheriff's Office. The most recent MOUs are dated November 24, 2009 and cover the period from July 1, 2009 through June 30, 2010—as such, an MOU for Fiscal Year 2010-11 services had not been established at the time of this report. Similar to difficulties the Court has encountered with other county departments in attempting to negotiate and establish MOU agreements, the Court also experienced issues with the Plumas County Sheriff's Office in the past. However, the newly elected Sheriff has indicated a willingness to work together to finalize security agreements. Negotiations between the two parties for funding related to Fiscal Year 2010-2011 are underway and will include analysis of service level requirements as a result of the security survey jointly completed by the Court and Sheriff staff.

While charges for general county services and bailiff services appear to be reasonable, appropriate, and Rule 810 allowable, the Court cannot be ensured it is receiving services as expected or being billed appropriately without a MOU stipulating agreed-upon services, rates,

and required invoice documentation. Additionally, FIN Manual 7.02, §6.5.1 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.” Due to the Court’s extensive efforts to establish MOU agreements with the County, we recommend the AOC assist the Court in its continued efforts with the County to create written agreements.

#### MOU for Regional Courthouse Shared between Plumas and Sierra Superior Courts

In December 2009, the first multi-jurisdictional courthouse built in California opened in Portola. The courthouse provides judicial services for both Plumas and Sierra counties and is staffed by two Plumas employees (one full-time and one limited term) with a Sierra judge responsible for holding court. While the Office of Court Construction and Management funded the construction of the courthouse, the Plumas County Superior Court has absorbed all costs related to the regional courthouse that are not covered by the AOC including building maintenance costs, janitorial services, telephone and conferencing costs, security, and general office expenses. In total, the Plumas County Superior Court has spent nearly \$70,000 in expenses (excluding salary and security costs) related to the regional courthouse—most of which should be shared between the two courts. However, an MOU between Plumas and Sierra Courts has not been established to delineate the cost sharing between the two courts and to outline reimbursement terms. It is Plumas County Superior Court CEO’s goal to establish a general MOU and security MOU with Sierra County Superior Court by the end of the current year—which we strongly encourage.

#### **Recommendations**

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

18. On an annual basis, establish MOUs for all services provided between the Court and County including a general County-Court MOU and bailiff and court security MOUs.
19. Develop and establish a general MOU and a security MOU with Sierra County Superior Court which outlines the breakdown of costs between the two courts and defines reimbursement terms.

#### **Superior Court Response**

The establishment of MOU’s for all services provided between the Court and County has been an ongoing issue of extreme frustration for the Court. Since Fiscal Year 2006/2007, the County has never met to finalize a general Court/County MOU or MOU’s for security services before December of any fiscal year – despite numerous and regular communication from the Court in person and in writing asking that negotiations be initiated and completed. The current fiscal year is no exception. Since March 2010, the Court Executive Officer has written nine (9) letters and had four (4) meetings with County officials outlining what issues need to be negotiated to complete a general MOU and security agreements. County officials acknowledge that these issues need to be addressed but have been unresponsive as to when those negotiations might occur. In the interim, the County continues to provide services without payment. The Court is

left in the position of being willing but unable to pay its obligations since there are no signed MOU's.

In the current fiscal year, the Sheriff and Court have agreed upon levels of service and the cost of those services and are ready to present security agreements to the County Counsel for approval by the Board of Supervisors. However, the Court was told that the County Administrative Officer did not like the format for the security agreements for Fiscal Year 2009/2010 and would not approve that format for the current fiscal year. The Court has asked for specifics about the format issue so that finalized security agreements can be prepared for signature. As of this date, no one from the County has responded to the Court's inquiries. The Sheriff is satisfied with the negotiated agreement for the current fiscal year and the format of the agreements but does not have the authority in Plumas County to sign. He shares the Court's frustration. The Court and the Presiding Judge will continue to communicate with County officials to finalize MOU's for the current fiscal year and establish a procedure for negotiations for ongoing fiscal years.

The Court agrees that a general and security MOU need to be completed with the Sierra Superior Court which outlines the breakdown of costs between the two courts and defines reimbursement terms. Until recently, there was ongoing discussion about what costs would be borne by the trial courts and what costs would be borne by the AOC. Now that those issues are substantially resolved, the MOU's can be finalized. As of the writing of these responses, the documents are 85% completed. The two courts anticipate that a final draft of the MOU's will be ready for review by the judges of each court by February 1, 2011.

## 11. Accounts Payable

During Fiscal Year 2008-2009, the Court expended approximately \$2.4 million on court operational activities. Next to salary and benefit costs, the Court's largest operating expense category was contracted services for general consultants, administrative services, interpreters, reporters, and other court-ordered professional services totaling \$498,512. Other significant expenditure categories included court security totaling nearly \$182,683 and equipment maintenance totaling \$46,197.

As a "self input" court, the Plumas County Superior Court processes its own expenditures in Phoenix while the AOC's TCAS 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 Some Expenditures Tested Lacked Sufficient Documentation Demonstrating Good and Services were Delivered and Invoiced Costs were Supported

While documentation for each of the 29 court expenditures we 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:

- More than half of the invoices tested—or 16 of the 29 invoices—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—which, according to the Court, is due to lack of resources. 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 typed receipt listing the case information and number of folios prior to acceptance of the good/service. These receipts could then be included with the claim as verification of receipt of goods.

- The rate charged for mediation services on one invoice was inconsistent with the agreed-upon contract agreement. Specifically, the rate billed was five dollars higher than the rate outlined in the contract. An explanation of this discrepancy was not noted on the invoice, nor could we determine if the invoice was compared to the contractual agreement prior to processing the payment. Though these rates still appear reasonable, the contract should be amended to reflect any increases in rates over time.
- Lastly, 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, each of the three interpreter claims and two 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, it did not appear that the Court is verifying the mileage prior to approving payment. Without such information, the Court cannot ensure the information provided is accurate and correct.

### **Recommendation**

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

20. 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 typed-up receipt of transcripts that lists the case information and number of folios. Further, these receipts should be submitted with the claim to indicate that the number of folios being claimed is accurate.
  - d. Ensuring rates billed are consistent with agreed-upon rates in the contracts. If necessary, amend the contract to include updated rates.
  - e. Verifying that in-court service providers are reimbursed actual mileage by requiring physical addresses to calculate mileage.

### **Superior Court Response**

The Court agrees and has implemented the recommendations # 20a, 20b, 20d and 20e. The Court Executive Officer will meet with the two official court reporters in January 2011 and discuss recommendation #20c. The Court believes that any changes to the court reporter transcript claim forms and any changes in procedure should be able to be implemented by March 1, 2011.

## **12. Fixed Assets Management**

With Fiscal Year 2008-2009 fixed assets valued at \$395,885 according to its Consolidated Annual Financial Report (CAFR) worksheets, the Court exhibited good controls over its fixed assets. For instance, the Court tracks items such as furniture and computer equipment as well as all items with a value of \$500 or greater. These items are assigned an inventory number and recorded in a spreadsheet along with other critical asset data such as description, location, purchase price, and date of purchase. In addition, the Court conducts annual inventories of these assets in accordance with FIN Manual 9.01 §6.2.2. However, we noted one area where the Court could improve its management and reporting of fixed assets as discussed below.

### **12.1 Fixed Assets Reported on its CAFR Worksheets May be Overstated**

The Court uses a separate Excel spreadsheet to record and track its fixed assets over \$5,000 including furniture and computer equipment 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. Until the Phoenix-FI system's Fixed Asset Module is deployed, 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.

### **Recommendation**

To more accurately report fixed assets, the Court should:

21. Update its Excel spreadsheet of assets to reflect depreciation; to do this, the Court must determine accurate dollar and useful life values for all items in the spreadsheet.

### **Superior Court Response**

The Court has no objection to recommendation #21. The Court's account clerk will be assigned the task of updating the spreadsheet of assets to reflect depreciation. Given her other varied duties, the Court would anticipate that this task would be completed by June 30, 2011.

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### 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 April 2008, the AOC's Internal Audit Services (IAS) issued an audit report entitled "Audit of the Superior Court of California, County of Plumas." The objectives of this prior audit included determining the extent to which the Court:

- Complied with the Trial Court Financial Policies and Procedures Manual;
- Designed and implemented an effective internal control structure over financial reporting and the safeguarding of assets and funds;
- Established internal controls to ensure compliance with laws and regulations over grants and contracts; and
- Established internal controls to limit access to computer-based systems, records, and assets.

As a result, several observations were presented in 2008 to the Court that required management attention and correction. Our current audit revealed many prior audit issues had been resolved both by management and the Court's transition onto the Phoenix-FI system. For instance, the Court has addressed many audit recommendations, including:

- ✓ Creating a List of Submitted Cases and Regularly Monitors and Circulates List;
- ✓ Establishing Protocols for Approving Court Executive Team's Time Cards;
- ✓ Implementing Bank Reconciliation Process between Phoenix-FI, Case Management System, and Bank Statements;
- ✓ Segregating the Responsibility of the Daily Cash Collection Closeout Process;
- ✓ Updating and Distributing Local Cash Handling Policy;
- ✓ Developing Requirements that CFO Travel Reimbursements are Approved by CEO;
- ✓ Updating its Fixed Assets Processes to Tag Court Equipment with Identifiers and Conducts Periodic Inventory Counts;
- ✓ Establishing Protocols to Maintain DMV Forms Regarding Employee Access to DMV Records; and,
- ✓ Implementing Several Court Security Measures.

However, our current audit found that a few of the 2008 issues remain for the current period reviewed as described throughout this report and, thus, remain a concern in 2010 as well.

Specifically, we identified the following areas where the Court had not fully implemented corrective measures to address previously-identified concerns, including:

- Not finalizing MOU agreements with County for current services as discussed in Section 10 of this report; and,
- Not developing or implementing a comprehensive court security plan as discussed in Section 8 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 and establish security plans with the County; however, the County has not been responsive to many of the Court's attempts to jointly address these issues. Nonetheless, the Court must continue working to correct the issues identified in this report, as well as those discussed in the 2008 audit report.

#### **14. Records Retention**

According to FIN Manual 12.01, §3.0, “it is the policy of the trial courts to retain financial and accounting records in compliance with all statutory requirements. Where legal requirements are not established, the trial court shall employ sound business practices that best serve the interests of the Court.” Moreover, the courts are required to apply efficient and economical management methods regarding the creation, utilization, maintenance, retention, preservation, and disposal of court financial and accounting records. This policy applies to all trial court officials and employees who create, handle, file, and reproduce accounting and financial records in the course of their official responsibilities.

Currently, the Plumas County Superior Court stores case files, financial records, and procurement documentation at the main courthouse in Quincy for the current fiscal year and previous fiscal year at a minimum. Older case files and fiscal records are stored off-site to which access is limited to the CEO, CFO, and Account Clerk. In compliance with FIN Manual 12.01, the Court keeps financial and business records for at least five years. However, the Court has not begun the destruction process for older fiscal records. The Court is aware of its record retention issues and plans to begin developing a destruction process for destroying old records in order to comply with the AOC’s FIN Manual.

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## 15. Domestic Violence

In June 2003, the California Legislature requested IAS to audit court-ordered fines and fees in specified domestic violence cases in California. As part of this effort, IAS agreed to test the assessment of fees and fines in domestic violence cases on an on-going basis. 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).

The Court processes a monthly average of 10 domestic violence cases with supervised misdemeanor and probation grant payments collected by the County Treasury. Because most domestic violence charges were ultimately dismissed by the Court during our testing timeframe between November 2008 and April 2010, we were only able to identify and test two domestic violence cases. For these two items, we analyzed corresponding SUSTAIN case management system data and case file information to determine whether mandated fees and fines were properly assessed.

### 15.1 Domestic Violence Fees Were Not Always Assessed In Accordance with Statute

Based on our limited review of two domestic violence cases, the Court assessed the correct mandatory state restitution fines pursuant to PC 1202.4(b)(1) in both instances. However, the \$400 mandatory domestic violence fee per PC 1203.097(a)(5) was not initially collected for either case. In the first instance, the fee was simply not assessed and, thus, was not collected by the County. After informing the Court of our finding, the fee was later imposed at a probation review hearing in December 2010. In the second case, the fee was properly assessed by the Court and listed on the Order on Probation which was sent to the County Treasurer. Though the County Treasurer is responsible for collecting all fines and fees in these types of cases, it failed to collect the fee on this case because staff in the County Treasurer's Office misread the Order on Probation. When this omission was brought to the Court's attention during the audit, a memo was sent to the Treasurer's Office requesting that it be corrected. The Treasurer subsequently informed the Court that the domestic violence fee had been added to the case account.

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 is knowledgeable of current legislation and assesses the statutorily mandated amounts.

### Recommendation

To ensure all statutory fees and fines are consistently and correctly assessed on domestic violence convictions, the Court should:

22. Provide training to court staff to reinforce the importance of verifying mandatory fine and fees related to domestic violence convictions are correctly assessed.

**Superior Court Response**

The Court has no objection to the recommendation. In addition, the Court will send a letter to the Plumas District Attorney and Plumas Probation Department reminding them of the importance of recommending the imposition of these statutory fees.

## 16. 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. Currently, the Plumas County Superior Court uses an antique vault—located at the Court’s main courthouse in Quincy—to house exhibits.

### 16.1 Exhibit Room Processes Require Immediate Attention

Our review of the Court’s exhibit handling processes revealed that controls designed to safeguard exhibits are not adequately in place at the Plumas County Superior Court. Specifically, we found that the Court lacks exhibit room policies and procedures, destruction protocols, and tracking and inventory processes. While the Court does not have formal and documented exhibit room guidelines and processes to ensure exhibits are handled in a consistent manner and reduce the risk of exhibits being lost or stolen, it acknowledges the need to create policies and is in the process of developing a formal exhibit room manual.

According to the Court, exhibits are placed in the exhibit vault by two court supervisors; however, there are no formal processes to regularly track or inventory exhibits maintained by the Court. While the Court does not maintain a comprehensive exhibit list, exhibits obtained since the Court’s transition onto SUSTAIN in 2008 are recorded, tracked, and available from the case management system. However, the Court indicated that the exhibit information contained in SUSTAIN is not entirely reliable as the Court has not completed developing formal processes and procedures for entering exhibit information into the CMS. 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. In conjunction with its efforts to develop exhibit room policies and procedures, the Court also indicated that it is in the process of fully utilizing SUSTAIN’s capabilities and plans to develop policies to ensure consistency related to recording exhibit information in SUSTAIN in the near future.

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. According to the CEO, the Court understands that it must develop destruction policies and plans do so as part of its effort to develop comprehensive exhibit room policies and procedures. The Court estimates that 80 percent of currently held exhibits will be eligible for destruction as most are old cases with final judgments.

In addition to the lack of a process to destroy exhibits timely, the Court does not remand exhibits back to the submitting parties upon disposition of cases. As a result, the exhibit vault is filled with old exhibits that may include sensitive items. We recommend the Court continue its efforts to work with the AOC and the County Sheriff to remove and dispose of these types of exhibits.

To ensure consistency and employment of regular review practices, the Court should continue its efforts to develop formal, written exhibit handling procedures that describe the exhibit release, return, and destruction process and frequency of occurrence. The Court has already implemented a few policies, such as requiring all small claims exhibits to be returned at the conclusion of a trial. The Court has also created new forms:

- Exhibit release receipt acknowledgement to be signed by all parties.
- “Criminal notice of evidence destruction” form pursuant to PC 1417 et seq. and PC 12032 to give notice that evidence related to a specific case will be destroyed in 60 days.
- “Order for Destruction of Exhibits” form for the judges to authorize destruction of specific cases that have become final and no other proceedings are pending.

### **Recommendations**

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

23. Develop formal policies and procedures for recording, tracking, managing, and destroying exhibits.
24. Continue its efforts to establish an exhibit control log and begin utilizing SUSTAIN to record and track exhibits as well as formalize a chain of custody process.
25. Implement the FIN Manual recommended exhibit inventory controls, such as conducting physical inventory audits of exhibits at least annually to ensure that exhibits are appropriately accounted. An inventory would also allow the Court to destroy/return old exhibits and free up valuable court storage space.

### **Superior Court Response**

The Court has no disagreement with recommendations # 23, 24 and 25. The current Court Executive Officer realized there were significant deficiencies with exhibit inventory, maintenance and destruction in mid-2008. Given the fact that the Court was then engaged in two large and significant projects (a SUSTAIN case management implementation and the building of the Plumas/Sierra Regional courthouse), an exhibit room processes project was put on hold.

The Court is now ready to address this project in 2011. The Court has contacted a retired California trial court employee who has 15+ years of experience in supervising and managing exhibit room processes. She has agreed to assist the Court in developing and implementing a plan to accurately inventory, maintain, and destroy exhibits for the Plumas Court. A conference call is planned in January 2011 to begin the development of the plan. The Court expects that all exhibit room processes will be in place and the destruction backlog completed before the end of 2011.

## 17. 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 Plumas County Superior Court has the following four court locations:

- Quincy—main courthouse
- Portola—regional courthouse
- Chester—court annex
- Greenville—court annex

Except for the Portola courthouse, all court locations share space with County offices. The regional courthouse in Portola shares space with the Sierra County Superior Court as part of the first multi-jurisdictional courthouse built in the State. The courthouse, which replaced a deficient limited use courthouse in Portola and a leased court service center in Loyalton, was designed to provide justice for both communities, which are often isolated in the winter because of snow. The Portola courthouse opened in December 2009 and is staffed by Plumas County Superior Court employees and a Sierra County Superior Court judge is primarily responsible for holding court. An MOU has not yet been established between the two courts as discussed earlier in Section 10 of this report.

According to the AOC’s Office of Court Construction and Management’s *Completed Transfer Agreements* report as of December 29, 2009, the Plumas County Superior courthouse in Quincy is considered an historic site that also houses several county offices. In January 2005, a historic MOU was established wherein the County retains ownership of the courthouse. However, the Portola courthouse was transferred to the State in April 2006 while the two courthouse annexes were transferred to the State in March 2007.

Moreover, the Court has been funded for the construction of a new, state-owned courthouse in Quincy. They are now in the processing of selecting a site for the courthouse—slated for completion in late 2015. The new three-courtroom, 38,280 square-foot courthouse will replace the current, historic Quincy courthouse and would allow for security improvements and additional space enabling the Court to improve access and services.

As shown in Table 4, the Court spent nearly \$23,000 on facility related operations during Fiscal Year 2008-2009 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 4. Fiscal Year 2008-2009 Facility-Related Expenses*

G/L Account	Description	Account Balance
935200	RENT/STORAGE	\$ 6,444.00
935300	JANITORIAL SERVICES	\$ 12,856.56
935400	MAINTENANCE AND SUPPLIES	\$ 3,335.67
FACILITY OPERATION TOTAL		\$ 22,636.23

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## 18. Appeals

California Rules of Court (CRC) specify various guidelines and requirements related to handling appeals, including provisions related to processes for tracking, filing, and monitoring notice of appeals to ensure appropriate records are certified and submitted to the California Courts of Appeal in accordance with mandated timelines. According to the Court, Lassen County Superior Court is the lead court for the Four-Court Regional Appellate Division Program (a joint venture of the Lassen, Plumas, Sierra, and Modoc Superior Courts) and handles all of Plumas County Superior Court's appellate processes after a notice of appeal is filed. This program, recipient of the Ralph N. Kleps award, has been in place for the last five years. On an annual basis, approximately five appeals are filed with the Plumas County Superior Court which are immediately sent to the Lassen County Superior Court for processing. Our 2010 review of the Lassen County Superior Court's appeals process found the Court's processes to be well managed and no reportable issues to note.

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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.”

### **Plumas 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 2008-2009 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 2008-2009 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 2008-09, the Plumas 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. 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)

In Fiscal Year 2009-10, the Court used three additional grant funds to account for specific revenue sources related to the drug court monies it receives. Specifically, these included:

#### **Grants (FY 2009-10)**

1. Comprehensive Drug Court – CDCI (1970011)
2. Proposition 36 fund (1970021)
3. Comprehensive Drug Court – DCPD (1970041)

**Capital Project** – Used to account for financial resources used in the acquisition or construction of major capital facilities, other than those financed by proprietary funds. Specifically, the Court had one capital project fund—Capital Fund (140001) which was established to track construction projects jointly funded by the County, court, and AOC. This fund is no longer used by the Court in FY 2009-10 as the related construction project was completed.

### **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>5</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

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<sup>5</sup> GASB Statement No. 34, paragraph 69.

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.

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>6</sup> However, they are reported as part of the basic fund financial statements to ensure fiscal accountability.

Sometimes, a government entity such as the Plumas 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 two agency funds—the Civil Filing Fees Fund (450000) and the Distribution Fund (400000).

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<sup>6</sup> GASB No. 34, paragraph 12.

PLUMAS SUPERIOR COURT  
 TRIAL COURT OPERATIONS FUND  
 BALANCE SHEET  
 (UNAUDITED)

AS OF JUNE 30								
2009								
	GOVERNMENTAL FUNDS				PROPRIETARY FUNDS	FIDUCIARY FUNDS	TOTAL FUNDS (Info. Purposes Only)	TOTAL FUNDS (Info. Purposes Only)
	General	Special Revenue	Grant	Capital Projects				
<b>ASSETS</b>								
Operations	\$ 86,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,557	\$ 845,622
Trust	-	-	-	-	-	88,809	88,809	205,989
Civil Filing Fees	-	-	-	-	-	30,706	30,706	23,521
Jury	-	-	-	-	-	-	-	-
On Hand	300	-	-	-	-	-	300	300
Distribution	-	-	-	-	-	-	-	-
Revolving	5,000	-	-	-	-	-	5,000	5,000
With County	-	-	-	-	-	-	-	-
Outside of AOC	-	-	-	-	-	-	-	-
<b>Total Cash</b>	<b>\$ 91,857</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 119,515</b>	<b>\$ 211,372</b>	<b>\$ 1,080,431</b>
Short Term Investment	\$ 739,834	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 739,834	\$ -
<b>Total Investments</b>	<b>\$ 739,834</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 739,834</b>	<b>\$ -</b>
Accrued Revenue	\$ 2,943	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,943	\$ 510
Accounts Receivable	-	-	-	-	-	-	-	-
Due From Employee	954	-	-	-	-	-	954	-
Due From Other Funds	42,015	-	-	-	-	-	42,015	34
Due From Other Govts	1,315	-	-	-	-	-	1,315	-
Due From Other Courts	15,640	-	-	-	-	-	15,640	-
Due From State	-	-	60,523	-	-	-	60,523	93,802
<b>Total Receivables</b>	<b>\$ 62,865</b>	<b>\$ -</b>	<b>\$ 60,523</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 123,389</b>	<b>\$ 94,346</b>
Prepaid Expenses - General	\$ 2,232	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,232	\$ 2,274
Travel Advances	-	-	-	-	-	-	-	-
<b>Total Prepaid Expenses</b>	<b>\$ 2,232</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,232</b>	<b>\$ 2,274</b>
Other Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Other Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Assets</b>	<b>\$ 896,789</b>	<b>\$ -</b>	<b>\$ 60,523</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 119,515</b>	<b>\$ 1,076,827</b>	<b>\$ 1,177,051</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Accrued Liabilities	\$ 60,048	\$ -	\$ 18,526	\$ -	\$ -	\$ -	\$ 78,574	\$ 82,400
General Accounts Payable	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	41,997	-	-	17	42,014	34
TC145 Liability	-	-	-	-	-	30,706	30,706	23,521
Sales and Use Tax	-	-	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-	-	-
<b>Total Accounts Payable and Accrued Liab.</b>	<b>\$ 60,048</b>	<b>\$ -</b>	<b>\$ 60,523</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 30,723</b>	<b>\$ 151,294</b>	<b>\$ 105,954</b>
Civil - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,998	\$ 10,998	\$ -
Civil - Interpleader	-	-	-	-	-	-	-	182,599
Jury Fees - Noninterest bearing	-	-	-	-	-	600	600	1,050
Criminal - General & Traffic	-	-	-	-	-	67,854	67,854	15,000
Trust Held Outside of the AOC	-	-	-	-	-	-	-	-
Trust Interest Payable	-	-	-	-	-	8,687	8,687	7,605
<b>Total Trust Deposits</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 88,139</b>	<b>\$ 88,139</b>	<b>\$ 206,254</b>
Accrued Payroll	\$ 35,212	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,212	\$ 28,075
Accrued Benefits (262)	-	-	-	-	-	-	-	16,198.79
Benefits Payable	30,239	-	-	-	-	-	30,239	30,158
Deferred Compensation Payable	-	-	-	-	-	-	-	413
Deductions Payable	897	-	-	-	-	-	897	-
Payroll Clearing	-	-	-	-	-	-	-	20,564
<b>Total Payroll Liabilities</b>	<b>\$ 66,085</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 66,085</b>	<b>\$ 95,409</b>
AB145 Due to Other Government Agency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 520	\$ 520	\$ -
Due to Other Public Agencies	-	-	-	-	-	-	-	-
Revenue Collected in Advance	-	-	-	-	-	-	-	-
Liabilities For Deposits	100	-	-	-	-	130	230	165
Jury Fees - non-interest	-	-	-	-	-	-	-	-
Uncleared Collections	-	-	-	-	-	-	-	-
Other miscellaneous	-	-	-	-	-	3	3	-
<b>Total Other Liabilities</b>	<b>\$ 100</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 653</b>	<b>\$ 753</b>	<b>\$ 165</b>
<b>Total Liabilities</b>	<b>\$ 126,233</b>	<b>\$ -</b>	<b>\$ 60,523</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 119,515</b>	<b>\$ 306,272</b>	<b>\$ 407,782</b>
Fund Balance - Restricted								
Contractual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,930
Statutory	-	-	-	-	-	-	-	4,846
Fund Balance - Unrestricted								
Designated	770,360	-	-	-	-	-	770,360	732,493
Undesignated	195	-	-	-	-	-	195	-
<b>Total Fund Balance</b>	<b>\$ 770,555</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 770,555</b>	<b>\$ 769,269</b>
	0	-	-	-	-	0	0	0
<b>Total Liabilities and Fund Balance</b>	<b>\$ 896,788</b>	<b>\$ -</b>	<b>\$ 60,523</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 119,515</b>	<b>\$ 1,076,827</b>	<b>\$ 1,177,051</b>

SOURCE: Phoenix Financial System and 4th Quarter Financial Statements

PLUMAS SUPERIOR COURT  
 TRIAL COURT OPERATIONS FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 (UNAUDITED)

	FOR THE FISCAL YEAR ENDED JUNE 30									
	2009						2008			
	GOVERNMENTAL FUNDS				PROPRIETARY FUNDS	FIDUCIARY FUNDS	TOTAL FUNDS (Info. Purposes Only)	BASELINE BUDGET	TOTAL FUNDS (Info. Purposes Only)	BASELINE BUDGET
	General	Special Revenue								
Special Revenue		Grant	Capital Projects							
<b>REVENUES</b>										
<b>State Financing Sources:</b>										
Trial Court Trust Fund	\$ 1,992,602	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,992,602	\$ 1,987,081	\$ 1,986,106	\$ 2,098,544
Trial Court Improvement Fund - Reimbursement	-	-	-	-	-	-	-	2,884	2,550	-
Trial Court Improvement Fund - Block	-	-	-	-	-	-	-	-	-	-
Judicial Administration Efficiency & Mod Fund	1,820	-	-	-	-	-	1,820	-	1,120	-
Judges' Compensation (45.25)	-	-	-	-	-	-	-	-	-	-
Court Interpreter (45.45)	47,172	-	-	-	-	-	47,172	42,000	27,289	43,000
Civil Coordination Reimbursement (45.55)	-	-	-	-	-	-	-	-	-	-
MOU Reimbursement (45.10 and General)	119,599	-	-	-	-	-	119,599	148,565	105,816	-
Other miscellaneous	11,596	-	-	-	-	-	11,596	11,596	-	-
	\$ 2,172,789	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,172,789	\$ 2,192,126	\$ 2,122,881	\$ 2,141,544
<b>Grants:</b>										
AB 1058 Commissioner/Facilitator	\$ -	\$ -	\$ 153,282	\$ -	\$ -	\$ -	\$ 153,282	\$ 185,599	\$ 156,403	\$ 170,820
Other AOC Grants	-	-	18,318	-	-	-	18,318	-	24,635	58,737
Non-State Grants	-	-	-	-	-	-	-	-	-	-
	\$ -	\$ -	\$ 171,600	\$ -	\$ -	\$ -	\$ 171,600	\$ 185,599	\$ 181,038	\$ 229,557
<b>Other Financing Sources:</b>										
Investment Income	\$ 11,074	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,074	\$ 12,000	\$ 30,634	\$ 100
Donations	-	-	-	-	-	-	-	-	-	-
Local Fee and Non-fee Revenue	14,336	-	-	-	-	-	14,336	10,200	465,449	468,520
Enhanced Collections	-	-	-	-	-	-	-	-	-	-
Prior year revenue	(2,550)	-	971	-	-	-	(1,579)	-	25,787	-
County Program - restricted	-	-	-	-	-	-	-	-	1,049	-
Reimbursement Other	-	-	-	-	-	-	-	2,500	1,842	-
Sale of Fixed Assets	80	-	-	-	-	-	80	-	-	-
Other miscellaneous	-	-	-	-	-	-	-	1,500	4,906	-
	\$ 22,940	\$ -	\$ 971	\$ -	\$ -	\$ -	\$ 23,912	\$ 26,200	\$ 529,666	\$ 468,620
<b>Total Revenues</b>	<b>\$ 2,195,729</b>	<b>\$ -</b>	<b>\$ 172,571</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,368,300</b>	<b>\$ 2,403,925</b>	<b>\$ 2,833,585</b>	<b>\$ 2,839,721</b>
<b>EXPENDITURES</b>										
<b>Personal Services:</b>										
Salaries and Wages	\$ 831,678	\$ -	\$ 25,751	\$ -	\$ -	\$ -	\$ 857,429	\$ 1,015,274	\$ 804,704	\$ 945,354
Employee Benefits	431,037	-	10,682	-	-	-	441,719	487,644	423,397	482,909
	\$ 1,262,715	\$ -	\$ 36,433	\$ -	\$ -	\$ -	\$ 1,299,148	\$ 1,502,918	\$ 1,228,101	\$ 1,428,263
<b>Operating Expenses and Equipment:</b>										
General Expense	\$ 151,502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,502	\$ 225,870	\$ 167,966	\$ 264,342
Printing	5,689	-	-	-	-	-	5,689	7,100	4,400	4,000
Communications	45,244	-	-	-	-	-	45,244	49,500	49,461	52,000
Postage	7,590	-	-	-	-	-	7,590	8,250	5,572	7,000
Insurance	2,241	-	-	-	-	-	2,241	1,600	2,013	2,220
In-State Travel	14,903	-	853	-	-	-	15,756	24,900	16,296	21,500
Out-of-State Travel	-	-	-	-	-	-	-	-	856	-
Training	5,220	-	290	-	-	-	5,510	2,300	1,034	2,000
Facilities Operations	22,636	-	-	-	-	-	22,636	110,300	639,855	684,590
Security Contractual Services	180,384	-	2,299	-	-	-	182,683	193,556	159,892	182,900
Utilities	-	-	-	-	-	-	-	-	-	-
Contracted Services	372,207	-	126,305	-	-	-	498,512	606,310	528,891	561,970
Consulting and Professional Services	17,344	-	-	-	-	-	17,344	28,890	29,308	30,900
Information Technology	38,384	-	-	-	-	-	38,384	40,500	4,529	45,455
Major Equipment	66,891	-	-	-	-	-	66,891	199,336	88,070	202,047
Other Items of Expense	204	-	93	-	-	-	297	400	133	-
	\$ 930,439	\$ -	\$ 129,840	\$ -	\$ -	\$ -	\$ 1,060,279	\$ 1,498,812	\$ 1,698,276	\$ 2,060,924
<b>Special Items of Expense</b>										
Grand Jury	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 3,860	\$ 4,000
Juror Costs	7,587	-	-	-	-	-	7,587	17,700	3,237	12,000
Judgments, Settlements and Claims	-	-	-	-	-	-	-	-	-	-
<b>Distributed Administration</b>	(7,287)	-	7,287	-	-	-	-	-	-	-
<b>Prior Year Adjustment to Expense</b>	(971)	-	971	-	-	-	-	-	15,290	-
	\$ (671)	\$ -	\$ 8,258	\$ -	\$ -	\$ -	\$ 7,587	\$ 19,700	\$ 22,387	\$ 16,000
<b>Total Expenditures</b>	<b>\$ 2,192,484</b>	<b>\$ -</b>	<b>\$ 174,531</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,367,015</b>	<b>\$ 3,021,430</b>	<b>\$ 2,948,764</b>	<b>\$ 3,505,187</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	\$ 3,246	\$ -	\$ (1,960)	\$ -	\$ -	\$ -	\$ 1,286	\$ (617,505)	\$ (115,180)	\$ (665,466)
<b>OPERATING TRANSFERS IN (OUT)</b>	77,158	(4,846)	1,960	(74,272)	-	-	-	-	-	-
<b>FUND BALANCES (DEFICIT)</b>										
Beginning Balance (Deficit)	690,151	4,846	-	74,272	-	-	769,269	769,269	884,449	884,449
Ending Balance (Deficit)	\$ 770,555	\$ -	\$ (0)	\$ -	\$ -	\$ -	\$ 770,555	\$ 151,764	\$ 769,269	\$ 218,983

SOURCE: Phoenix Financial System and the 4th Quarter Quarterly Financial Statements

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**Appendix B: Phoenix-FI Account Detail, Fiscal Year 2008-2009**

**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 2008-2009 expenditures that IAS considers associated with the Court’s administrative decisions and governance responsibilities.

*Table A. Court Administration*

G/L Account	Description	Sub-Account	Account Balance
<b>Expenditures</b>			
<b>906300</b>	<b>SALARIES - JUDICIAL OFFICERS</b>		<b>\$ 0.00</b>
<b>920500</b>	<b>DUES AND MEMBERSHIPS</b>		<b>\$ 75.00</b>
933101	TRAINING	\$ 3,626.53	
933103	REGISTRATION FEES - TRAINING	1,883.00	
<b>933100</b>	<b>TRAINING</b>		<b>\$ 5,509.53</b>
<b>TOTAL</b>			<b>\$ 5,584.53</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 2008-2009 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
374101	RETIREMENT CONTRIBUTIONS	\$ 262.37
374602	GARNISHMENTS	(253.72)
374603	UNION DUES	(643.50)
374701	HEALTH BENEFITS PAYABLE EE	(30,238.50)
375001	ACCRUED PAYROLL	(35,212.11)
<b>TOTAL</b>		<b>\$ (66,085.46)</b>

Table C. Salary and Benefit Expenditures

G/L Account	Description	Sub-Account	Account Balance
<b>900300</b>	<b>SALARIES - PERMANENT</b>		<b>\$ 851,812.86</b>
<b>903300</b>	<b>TEMPORARY HELP</b>		<b>\$ 371.63</b>
<b>908300</b>	<b>OVERTIME</b>		<b>\$ 5,244.39</b>
	<b>SALARIES TOTAL</b>		<b>\$ 857,428.88</b>
910301	SOCIAL SECURITY INS & MED	\$ 51,509.04	
910302	MEDICARE TAX	12,140.28	
<b>910300</b>	<b>TAX</b>		<b>\$ 63,649.32</b>
<b>910400</b>	<b>HEALTH INSURANCE</b>		<b>\$ 220,424.91</b>
<b>910600</b>	<b>RETIREMENT</b>		<b>\$ 137,365.15</b>
<b>912500</b>	<b>WORKERS' COMPENSATION</b>		<b>\$ 20,280.00</b>
	<b>STAFF BENEFITS TOTAL</b>		<b>\$ 441,719.38</b>
	<b>PERSONAL SERVICES TOTAL</b>		<b>\$ 1,299,148.26</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 2008-2009 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*
535001	RESERVE FOR ENCUMBERANCES	\$ ( 5,802.15)	
552001	FUND BALANCE - RESTRICTED	(36,775.64)	
553001	FUND BALANCE - UNREST. - DESIG.	(732,493.68)	
554001	FUND BALANCE - UNREST. - UNDESIG.	(.03)	
615001	ENCUMBERANCES	5,802.15	
	<b>FUND BALANCES</b>		<b>\$ (769,269.35)</b>
701100	<b>OPERATING TRANSFERS IN</b>		<b>\$ (81,077.74)</b>
701200	<b>OPERATING TRANSFERS OUT</b>		<b>\$ 81,077.74</b>

\* Fund Balances shown are post-close/ending fund balance with FY 2008-2009 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 2008-2009 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	\$ 2,942.50
131601	A/R – DUE FROM EMPLOYEE	953.63
140001	A/R - DUE FROM OTHER FUNDS	42,014.67
150001	A/R - DUE FROM OTHER GOVERNMENTS	1,314.58
152000	A/R - DUE FROM STATE	76,163.39
172001	PREPAID EXPENSES	2,231.81
	<b>ACCOUNTS RECEIVABLES</b>	<b>\$ 125,620.58</b>
311401	A/P - DUE TO OTHER FUNDS	\$ (42,014.67)
321600	A/P - TC145 LIABILITY	(30,705.96)
330001	A/P - ACCRUED LIABILITIES	(78,574.04)
	<b>ACCOUNTS PAYABLE</b>	<b>\$ (151,294.67)</b>
351001	LIABILITIES FOR DEPOSITS	\$ (99.82)
353003	CIVIL TRUST-OTHER	(10,000.00)
353004	JURY FEES-NON-INTEREST BEARING	600.00)

353005	TRAFFIC	(2,856.00)
353023	CIVIL TRUST-APPEAL TRAN.	(100.00)
353031	OVERPAYMENT OF FEES	(3.00)
353039	UNRECONCILED TRUST – CIVIL	(898.00)
353051	CRIMINAL FEES DUE TO OTHERS	(64,998.20)
353070	DUE TO OTHER GOVERNMENT AGENCIES	(519.82)
353080	LIABILITIES FOR DEPOSITS	(130.00)
353999	TRUST INTEREST PAYABLE	(8,686.91)
<b>CURRENT LIABILITIES</b>		<b>\$ (88,891.75)</b>

Table F. Court Revenue Sources and Prior Year Adjustments

G/L Account	Description	Sub-Account	Account Balance
812110	TCTF-PROGRAM 45.10 – OPERATIONS	\$ (1,933,026.00)	
812140	TCTF-PROGRAM 45.10 – SMALL CLAIMS – SERVICE BY MAIL	(30.00)	
812141	TCTF-PROGRAM 45.10-ADMIN CHRG RETURNED CHECK	(100.00)	
812142	TCTF-PROGRAM 45.10-ADMIN CHRG PARTIAL PAYMENT	(68.00)	
812144	TCTF-PROGRAM 45.10-CLERKS TRANSCRIPT ON APPEAL	(100.00)	
812146	TCTF-PROGRAM 45.10-COPY PREPARATION	(2,187.00)	
812147	TCTF-PROGRAM 45.10 -COMPARISON OF PAPER	(6.00)	
812148	TCTF-PROGRAM 45.10-MANUAL SEARCH OF RECORDS	(15.00)	
812149	TCTF-PROGRAM 45.10-REIMBURSEMENT OF OTHER COSTS	(126.00)	
812151	TCTF-10-PROGRAM 45.10-CUSTODY/VISITATION – MEDIATION	(501.00)	
812152	TCTF-10-PROGRAM 45.10-RETURN CHECK	(75.00)	
812154	TCTF-PROGRAM 45.10-INFO PACKAGE FOR CONSERVATORS	(20.00)	
812158	TCTF-10-PROGRAM 45.10-CUSTODY/VISITATION – FAMILY LAW	(333.00)	
812159	TCTF-10-PROGRAM 45.10-CIVIL ASSESSMENT	(49,645.00)	
812160	TCTF-10-PROGRAM 45.10-MICROGRAPHICS	(493.00)	
812162	TCTF-10-PROGRAM 45.10-CHILD	(5,877.00)	
<b>812100</b>	<b>TCTF – PGM 10 OPERATIONS</b>		<b>\$ (1,992,602.00)</b>
<b>816000</b>	<b>OTHER STATE RECEIPTS</b>		<b>\$ (11,596.00)</b>
821122	LOCAL FEE 2	\$ (3,537.16)	
821123	LOCAL FEE 3	(0.74)	
821140	LOCAL FEE 20	(237.14)	

G/L Account	Description	Sub-Account	Account Balance
821160	PRE-AB145	(287.73)	
821161	FC3112 CUSTODY INVESTIGATIONS	(3,609.89)	
821190	VC11205m TRAFFIC SCHOOL	(956.04)	
821191	VC40508.6 DMV HISTORY/PRIORS	(3,749.71)	
<b>821000</b>	<b>LOCAL FEES REVENUE</b>		<b>\$ (12,378.41)</b>
<b>822000</b>	<b>LOCAL NON-FEE REVENUE/CRC3.670F COURT CALL</b>		<b>\$ (1,958.00)</b>
<b>823000</b>	<b>OTHER - REVENUE</b>		<b>\$ (80.00)</b>
<b>825000</b>	<b>INTEREST INCOME</b>		<b>\$ (11,073.94)</b>
<b><i>SUB-TOTAL TRIAL COURTS REVENUE SOURCES</i></b>			<b><i>\$ (2,029,688.35)</i></b>
<b>831000</b>	<b>GENERAL FUND - MOU/REIMBURSEMENTS (AB2030/AB2695)</b>		<b>\$ (3,940.00)</b>
832010	TCTF GENERAL MOU REIMBURSEMENTS	\$ (46,949.00)	
832011	TCTF-PGM 45.10- JURY	(7,587.00)	
832012	TCTF-PGM 45.10- CAC	(60,383.00)	
832013	TCTF-PGM 45.10-ELDER ABUSE	(740.00)	
<b>832000</b>	<b>PROGRAM 45.10 - MOU/REIMBURSEMENTS</b>		<b>\$ (115,659.00)</b>
<b>834000</b>	<b>PROGRAM 45.45 – COURT INTERPRETER REIMBUR</b>		<b>\$ (47,172.00)</b>
<b>836000</b>	<b>MODERNIZATION FUND – REIMBURSEMENTS</b>		<b>\$ (1,820.00)</b>
838010	AB1058 GRANTS	\$ (153,281.62)	
838020	OTHER STATE GRANTS	(18,318.22)	
<b>838000</b>	<b>STATE GRANTS – REIMBURSEMENTS</b>		<b>\$ (171,599.84)</b>
<b><i>SUB-TOTAL TRIAL COURTS REIMBURSEMENTS</i></b>			<b><i>\$ (340,190.84)</i></b>
<b>890000</b>	<b>PRIOR YEAR REVENUE</b>		<b>\$ 1,578.74</b>
<b><i>REVENUE TOTAL</i></b>			<b><i>\$ (2,368,300.45)</i></b>

**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 on the following page, are balances from the Court’s general ledger for Fiscal Year 2008-2009 that IAS considers to be associated with this section.

Table G. Cash Collections Accounts

G/L Account	Description	Account Balance
111000	CASH-OPERATIONS ACCOUNT	\$ 141,759.24
111100	CASH-OPERATIONS CLEARING	(55,201.85)
114000	CASH-REVOLVING	5,000.00
117500	CASH CIVIL FILING FEES	30,705.96
118000	CASH-TRUST ACCOUNT	88,964.13
118100	CASH-TRUST CLEARING	(155.00)
119001	CASH ON HAND	300.00
120050	SHORT TERM INVESTMENTS-LAIF	739,833.97
<b>CASH AND CASH EQUIVALENTS</b>		<b>\$ 951,206.45</b>

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

Information systems used by the Court include the SUSTAIN, INC. 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>\$ 1,000.00</b>
943502	IT SOFTWARE & LICNESING FEES	\$ 37,384.46	
<b>943500</b>	<b>IT REPAIRS/SUPPLIES/LICENCES</b>		<b>\$ 37,384.46</b>
<b>INFORMATION TECHNOLOGY (IT) TOTAL</b>			<b>\$ 38,384.46</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, daily collections and trust, and AB 145 monies into separate AOC-established accounts.

Table I. Banking and Treasury General Ledger Line Items

G/L Account	Description	Account Balance
111000	CASH-OPERATIONS ACCOUNT	\$ 141,759.24
111100	CASH-OPERATIONS CLEARING	(55,201.85)

G/L Account	Description	Account Balance
114000	CASH-REVOLVING	5,000.00
117500	CASH CIVIL FILING FEES	30,705.96
118000	CASH-TRUST ACCOUNT	88,964.13
118100	CASH-TRUST CLEARING	(155.00)
119001	CASH ON HAND	300.00
120050	SHORT TERM INVESTMENTS-LAIF	739,833.97
<b>Cash and Cash Equivalents</b>		<b>\$ 951,206.45</b>
825000	INTEREST INCOME	\$ (11,073.94)
<b>Revenues</b>		<b>\$ (11,073.94)</b>
920302	BANK FEES	\$ 9,731.49
<b>Expenditures</b>		<b>\$ 9,731.49</b>

**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 entrance weapons screening. 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*

G/L Account	Description	Sub-Account	Account Balance
934503	PERIMETER SECURITY – SHERIFF	\$ 32,986.49	
934510	COURTROOM SECURITY – SHERIFF	149,360.82	
934512	ALARM SERVICE	336.00	
<b>934500</b>	<b>SECURITY</b>		<b>\$ 182,683.31</b>
<b>941100</b>	<b>SHERIFF – REIMBURSEMENTS</b>		<b>\$ 3,390.00</b>
<b>TOTAL SECURITY</b>			<b>\$ 186,073.31</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
920601	MISCELLANEOUS OFFICE SUPPLIES	\$ 6,902.91	
920606	TONER - PRINTER	1,858.02	
920608	TONER	300.30	
920613	RUBBER STAMP	2,296.56	
920615		2,199.10	
920622	COPY PAPER	1,708.37	
920632	AWARDS (SERVICE RECOGNITION)	32.18	
920699	OFFICE EXPENSE	124.08	
<b>920600</b>	<b>OFFICE EXPENSE</b>		<b>\$ 15,421.52</b>
<b>921500</b>	<b>ADVERTISING</b>		<b>\$ 1,092.40</b>
<b>921700</b>	<b>MEETINGS, CONFERENCES, EXHIBITS</b>		<b>\$ 408.63</b>
<b>922300</b>	<b>LIBRARY PURCHASES AND SUPPLIES</b>		<b>\$ 37,795.39</b>
622601	MINOR OFFICE EQUIPMENT/MACHINERY	\$ 1,534.34	
922603	OFFICE FURNITURE – MINOR	23,879.51	
922610	COMPUTER ACCESSORIES	370.31	
922611	COMPUTER	6,306.31	
922612	PRINTERS	859.00	

G/L Account	Description	Sub-Account	Account Balance
922613	PRINTERSMULTI-FUNCTION DEVICE	541.21	
912699	MINOR EQUIPMENT – UNDER \$5,000	3,608.82	
<b>922600</b>	<b>MINOR EQUIPMENT – UNDER \$5,000</b>		<b>\$ 37,099.50</b>
<b>922800</b>	<b>EQUIPMENT MAINTENANCE</b>		<b>\$ 46,197.39</b>
<b>922900</b>	<b>EQUIPMENT-COPIERS REPAIRS</b>		<b>\$ 381.00</b>
<b>923900</b>	<b>GENERAL EXPENSE - SERVICE</b>		<b>\$ 3,300.00</b>
<b>924500</b>	<b>PRINTING TOTAL</b>		<b>\$ 5,688.83</b>
<b>925100</b>	<b>TELECOMMUNICATIONS TOTAL</b>		<b>\$ 45,243.83</b>
<b>926100</b>	<b>POSTAGE TOTAL</b>		<b>\$ 7,589.85</b>
<b>928800</b>	<b>INSURANCE</b>		<b>\$ 2,241.04</b>
<b>929200</b>	<b>TRAVEL IN-STATE</b>		<b>\$ 15,756.27</b>
<b>935200</b>	<b>RENT/STORAGE</b>		<b>\$ 6,444.00</b>
<b>935300</b>	<b>JANITORIAL TOTAL</b>		<b>\$ 12,856.56</b>
<b>935400</b>	<b>MAINTENANCE AND SUPPLIES TOTAL</b>		<b>\$ 3,335.67</b>
938301	ACCOUNTING SERVICES	\$ 6,218.48	
938401	GENERAL CONSULTANTS & PROFESSIONALS	325,725.57	
938404	ADMINISTRATIVE SERVICE	36,637.00	
938408	LABORATORY SERVICES FORENSIC	279.50	
938411	TRAFFIC SCHOOL MONITORING	920.50	
<b>938300</b>	<b>GENERAL CONSULTANT &amp; PROFESSIONALS</b>		<b>\$ 369,781.05</b>
938502	COURT INTERPRETER TRAVEL	\$ 10,332.19	
938503	COURT INTERPRETER - REGISTERED	7,615.99	
938505	COURT INTERPRETER - NON-REGISTERED	1,260.00	
938509	COURT INTERPRETER - MILEAGE	7,665.50	
938511	COURT INTERPRETER - LODGING	287.34	
<b>938500</b>	<b>COURT INTERPRETER SERVICES</b>		<b>\$ 27,161.02</b>
938601	COURT REPORTER SERVICES	\$ 7,000.00	
938605	COURT REPORTER - MILEAGE	987.23	
<b>938600</b>	<b>COURT REPORTER SERVICES</b>		<b>\$ 7,987.23</b>
<b>938700</b>	<b>COURT TRANSCRIPTS</b>		<b>\$ 18,627.07</b>
938801	DEPENDENCY COUNSEL CHARGES FOR CHILDREN	\$ 28,043.00	
938802	DEPENDENCY COUNSEL CHARGES FOR PARENTS	27,379.00	
938803	COURT-APPOINTED COUNSEL CHARGES – FAMILY CODE SECTION 3150	2,400.00	
938899	COURT APPOINTED COUNSEL CHARGES	133.00	

G/L Account	Description	Sub-Account	Account Balance
<b>938800</b>	<b>COURT APPOINTED COUNSEL</b>		<b>\$ 57,955.00</b>
939001	COURT-ORDERED INVESTIGATIVE SERVICES	\$ 1,441.14	
939002	PSYCHIATRIC EVALUATIONS	1,500.00	
939004	DOCTOR	1,050.00	
<b>939000</b>	<b>COURT ORDERED PROFESSIONAL SERVICES</b>		<b>\$ 3,991.14</b>
<b>939100</b>	<b>MEDIATORS/ARBITRATORS</b>		<b>\$ 13,009.25</b>
942501	COUNTY – HUMAN RESOURCES	\$ 633.60	
942801	COUNTY - EDP	13,320.00	
<b>942100</b>	<b>COUNTY-PROVIDED SERVICES</b>		<b>\$ 13,953.60</b>
<b>952300</b>	<b>VEHICLE OPERATIONS</b>		<b>\$ 297.30</b>
965101	JURORS - FEES	\$ 4,245.00	
965102	JURORS - MILEAGE	3,342.20	
<b>965100</b>	<b>JURY COSTS TOTAL</b>		<b>\$ 7,587.20</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 (FAMS) 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
945203	MAJOR EQUIPMENT - FURNITURE	\$ 20,614.50	
946601	MAJOR EQUIPMENT – IT	46,276.36	
<b>945200</b>	<b>MAJOR EQUIPMENT – OVER \$5,000</b>		<b>\$ 66,890.86</b>

**Appendix C: Issues Control Log**

**Appendix C**

**Superior Court of California,  
County of Plumas**

**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.

January 2011

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
1	Court Administration	1.1	<b>Court's Conflict of Interest Policy Should be Expanded to Include Court Employees</b>					
			Certain court officials with decision making responsibilities did not complete the Statement of Economic Interest form and court policy does not stipulate they file the annual form.		C	The Court agrees and will develop an expanded policy on conflict of interest which will include the CEO and CFO; the goal is to have the policy adopted no later than April 1, 2011.	Court Executive Officer	April 1, 2011
		1.2	<b>Court Should Update its Strategic Plan</b>					
			The Court does not have a current strategic plan in place.		C	The Court agrees. The goal is to have a final draft of the strategic plan ready for review by July 2011.	Court Executive Officer	July 1, 2011
2	Fiscal Management and Reporting							
			No issues identified warranting a response.					
3	Fund Accounting							
			No issues identified warranting a response.					
4	Accounting Principles and Practices							
			No issues identified warranting a response.					
5	Cash Collections	5.1	<b>Incompatible Duties Related to Certain Cash Handling Activities Should be Segregated</b>					
			Supervising court clerks can both process and void transactions in the CMS without controls or oversight. And the Court is not consistent in maintaining all voided receipts and recording the reason for the void in SUSTAIN.		C	The Court has adopted the recommendation. The CFO runs a void report monthly and verifies that all voids were appropriate. All clerks are required to maintain a copy of a voided receipt and record the reason for the void in the CMS.	N/A	Completed
			At the time of our review, the CFO could process and approve trust and bail refunds without appropriate oversight.		C	The Court has adopted the recommendation of the auditors which has been in place since September 2010.	N/A	Completed – September 2010

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		5.2	<b>Processing of Fine/Fee Reductions and Fee Waiver Processes Need Further Oversight</b>					
			The Court lacked a review or monitoring process that ensures fees and fines were appropriately reduced or waived.	I		The Court will inquire of its SUSTAIN consultant whether the creation of a report from the system would be possible. The Court's ability to contract for that type of report will depend on available court funding and the availability of the consultant.	Not specified in response	Not specified in response
			Cashiers have the ability to process fee waivers without appropriate oversight. And the Court is not consistently applying the 60-day fee waiver expiration timeframe.		C	The Court will establish a procedure for supervisory checks of fee waivers on a monthly basis and will also review with staff the correct procedure for processing fee waivers. SUSTAIN will be updated to indicate the termination date of the fee waiver.	Not specified in response	February 1, 2011
		5.3	<b>Unresolved Issues Between Court and County Has Affected Monthly Distributions and Enhanced Collections</b>					
			During and prior to our audit, the Court and County had been unable to cooperatively and formally agree upon a comprehensive collections MOU and have also been unable to resolve issues related to the charging of additional fees and assessments and a cost recovery process.		C	The Court and County Treasurer's staff have begun bi-monthly meetings as agreed upon in the Collections MOU signed in October 2010. They are working to resolve issues during these meetings and the Court is optimistic that, with the election of a new County Treasurer, most of the collections issues will be able to be addressed in a timely manner. The issue of the TC-31 submission will be more difficult to address as the current County Auditor has declined to meet and confer with the Court.	Not specified in response	Not specified in response

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
6	Information Systems	6.1	<b>Fine Assessment is Incorrectly Distributed for Driving While Under the Influence Violations</b>					
			The Court's SUSTAIN case management system accurately distributes revenue except for Driving Under the Influence cases that incorrectly distribute two percent of the County Alcohol and Drug Problem Assessment (VC 23649) to the State Automation Fund.		C	The Court will investigate the distribution formula for the DUI charge and make the adjustment in SUSTAIN. The Court will also notify the County Treasurer and, if their fine assessment is incorrectly distributed, the Court will ask them to make that adjustment.	Not specified in response	Not specified in response
		6.2	<b>Eliminated County Alcohol and Drug Programs Continue to Receive Fine Revenue</b>					
			Although the County closed its Alcohol and Drug Department and all associated programs in October 2008, formal alternate arrangements have not been reached as to where related fine revenue should be deposited; thus, fine revenues continue to be distributed to county accounts.	I		The Court has made every attempt to work with the County regarding this issue but the County has made no response as of this date. The Court will send a letter to the AOC Enhanced Collections Unit asking for an opinion on whether the Court should be collecting and distributing this revenue for alcohol and drug programs.	Not specified in response	Not specified in response
7	Banking and Treasury	7.1	<b>Segregation of Duties Related to Bank Account Responsibilities Needs Improvement</b>					
			The CFO's responsibilities over banking are not segregated, primarily relating to the Court's local, revolving bank account. And bank reconciliations performed by the CFO did not receive secondary review.		C	The Court agrees and has implemented these recommendations effective September 2010.	N/A	Completed – September 2010

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
<b>8</b>	<b>Court Security</b>	<b>8.1</b>	<b>Court Should Continue Efforts to Improve Court Security</b>					
			The Court is unable to meet certain security standards, such as entrance screening, electronic access, secure movement of inmates around the courthouse, and secured parking. The Court does not have a formal security plan or emergency/ disaster procedures and does not regularly conduct emergency drills.		<b>C</b>	The Court agrees. Once the current Sheriff assigns a sworn officer as the point of contact for the Court on all security issues, the Court will begin to establish a formal security plan. The Court was part of an emergency drill at the main courthouse in Quincy in December 2010.	CEO and County Sheriff	Not specified in response
<b>9</b>	<b>Procurement</b>	<b>9.1</b>	<b>Purchase Orders for Items over \$500 are Not Always Generated</b>					
			We found instances where purchase orders were inconsistently used. For two of the six operational purchases over \$500 tested, the Court did not generate a PO. Our cursory review of the Court's expenditures as revealed numerous similar expenses that were not purchased through a PO.		<b>C</b>	The Court agrees. Fiscal staff will ensure that POs are generated as appropriate. As to the issue of purchase orders for telecommunications, the Court will defer that until at least the beginning of Fiscal Year 2011/2012 since the model for control and payment of telecommunications cost is changing.	Not specified in response	Not specified in response
<b>10</b>	<b>Contracts</b>	<b>10.1</b>	<b>Court Efforts to Establish MOUs are Hampered by Lack of Response from County and Other Justice Partners</b>					
			It took considerable effort and more than seven months before the Court was able to finalize a Fiscal Year 2009-2010 MOU agreement with the County covering the county-provided services, and the Court and County do not yet have a Fiscal Year 2010-2011 MOU in place.	<b>I</b>		Since March 2010, the CEO has written 9 letters and had 4 meetings with County officials regarding a general MOU and security agreements. County officials acknowledge that these issues need to be addressed but have been unresponsive as to when those negotiations might occur.	Court Executive Officer	Not specified in response

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
			An MOU for Fiscal Year 2010-11 security services from the Sheriff's Department had not been established at of the time of this report.	I		The Sheriff and Court are ready to present security agreements for approval but are facing delays due to concerns from the County Administrative Officer. The Court and the Presiding Judge will continue to communicate with County officials to finalize MOU's for the current fiscal year and establish a procedure for negotiations for ongoing fiscal years.	Court Executive Officer	Not specified in response
			An MOU between Plumas and Sierra Courts has not been established between the two courts for the shared regional courthouse as it relates to general and security costs.		C	The Court agrees. As of the writing of these responses, the documents are 85% completed. A final draft of the MOU's is anticipated to be ready for review by the judges of each court by February 1, 2011.	Court Executive Officer	February 1, 2011
11	Accounts Payable	11.1	<b>Some Expenditures Tested Lacked Sufficient Documentation Demonstrating Good and Services were Delivered and Invoiced Costs were Supported</b>					
			Several expenditures tested lacked evidence of receipt, such as the receiving initials of the appropriate manager/supervisor as well as were missing packing slips or receiving records.		C	The Court agrees and has implemented the recommendation.	N/A	Completed
			The Court does not verify the number of folios/pages for court transcripts prior to approving payment.		C	The Court agrees. The CEO will meet with the court reporters in January 2011 and discuss recommendation.	Court Executive Officer	March 1, 2011
			The rate charged for mediation services on one invoice was inconsistent with the agreed-upon contract agreement.		C	The Court agrees and has implemented the recommendation.	N/A	Completed

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
			Some claims included a P.O Box as the starting address and it did not appear that the Court is verifying the mileage prior to approving payment.		C	The Court agrees and has implemented the recommendation.	N/A	Completed
<b>12</b>	<b>Fixed Assets Management</b>	<b>12.1</b>	<b>Fixed Assets Reported on its CAFR Worksheets May be Overstated</b>					
			The Court does not currently depreciate its fixed assets. Thus, the Court may be overstating its fixed asset balance because it does not account for the depreciated asset values.		C	The Court agrees. The Court's account clerk will be assigned the task of updating the spreadsheet of assets to reflect depreciation.	Account Clerk	June 30, 2011
<b>13</b>	<b>Audits</b>							
			No issues identified warranting a response.					
<b>14</b>	<b>Record Retention</b>							
			No issues identified warranting a response.					
<b>15</b>	<b>Domestic Violence</b>	<b>15.1</b>	<b>Domestic Violence Fees Were Not Always Assessed In Accordance with Statute</b>					
			Based on our limited review of two domestic violence cases, the \$400 mandatory domestic violence fee per PC 1203.097(a)(5) was not initially collected for either case.		C	The Court agrees and will send a letter to the Plumas District Attorney and Plumas Probation Department reminding them of the importance of recommending the imposition of these statutory fees.	N/A	Completed
<b>16</b>	<b>Exhibits</b>	<b>16.1</b>	<b>Exhibit Room Processes Require Immediate Attention</b>					
			We found that the Court lacks exhibit room policies and procedures, destruction protocols, and tracking and inventory processes.		C	The Court agrees. The Court has contacted a retired and experienced California trial court employee who has agreed to assist the Court in developing and implementing a plan to accurately inventory, maintain, and destroy exhibits for the Plumas Court.		End of 2011

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
17	Facilities							
			No issues identified warranting a response.					
18	Appeals							
			No issues identified warranting 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**

### **Plumas Superior Court Responses to Audit of the Superior Court of California, County of Plumas November 2010**

**December 28, 2010**

#### **1.1 Court's Conflict of Interest Policy Should be Expanded to Include Court Employees**

##### **Superior Court Response**

The Court has no objection to the recommendation made. The Court has identified the Court Executive Officer and the Court Fiscal Officer as positions within the Court that should file a Statement of Economic Interest Form 700. The Court will develop an expanded policy on conflict of interest; the goal is to have the policy adopted no later than April 1, 2011. In the interim, the current Court Executive Officer and the Court Fiscal Officer will file a Statement of Economic Interest for the 2011 reporting period.

#### **1.2 Court Should Update Strategic Plan**

##### **Superior Court Response**

The Court acknowledges that the strategic plan needs to be updated as required by CRC 10.603(c)(9)(A). 2011 will be the first year since the current Court Executive Officer began employment that the Court will not be involved in a large project. This will allow time for the strategic plan to be reviewed and updated. The Court's goal is to have a final draft of the strategic plan ready for review by the Court's Executive Committee by July 1, 2011.

#### **5.1 Incompatible Duties Related to Certain Cash Handling Activities Should be Segregated**

##### **Superior Court Response**

The Court has already adopted the recommendations of the auditors, and recommendation #4 has been in place since September, 2010. As to recommendation #3, the Court Fiscal Officer now runs a void report from the CMS monthly and verifies that all voids were appropriate. All clerks are required to maintain a copy of a voided receipt and record the reason for the void in the CMS. The Court Clerk supervisors are not allowed to void their own receipts; they have been directed to contact fiscal staff to perform that void function. The Court appreciates the efforts of the auditors in helping the Court to further refine its cash handling policies as the Court had previously asked for those recommendations in the last audit.

## **5.2 Processing of Fine/Fee Reductions and Fee Waiver Processes Need Further Oversight**

### **Superior Court Response**

As to recommendations #5 and #6 regarding monitoring fine/fee reduction orders, the Court acknowledges that there may be some possibility that risks may exist – although as of this date there have been no instances of theft or wrong doing. Any risk would exist only as to traffic cases; the County Treasurer collects all supervised and unsupervised misdemeanor and felony fines and fees. The Court investigated whether it would be possible to limit the input of reduced fines/fees to specific staff and thereby limit the risk in that manner. However, the security settings in SUSTAIN are not capable of making that edit, and the judges in both criminal and traffic assignments reduce fines and/or impose other conditions in lieu of paying fines as allowed by law. The Court will inquire of its SUSTAIN consultant whether the creation of a report from the system would be possible. The Court's ability to contract for that type of report will depend on available court funding and the availability of the consultant, who is currently under contract to other SUSTAIN courts and the AOC.

As to recommendations # 7 and #8 regarding fee waivers, the Court already has in place a written procedure for processing fee waivers and has fee waiver browse reports available in SUSTAIN. The Court will establish a procedure for supervisory checks of fee waivers on a monthly basis. That procedure should be in place no later than February 1, 2011. The Court will also review with staff the correct procedure for processing fee waivers, including the review of fee waivers when a judgment is processed. SUSTAIN will be updated to indicate the termination date of the fee waiver.

## **5.3 Unresolved Issues Between Court and County Has Affected Monthly Distributions and Enhanced Collections**

### **Superior Court Response**

Since the writing of the audit report the Court and County Treasurer's staff have begun bi-monthly meetings as agreed upon in the Collections MOU that was signed in October, 2010. At the first meeting ground rules were established and a list of issues that need to be addressed was created. The Court and County agreed to reduce each resolution of an issue to writing and each agency will sign off on the agreement. At the initial meeting, the parties agreed on a procedure for release of accountability accounts and requested from the County resolutions which they maintain authorize the imposition of additional fees on a civil assessment. The next meeting is scheduled for January 3, 2011.

The Court is optimistic that, with the election of a new County Treasurer, the remainder of collections issues will be able to be addressed in a timely manner, and work can begin on a Court cost recovery program.

The issue of the submission of the TC-31 will be more difficult to address as the current County Auditor has declined to meet and confer with the Court. The Court will address the issue with the County Counsel to see if a line of communication can be opened or a resolution reached. If the Court cannot reach a resolution, the Court will seek assistance from the AOC Enhanced Collections Unit.

## **6.1 Fine Assessment is Incorrectly Distributed for Driving While Under the Influence Violations**

### **Superior Court Response**

The Court will investigate the distribution formula for the charge of driving while under the influence and make the adjustment in SUSTAIN. The Court will also notify the County Treasurer of this audit finding as the Treasurer collects all forthwith and installment fine payments for this charge. If their fine assessment is incorrectly distributed, the Court will ask them to make that adjustment.

## **6.2 Eliminated County Alcohol and Drug Programs Continue to Receive Fine Revenue**

### **Superior Court Response**

The Court has made every attempt to work with the County since the County closed its Alcohol and Drug Department in October, 2008. The Court sent a letter to the County Administrative Officer requesting a reply on whether this revenue should continue to be collected. The County has made no response as of this date. The Court Executive Officer has also discussed this issue with the County Administrative Officer, the County Counsel and the County Treasurer and received no response other than the County would “look into the matter”. The Court has also spoken with staff at the Enhanced Collections Unit asking for assistance. Plumas County is the only county in the state without an alcohol and drug department; it has been difficult for all parties consulted to decide what should or needs to be done.

The Court will send a letter to the AOC Enhanced Collections Unit asking for an opinion on whether the Court should be collecting and distributing this revenue for alcohol and drug programs so long as there is no County Alcohol and Drug Department.

## **7.1 Segregation of Duties Related to Bank Account Responsibilities Needs Improvement**

### **Superior Court Response**

The Court agrees and has implemented these recommendations effective September, 2010.

## **8.1 Court Should Continue Efforts to Improve Court Security**

### **Superior Court Response**

The Court agrees with the audit summary as to the state of security issues in the Court. Until the election of the current Sheriff in June, 2010, there was no administration at the Sheriff's Office that would agree to meet and discuss security issues.

The current Sheriff has met with the Presiding Judge and Court Executive Officer and understands the importance of improving security at all court facilities and establishing a formal security/emergency plan. He is in the process of re-organizing his office in order to assign a sworn officer as the point of contact for the Court on all security issues. As soon as that officer is identified, the Court will begin to establish a formal security plan. In the interim, with the cooperation of the County Safety Officer, the Court was part of an emergency drill at the main courthouse in Quincy in December 2010.

## **9.1 Purchase Orders for Items over \$500 Not Always Generated**

### **Superior Court Response**

The Court has no objection to recommendation #17. Fiscal staff will ensure that purchase orders are generated as appropriate. As to the issue of purchase orders for telecommunications, the Court will defer that until at least the beginning of Fiscal Year 2011/2012. At the present time the model for control and payment of telecommunications cost is changing. The Court is working with AOC/IS staff and the SAIC vendor to determine what level of service is needed. Once that determination is final, the Court will be able to capture its costs in a purchase order.

## **10.1 Court Efforts to Establish MOU's are Hampered by Lack of Response from County and Other Justice Partners**

### **Superior Court Response**

The establishment of MOU's for all services provided between the Court and County has been an ongoing issue of extreme frustration for the Court. Since Fiscal Year 2006/2007, the County has never met to finalize a general Court/County MOU or MOU's for security services before December of any fiscal year – despite numerous and regular communication from the Court in person and in writing asking that negotiations be initiated and completed. The current fiscal year is no exception. Since March, 2010, the Court Executive Officer has written nine (9) letters and had four (4) meetings with County officials outlining what issues need to be negotiated to complete a general MOU and security agreements. County officials acknowledge that these issues need to be addressed but have been unresponsive as to when those negotiations might occur. In the interim the County continues to provide services without payment. The Court is

left in the position of being willing but unable to pay its obligations since there are no signed MOU's.

In the current fiscal year, the Sheriff and Court have agreed upon levels of service and the cost of those services and are ready to present security agreements to the County Counsel for approval by the Board of Supervisors. However, the Court was told that the County Administrative Officer did not like the format for the security agreements for Fiscal Year 2009/2010 and would not approve that format for the current fiscal year. The Court has asked for specifics about the format issue so that finalized security agreements can be prepared for signature. As of this date no one from the County has responded to the Court's inquiries. The Sheriff is satisfied with the negotiated agreement for the current fiscal year and the format of the agreements but does not have the authority in Plumas County to sign. He shares the Court's frustration.

The Court and the Presiding Judge will continue to communicate with County officials to finalize MOU's for the current fiscal year and establish a procedure for negotiations for ongoing fiscal years.

The Court agrees that a general and security MOU need to be completed with the Sierra Superior Court which outlines the breakdown of costs between the two courts and defines reimbursement terms. Until recently there was ongoing discussion about what costs would be borne by the trial courts and what costs would be borne by the AOC. Now that those issues are substantially resolved, the MOU's can be finalized. As of the writing of these responses, the documents are 85% completed. The two courts anticipate that a final draft of the MOU's will be ready for review by the judges of each court by February 1, 2011.

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

#### **Superior Court Response**

The Court agrees and has implemented the recommendations # 20a, 20b, 20d and 20e. The Court Executive Officer will meet with the two official court reporters in January, 2011 and discuss recommendation #20c. The Court believes that any changes to the court reporter transcript claim forms and any changes in procedure should be able to be implemented by March 1, 2011.

### **12.1 Fixed Assets Reported on its CAFR Worksheets May be Overstated**

#### **Superior Court Response**

The Court has no objection to recommendation #21. The Court's account clerk will be assigned the task of updating the spreadsheet of assets to reflect depreciation. Given her other varied duties, the Court would anticipate that this task would be completed by June 30, 2011.

### **15.1 Domestic Violence Fees Were Not Always Assessed in Accordance with Statute**

#### **Superior Court Response**

The Court has no objection to the recommendation. In addition, the Court will send a letter to the Plumas District Attorney and Plumas Probation Department reminding them of the importance of recommending the imposition of these statutory fees.

### **16.1 Exhibit Room Processes Require Immediate Attention**

#### **Superior Court Response**

The Court has no disagreement with recommendations # 23, 24 and 25. The current Court Executive Officer realized there were significant deficiencies with exhibit inventory, maintenance and destruction in mid-2008. Given the fact that the Court was then engaged in two large and significant projects (a SUSTAIN case management implementation and the building of the Plumas/Sierra Regional courthouse), an exhibit room processes project was put on hold.

The Court is now ready to address this project in 2011. The Court has contacted a retired California trial court employee who has 15+ years of experience in supervising and managing exhibit room processes. She has agreed to assist the Court in developing and implementing a plan to accurately inventory, maintain and destroy exhibits for the Plumas Court. A conference call is planned in January 2011 to begin the development of the plan. The Court expects that all exhibit room processes will be in place and the destruction backlog completed before the end of 2011.