



Audit of the  
Superior Court Of California,  
County of Mariposa

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REPORT OF  
INTERNAL AUDIT SERVICES

JANUARY 2012



ADMINISTRATIVE OFFICE  
OF THE COURTS

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FINANCE DIVISION  
INTERNAL AUDIT SERVICES

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**Superior Court of California, County of Mariposa**

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## MANAGEMENT SUMMARY

### Introduction

The Trial Court Funding Act of 1997 (Act) eliminated the requirement for county audits of the courts effective January 1, 1998. Since that time, the Superior Courts of California have undergone significant changes to their operations. These changes have also impacted their internal control structures, yet no independent reviews of their operations were generally conducted until the Administrative Office of the Courts (AOC), Internal Audit Services (IAS), began court audits in 2002.

The audit of the Superior Court of California, County of Mariposa (Court), was initiated by IAS in July 2011, with onsite audit work beginning in late August 2011. Depending on factors such as the size of the court and the availability of necessary information, the audit process typically includes three or four audit cycles encompassing the following primary areas:

- Court administration
- Cash controls
- Court revenue and expenditure
- General operations

IAS audits cover all four of the above areas. The audit process involves a review of the Court's compliance with statute, California Rules of Court, the *Trial Court Financial Policies and Procedures Manual* (FIN Manual), and other relevant policies. IAS performed a similar audit in 2007.

Compliance with the Financial Integrity and State Manager's Accountability Act (FISMA) is also an integral part of the audit process. The primary focus of a FISMA review is to evaluate the Court's internal control structure and processes. While IAS does not believe that FISMA applies to the judicial branch, IAS understands that it represents good public policy and conducts internal audits incorporating the following FISMA concepts relating to internal control:

- A plan of organization that provides segregation of duties appropriate for proper safeguarding of assets;
- A plan that limits access to assets to authorized personnel;
- A system of authorization, record keeping, and monitoring that adequately provides effective internal 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.

IAS believes that this internal audit provides the Court with a review that also accomplishes what FISMA requires.

IAS audits are designed to identify instances of non-compliance, such as with the FIN Manual and FISMA. Some of these instances of non-compliance are highlighted in the **Audit Issues Overview** section below. Although IAS audits do not emphasize or elaborate on areas of compliance, we did identify many instances in which the Court was in compliance with the FIN Manual and FISMA.

To enable the Court to continue to improve and strengthen its system of internal controls, it is important that the Court note those areas of noncompliance reported below and in the body of this report. The Court should actively monitor the issues reported in this audit, and any issues identified by its own internal staff that may perform periodic reviews of Court operations and practices, to ensure it implements prompt, appropriate, and effective corrective action.

### **Audit Issues Overview**

This internal audit identified areas of noncompliance that were consolidated into the reportable issues included in this report, as well as other areas of noncompliance that IAS did not consider significant enough to include in the report, but were nonetheless discussed and communicated to court management. IAS provided the Court with opportunities to respond to all the issues identified in this report and included these responses in the report to provide the Court's perspective. IAS did not perform additional work to verify the implementation of the corrective measures asserted by the Court in its responses.

This report includes repeat issues from the Court's April 2007 audit report, including notable issues in the areas of procurement/contracting/accounts payable practices and the reconciliation of monies held in trust. Although the audit identified other issues reported within this report, the following issues are highlighted for Court management's attention. Specifically, the Court needs to improve and refine certain procedures and practices to ensure compliance with statewide statutes, policies and procedures, and/or best practices. These highlighted issues are summarized below:

#### *Distribution of Collections (Section 6, Issue 6.1)*

The Court did not distribute certain collections as prescribed by statutes and guidelines. State statutes and local ordinances govern the distribution of the fines, penalties, fees, and other assessments that courts collect. The Court uses standard distribution tables, through its case management system, to assess and distribute the collections it makes. At month-end, the Court prepares a report of revenues collected.

Our review of selected standard distribution tables identified various calculation and distribution errors. For example, the Court did not calculate and assess the state court construction penalty in 13 of 14 distribution tables reviewed. In addition, the Court did not calculate the 30 percent red light allocation and distribute this allocation to the red light fund.

The Court agreed with the issues and recommendations, and indicated it has taken all necessary steps to update the standard distribution tables and implement the recommendations.

*Invoice Payment Processing (Section 11, Issue 11.1 - Repeat)*

The FIN Manual provides trial courts with policy and procedures to ensure courts process invoices timely and in accordance with the terms and conditions of agreements. Specifically, FIN Policy No. 8.01 and 8.02 provides uniform guidelines for courts to use when processing vendor invoices and individual claims (also referred to as invoices) for payment. These guidelines include procedures for establishing and maintaining a payment authorization matrix listing court employees who are authorized to approve certain invoices for payment along with dollar limits and scope of authority of each authorized court employee. The guidelines also include procedures for preparing invoices for processing, matching invoices to purchase documents and proof of receipt, reviewing invoices for accuracy, approving invoices for payment, and reconciling approved invoices to payment transactions recorded in the accounting records.

Our review of selected paid invoices and claims revealed that, at the time of our review, the Court had not established a payment authorization matrix. As a result, 24 of 31 invoices and claims we selected to review did not demonstrate review and approval by appropriate court personnel prior to payment. In addition, the Court did not consistently follow the FIN Manual procedures for processing the 31 paid invoices and claims we selected to review. For example, the Court could not provide a purchase order or contract to support eight invoices, the purchase orders for another three invoices did not contain prices, and the agreement for one other invoice was outdated and incomplete. As a result, we could not determine whether the payment was appropriate for these 12 invoices.

The Court agreed with the issues and recommendations and indicates taking corrective action to address the noted issues.

*Delinquent Payment Plans (Section 5, Issue 5.1)*

The Court needs closer oversight of its delinquent payment plans. Prompt, efficient, and effective imposition and collection of court-ordered fines, fees, penalties, forfeitures, restitution, and assessments ensure the appropriate respect for court orders. To help with collection efforts, the Vehicle Code authorizes courts to accept at least 10 percent of the total bail amount due for any Vehicle Code violation prior to the due date if certain circumstances exist. Also, to assist with the collection of delinquent court-ordered debt, the Judicial Council has established guidelines for court-county collection programs to follow. The Court has implemented certain control procedures for identifying delinquent payment plans, including identifying and listing any payment plans with a payment that is 10 days late on a failure-to-pay (FTP) report.

Our review of selected traffic cases where a payment plan was established during the calendar year 2011 revealed that payment for nine of 20 traffic cases we selected to review were between 13 and 205 days late as of September 2011, and the Court had not followed its own procedure for identifying delinquent payment plans. The Court stated that it had recently discovered that the FTP report was not reporting all payment plans with a payment 10 days late due to a problem in its case management system, and indicated it was in the process of trying to identify the problem.

The Court agreed with the issues and recommendations. The Court indicated it set up a different tracking system within its case management system and is creating a new procedure based on the new tracking system.

## STATISTICS

The Court has two judges, as well as assistance from one subordinate judicial officer from another county, who handled approximately 4,900 cases in FY 2009–2010 at one courthouse located in the town of Mariposa. Further, the Court employed 12 full-time-equivalent staff to fulfill its administrative and operational activities, and incurred trial court expenditures totaling over \$1.6 million for the fiscal year ended June 30, 2011.

Before 1997, the Court and the County of Mariposa (County) worked within common budgetary and cost parameters—often the boundaries of services and programs offered by each blurred. The Court operated much like other County departments and, thus, may not have comprehensively or actively sought to segregate or identify the cost and service elements attributable to court operations and programs. With the mandated separation of the court system from county government, each entity had to reexamine their respective relationships relative to program delivery and services rendered, resulting in the evolution of specific cost identification and contractual agreements for the continued delivery of County services necessary to operate the Court.

For FY 2010–2011, the Court received various services from the County. For instance, the Court received County provided services including, but not limited to payroll and benefits administration, enhanced collections, and janitorial services. However, only benefits administration is covered under a Memorandum of Understanding (MOU) with the County. It also received court security services from the County Sheriff under a separate MOU.

The charts that follow contain general Court statistical information.

<b>County Population</b> (Estimated as of July 1, 2011)	17,963
<small>Source: California Department of Finance</small>	
<b>Number of Case Filings in FY 2009–2010:</b>	
<b>Criminal Filings:</b>	
1. Felonies	236
2. Non-Traffic Misdemeanor	386
3. Non-Traffic Infractions	76
4. Traffic Misdemeanors	316
5. Traffic Infractions	3,169
<b>Civil Filings:</b>	
1. Civil Unlimited	241
2. Family Law (Marital)	91
3. Family Law Petitions	228
4. Probate	32
5. Limited Civil	33
6. Small Claims	36

<p><b>Juvenile Filings:</b></p> <ol style="list-style-type: none"> <li>1. Juvenile Delinquency – Original 38</li> <li>2. Juvenile Delinquency – Subsequent 5</li> <li>3. Juvenile Dependency – Original 10</li> <li>4. Juvenile Dependency – Subsequent 3</li> </ol> <p>Source: Judicial Council of California's 2011 Court Statistics Report</p>	
<p><b>Number of Court Locations</b> 1</p> <p><b>Number of Courtrooms</b> 2</p> <p>Source: Superior Court of California, County of Mariposa</p>	
<p><b>Judicial Officers as of June 30, 2010:</b></p> <p>Authorized Judgeships 2.0</p> <p>Authorized Subordinate Judicial Officers 0.3</p> <p>Source: Judicial Council of California's 2011 Court Statistics Report</p>	
<p><b>Court Staff as of June 30, 2011:</b></p> <p>Total Authorized FTE Positions 14.6</p> <p>Total Filled FTE Positions 12.0</p> <p>Total Fiscal Staff 0.8</p> <p>Source: Fourth Quarter FY 2010–2011 Quarterly Financial Statements and FY 2010 – 2011 Schedule 7A</p>	
<p><b>Select FY 2010-2011 Financial Information:</b></p> <p>Total Revenues \$1,687,454</p> <p>Total Expenditures \$1,632,228</p> <p>Total Personal Services Costs \$932,577</p> <p>Total Temporary Help Costs \$8,152</p> <p>Source: Fourth Quarter FY 2010–2011 Quarterly Financial Statements</p>	
<p><b>FY 2010–2011 Average Monthly Cash Collections</b> \$86,650</p> <p>Source: Superior Court of California, County of Mariposa</p>	

## FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has identified accountability as the paramount objective of financial reporting. The GASB has further identified two essential components of accountability, fiscal and operational. GASB defines **Fiscal accountability** as follows:

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 moneys in the short term (usually one budgetary cycle or one year).

The *Strategic Plan for California's Judicial Branch 2006-2012* entitled *Justice in Focus* established, consistent with the mission statement of the Judicial Council, a guiding principle that states that "Accountability is a duty of public service" and the principle has 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." For the courts, this means developing meaningful and useful measures of performance, collecting and analyzing data on those measures, reporting the results to the public on a regular basis, and implementing changes to maximize efficiency and effectiveness. Goal II of the plan is independence and accountability with an overall policy stated as:

Exercise the constitutional and statutory authority of the judiciary to plan for and manage its funding, personnel, resources, and records and to practice independent rule making.

Two of the detailed policies are:

1. Establish fiscal and operational accountability standards for the judicial branch to ensure the achievement of and adherence to these standards throughout the branch; and
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.

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."

To assist in the fiscal accountability requirements of the branch, the Administrative Office of the Courts (AOC) developed and established the statewide fiscal infrastructure project, Phoenix Financial System. The Superior Court of California, County of Mariposa (Court), implemented this fiscal system and processes fiscal data through the AOC Trial Court

Administrative Services Division that supports the Phoenix Financial System. The fiscal data on the following three pages are from this system and present the comparative financial statements of the Court's Trial Court Operations Fund for the last two fiscal years. The three schedules are:

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

The fiscal year 2009–2010 information is condensed into a total funds column (does not include individual fund detail). The financial statements specify that the total funds columns for each year are for "information purposes" as the consolidation of funds are not meaningful numbers. Additionally, the financial information is presented, as required, on a modified accrual basis of accounting, which recognizes increases and decreases in financial resources only to the extent that they reflect near-term inflows or outflows of cash.

There are three basic fund classifications available for courts to use: Government, Proprietary and Fiduciary. The Court uses the following fund classifications and types:

- **Governmental**
  - **General** – Used as the chief operating fund to account for all financial resources except those required to be accounted for in a separate fund.
  - **Special Revenue** – Used to account for certain revenue sources "earmarked" for specific purposes (including grants received). Funds here include:
    - **Grants**
      1. AB1058 Family Law Facilitator – 1910581
      2. AB1058 Child Support Commissioner – 1910591
- **Fiduciary**
  - **Trust** – Used to account for funds held in a fiduciary capacity for a third party (non-governmental) generally under a formal trust agreement. Generally Accepted Accounting Principles (GAAP) indicates that fiduciary funds should be used "to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs."<sup>1</sup> Fiduciary funds include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust funds and agency funds is that trust funds normally are subject to "a trust agreement that affects the degree of management involvement and the length of time that the resources are held." Funds included here include deposits for criminal bail trust, civil interpleader, eminent domain, etc. The fund used here is:
    - Trust – 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

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

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 fiduciary resources to individuals, private organizations, or other governments. Accordingly, all assets reported in an agency fund are offset by a liability to the parties on whose behalf they are held. Finally, 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. This practice is perfectly appropriate for internal accounting purposes. However, for external financial reporting purposes, GAAP expressly limits the use of fiduciary funds, including agency funds, to assets held in a trustee or agency capacity for others. Because the resources of fiduciary funds, by definition, cannot be used to support the government's own programs, such funds are specifically excluded from the government-wide financial statements.<sup>2</sup> **They are reported, however, as part of the basic fund financial statements to ensure fiscal accountability.** Sometimes, a government will hold escheat resources on behalf of another government. In that case, the use of an agency fund, rather than a private-purpose trust fund, would be appropriate. The fund included here is:

- Civil Filing Fees Fund – 450000

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

California Superior Court, County of Mariposa  
 Trial Court Operations Fund  
 Balance Sheet  
 (Unaudited)

	For the month ended June 30,				
	2011				2010
	Governmental Funds		Fiduciary Funds	Total Funds (Info. Purposes Only)	Total Funds (Info. Purposes Only)
	General	Special Revenue Grant			
<b>ASSETS</b>					
Operations	\$ 146,816		\$ 336	\$ 147,152	\$ 489,530
Civil Filing Fees				\$ 0	\$ 14,349
Cash on Hand	\$ 600			\$ 600	\$ 600
Cash with County			\$ 23,668	\$ 23,668	\$ 63,126
<b>Total Cash</b>	\$ 147,416	\$ 0	\$ 24,004	\$ 171,420	\$ 567,605
Short Term Investment	\$ 515,946		\$ 16,221	\$ 532,168	\$ 0
<b>Total Investments</b>	\$ 515,946	\$ 0	\$ 16,221	\$ 532,168	\$ 0
Accrued Revenue				\$ 0	\$ 3,992
Accounts Receivable - General		\$ 49,619		\$ 49,619	\$ 123,228
Due From Other Funds	\$ 61,648			\$ 61,648	\$ 133,957
Due From Other Governments	\$ 5,528			\$ 5,528	\$ 4,243
Due From Other Courts				\$ 0	\$ 0
Due From State	\$ 11,453	\$ 13,572		\$ 25,024	\$ 44,017
<b>Total Receivables</b>	\$ 78,629	\$ 63,191	\$ 0	\$ 141,820	\$ 309,438
Prepaid Expenses - General				\$ 0	\$ 0
Salary and Travel Advances				\$ 0	\$ 0
<b>Total Prepaid Expenses</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Assets				\$ 0	\$ 0
<b>Total Other Assets</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Total Assets</b>	\$ 741,991	\$ 63,191	\$ 40,226	\$ 845,408	\$ 877,043
<b>LIABILITIES AND FUND BALANCES</b>					
Accrued Liabilities	\$ 3,028	\$ 1,157		\$ 4,185	\$ 14,401
Accounts Payable - General	\$ (35)			\$ (35)	\$ 0
Due to Other Funds		\$ 61,648		\$ 61,648	\$ 133,957
Due to State	\$ 2,374	\$ 386		\$ 2,760	\$ 2,613
TC145 Liability			\$ 16,557	\$ 16,557	\$ 14,349
Due to Other Governments	\$ 355			\$ 355	\$ 32
<b>Total Accounts Payable and Accrued Liab.</b>	\$ 5,722	\$ 63,191	\$ 16,557	\$ 85,470	\$ 165,351
Trust Held Outside of the AOC			\$ 23,668	\$ 23,668	\$ 30,834
Trust Interest Payable				\$ 0	\$ 0
Miscellaneous Trust				\$ 0	\$ 0
<b>Total Trust Deposits</b>	\$ 0	\$ 0	\$ 23,668	\$ 23,668	\$ 30,834
Accrued Payroll				\$ 0	\$ 0
Benefits Payable				\$ 0	\$ 0
<b>Total Payroll Liabilities</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenue Collected in Advance				\$ 0	\$ 0
Liabilities For Deposits	\$ 955			\$ 955	\$ 770
Uncleared Collections				\$ 0	\$ 0
Other Miscellaneous Liabilities				\$ 0	\$ 0
<b>Total Other Liabilities</b>	\$ 955	\$ 0	\$ 0	\$ 955	\$ 770
<b>Total Liabilities</b>	\$ 6,677	\$ 63,191	\$ 40,226	\$ 110,094	\$ 196,955
Fund Balance - Nonspendable				\$ 0	\$ 0
Fund Balance - Restricted				\$ 0	\$ 0
Fund Balance - Committed				\$ 0	\$ 0
Fund Balance - Assigned	\$ 680,087			\$ 680,087	\$ 915,965
Fund Balance - Unassigned				\$ 0	\$ 0
Excess (Deficit) of Rev. Over Expenses/Op. Transfers	\$ 55,226			\$ 55,226	\$ (235,877)
<b>Total Fund Balance</b>	\$ 735,314	\$ 0		\$ 735,314	\$ 680,087
<b>Total Liabilities and Fund Balance</b>	\$ 741,991	\$ 63,191	\$ 40,226	\$ 845,408	\$ 877,043

Source: Phoenix Financial System.

**California Superior Court, County of Mariposa  
Trial Court Operations Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances  
(Unaudited)**

	Fiscal Year					
	2010-2011			2009-2010		
	Governmental Funds		Total Funds (Info. Purposes Only)	Current Budget (Annual)	Total Funds (Info. Purposes Only)	Final Budget (Annual)
	General	Special Revenue Grant				
<b>REVENUES</b>						
<b>State Financing Sources</b>						
Trial Court Trust Fund	\$ 1,365,014		\$ 1,365,014	\$ 1,355,155	\$ 1,274,754	\$ 1,285,665
Trial Court Improvement Fund			\$ 0	\$ 1,225	\$ 2,450	\$ 2,450
Judicial Administration Efficiency & Mod Fund	\$ 7,500		\$ 7,500	\$ 7,500	\$ 4,550	\$ 4,550
Judges' Compensation (45.25)	\$ 11,000		\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000
Court Interpreter (45.45)	\$ 43,758		\$ 43,758	\$ 42,500	\$ 38,546	\$ 35,000
MOU Reimbursements (45.10 and General)	\$ 81,091		\$ 81,091	\$ 98,687	\$ 96,386	\$ 77,299
Other Miscellaneous			\$ 0	\$ 5,000	\$ 0	\$ 5,000
	\$ 1,508,363	\$ 0	\$ 1,508,363	\$ 1,521,067	\$ 1,427,686	\$ 1,420,964
<b>Grants</b>						
AB 1058 Commissioner/Facilitator		\$ 141,130	\$ 141,130	\$ 146,909	\$ 134,998	\$ 133,247
	\$ 0	\$ 141,130	\$ 141,130	\$ 146,909	\$ 134,998	\$ 133,247
<b>Other Financing Sources</b>						
Interest Income	\$ 936		\$ 936	\$ 650	\$ 649	\$ 8,400
Local Fees	\$ 35,635		\$ 35,635	\$ 31,820	\$ 31,518	\$ 38,200
Non-Fee Revenues			\$ 0	\$ 900	\$ 0	\$ 0
Prior Year Revenue			\$ 0	\$ 0	\$ (1)	\$ 0
Reimbursement Other	\$ 1,390		\$ 1,390	\$ 700	\$ 0	\$ 1,000
Other Miscellaneous			\$ 0	\$ 100	\$ 0	\$ 0
	\$ 37,962	\$ 0	\$ 37,962	\$ 34,170	\$ 32,166	\$ 47,600
<b>Total Revenues</b>	<b>\$ 1,546,324</b>	<b>\$ 141,130</b>	<b>\$ 1,687,454</b>	<b>\$ 1,702,146</b>	<b>\$ 1,594,850</b>	<b>\$ 1,601,811</b>
<b>EXPENDITURES</b>						
<b>Personal Services</b>						
Salaries - Permanent	\$ 539,398	\$ 27,020	\$ 566,418	\$ 647,023	\$ 572,650	\$ 645,196
Temp Help	\$ 8,152		\$ 8,152	\$ 10,000	\$ 8,448	\$ 26,309
Overtime	\$ 1,604		\$ 1,604	\$ 5,000	\$ 747	\$ 1,000
Staff Benefits	\$ 333,620	\$ 22,783	\$ 356,403	\$ 415,962	\$ 355,394	\$ 392,409
	\$ 882,774	\$ 49,803	\$ 932,577	\$ 1,077,985	\$ 937,240	\$ 1,064,914
<b>Operating Expenses and Equipment</b>						
General Expense	\$ 72,742	\$ 10,359	\$ 83,101	\$ 135,825	\$ 128,477	\$ 123,800
Printing	\$ 7,839	\$ 189	\$ 8,028	\$ 11,350	\$ 8,772	\$ 15,200
Telecommunications	\$ 14,049	\$ 3,000	\$ 17,049	\$ 21,200	\$ 20,549	\$ 20,900
Postage	\$ 6,138	\$ 971	\$ 7,109	\$ 12,099	\$ 11,061	\$ 8,200
Insurance	\$ 564		\$ 564	\$ 580	\$ 560	\$ 550
In-State Travel	\$ 4,475	\$ 891	\$ 5,366	\$ 11,850	\$ 4,583	\$ 13,600
Out-of-State Travel			\$ 0	\$ 0	\$ 0	\$ 0
Training	\$ 267	\$ 580	\$ 847	\$ 3,250	\$ 6,016	\$ 6,450
Security Services	\$ 168,729	\$ 18,949	\$ 187,678	\$ 215,500	\$ 200,666	\$ 189,500
Facility Operations	\$ 39,622	\$ 4,790	\$ 44,412	\$ 48,768	\$ 52,259	\$ 46,435
Utilities	\$ 4,605	\$ 1,336	\$ 5,941	\$ 7,000	\$ 0	\$ 8,550
Contracted Services	\$ 228,793	\$ 48,691	\$ 277,484	\$ 329,070	\$ 295,390	\$ 286,450
Consulting and Professional Services	\$ 27,187	\$ 4,503	\$ 31,690	\$ 37,300	\$ 34,314	\$ 43,700
Information Technology	\$ 16,958	\$ 2,390	\$ 19,348	\$ 25,000	\$ 27,330	\$ 21,800
Major Equipment			\$ 0	\$ 25,000	\$ 25,000	\$ 45,000
Other Items of Expense	\$ 623	\$ 360	\$ 983	\$ 1,160	\$ 975	\$ 1,800
	\$ 592,591	\$ 97,008	\$ 689,599	\$ 884,952	\$ 815,952	\$ 831,935
<b>Special Items of Expense</b>						
Grand Jury			\$ 0	\$ 0		
Jury Costs	\$ 6,803		\$ 6,803	\$ 24,250	\$ 21,192	\$ 3,600
Judgments, Settlements and Claims			\$ 0	\$ 0	\$ 0	\$ 0
<b>Capital Costs</b>			\$ 0	\$ 0	\$ 0	\$ 0
<b>Internal Cost Recovery</b>	\$ (2,702)	\$ 2,702	\$ 0	\$ 0	\$ 0	\$ 0
<b>Prior Year Expense Adjustment</b>	\$ 3,249		\$ 3,249	\$ 0	\$ 56,343	\$ 0
	\$ 7,349	\$ 2,702	\$ 10,052	\$ 24,250	\$ 77,535	\$ 3,600
<b>Total Expenditures</b>	<b>\$ 1,482,714</b>	<b>\$ 149,514</b>	<b>\$ 1,632,228</b>	<b>\$ 1,987,187</b>	<b>\$ 1,830,727</b>	<b>\$ 1,900,449</b>
<b>Excess (Deficit) of Revenues Over Expenditures</b>	\$ 63,610	\$ (8,384)	\$ 55,226	\$ (285,041)	\$ (235,877)	\$ (298,638)
<b>Operating Transfers In (Out)</b>	\$ (8,384)	\$ 8,384	\$ 0	\$ 0	\$ 0	\$ 0
<b>Fund Balance (Deficit)</b>						
Beginning Balance (Deficit)	\$ 680,087		\$ 680,087	\$ 680,087	\$ 915,965	\$ 915,965
Ending Balance (Deficit)	\$ 735,314	\$ 0	\$ 735,314	\$ 395,046	\$ 680,087	\$ 617,327

Source: Phoenix Financial System.

California Superior Court, County of Mariposa  
 Trial Court Operations Fund  
 Statement of Program Expenditures  
 (Unaudited)

	Fiscal Year							
	2010-2011						2009-2010	
	Personal Services	Operating Expenses and Equipment	Special Items of Expense	Prior Year Expense Adjustment	Total Actual Expense	Current Budget (Annual)	Total Actual Expense	Final Budget (Annual)
<b>PROGRAM EXPENDITURES:</b>								
Judges & Courtroom Support	\$ 61,863	\$ 119,768			\$ 181,631	\$ 335,419	\$ 213,775	\$ 314,492
Traffic & Other Infractions	\$ 48,635	\$ 1,307			\$ 49,942	\$ 47,956	\$ 43,865	\$ 46,753
Other Criminal Cases	\$ 190,267	\$ 539			\$ 190,806	\$ 172,702	\$ 175,260	\$ 170,612
Civil	\$ 70,288	\$ 92,669			\$ 162,957	\$ 195,399	\$ 160,965	\$ 160,445
Family & Children Services	\$ 44,986	\$ 49,201			\$ 94,187	\$ 131,510	\$ 106,832	\$ 117,037
Probate, Guardianship & Mental Health Services	\$ 9,785	\$ 11,958			\$ 21,743	\$ 44,094	\$ 28,727	\$ 39,656
Juvenile Dependency Services	\$ 21	\$ 41,718			\$ 41,739	\$ 59,586	\$ 40,891	\$ 55,078
Juvenile Delinquency Services	\$ 17				\$ 17	\$ 12,483	\$ 8	\$ 10,738
Other Court Operations	\$ 45,350	\$ 237			\$ 45,587	\$ 44,771	\$ 43,455	\$ 47,673
Court Interpreters	\$ 22,675	\$ 21,781			\$ 44,456	\$ 42,809	\$ 38,366	\$ 43,036
Jury Services	\$ 22,675	\$ 4,090	\$ 6,803		\$ 33,568	\$ 51,159	\$ 55,013	\$ 37,786
Security		\$ 187,678			\$ 187,678	\$ 197,200	\$ 200,666	\$ 180,000
<b>Trial Court Operations Program</b>	<b>\$ 516,561</b>	<b>\$ 530,947</b>	<b>\$ 6,803</b>	<b>\$ 0</b>	<b>\$ 1,054,311</b>	<b>\$ 1,335,088</b>	<b>\$ 1,107,822</b>	<b>\$ 1,223,306</b>
Enhanced Collections								
Other Non-Court Operations								
<b>Non-Court Operations Program</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Executive Office	\$ 116,539	\$ 270			\$ 116,809	\$ 116,212	\$ 109,071	\$ 110,024
Fiscal Services	\$ 79,653	\$ 18,273			\$ 97,926	\$ 106,563	\$ 105,707	\$ 111,536
Human Resources	\$ 32,418				\$ 32,418	\$ 32,720	\$ 33,190	\$ 37,806
Business & Facilities Services	\$ 88,019	\$ 110,102		\$ 3,249	\$ 201,371	\$ 265,096	\$ 309,963	\$ 261,631
Information Technology	\$ 99,387	\$ 30,006			\$ 129,392	\$ 131,508	\$ 164,975	\$ 156,146
<b>Court Administration Program</b>	<b>\$ 416,016</b>	<b>\$ 158,652</b>	<b>\$ 0</b>	<b>\$ 3,249</b>	<b>\$ 577,917</b>	<b>\$ 652,099</b>	<b>\$ 722,905</b>	<b>\$ 677,143</b>
Expenditures Not Distributed or Posted to a Program								
Prior Year Adjustments Not Posted to a Program								
<b>Total</b>	<b>\$ 932,577</b>	<b>\$ 689,599</b>	<b>\$ 6,803</b>	<b>\$ 3,249</b>	<b>\$ 1,632,228</b>	<b>\$ 1,987,187</b>	<b>\$ 1,830,727</b>	<b>\$ 1,900,449</b>

Source: Phoenix Financial System.

## **PURPOSE AND SCOPE**

The purpose of this review was to determine the extent to which the Superior Court of California, County of Mariposa (Court) has:

- 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.
- Complied with the *Trial Court Financial Policies and Procedures Manual* and the Court's own documented policies and procedures.
- Complied with various statutes and Rules of Court.

The scope of audit work included reviews of the Court's major functional areas, including: cash collections, contracts and procurement, accounts payable, payroll, fixed assets, financial accounting and reporting, case management, information technology, domestic violence, and court security. The depth of audit coverage in each area is based on initial audit scope coverage decisions. Additionally, although we may have reviewed more recent transactions, the period covered by this review consisted primarily of fiscal year 2010–2011.

The Judicial Council in December 2009 adopted California Rule of Court 10.500 with an effective date of January 1, 2010, that provides public access to non-deliberative or non-adjudicative court records. Final audit reports are among the court 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 confidential or sensitive in nature that would compromise the security of the Court or the safety of judicial branch personnel was omitted from this audit report.

## **TIMING AND REVIEWS WITH MANAGEMENT**

The entrance letter was issued to the Court on July 25, 2011.

The entrance meeting was held with the Court on July 27, 2011.

Audit fieldwork commenced on August 29, 2011.

Fieldwork was completed in November 2011.

Preliminary results were communicated and discussed with Court management during the course of the review. A preliminary exit meeting to review the draft report and audit results was held on March 19, 2012, with the following Court management:

- Honorable F. Dana Walton, Presiding Judge
- Ms. Cynthia Busse, Court Executive Officer

IAS received the Court's final management responses to the log items in Appendix A on March 16, 2012, and final management responses to the IAS recommendations on March 19,

2012. IAS incorporated the Court's final responses in the audit report and subsequently provided the Court with a draft version of the completed audit report for its review and comment on March 21, 2012. On April 17, 2012, the Court indicated it did not consider another review of the report necessary before IAS presented the report to the Judicial Council.

## ISSUES AND MANAGEMENT RESPONSES

### 1. Court Administration

#### Background

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. Within the boundaries established by the Judicial Council, each trial court has the authority and responsibility 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.

California Rules of Court (CRC) and the *Trial Court Financial Policy and Procedures Manual* (FIN Manual) established under Government Code section (GC) 77001 and adopted under CRC 10.804, respectively, specify guidelines and requirements concerning court governance.

The table below presents general ledger account balances from the Superior Court of California, County of Mariposa (Court), that are considered associated with court administrative decisions. A description of the areas and how they were reviewed as a part of this audit is contained below.

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
<b>Revenue</b>				
** 833000-PROGRAM 45.25 - REIMBURSEM	11,000.00	11,000.00	0.00	0.00%
<b>Expenditures</b>				
* 906300 - SALARIES - JUDICIAL OFFICER	11,000.40	11,000.40	0.00	0.00%
* 920500 - DUES AND MEMBERSHIPS	225.00	70.00	155.00	221.43%
* 933100 - TRAINING	847.26	6,015.97	(5,168.71)	-85.92%

We assessed the Court's compliance related to trial court management, including duties of the presiding judge (PJ), duties of the court executive officer (CEO), and management of human resources, with CRC and FIN Manual requirements through a series of questionnaires and tests. Primary tests included an evaluation of:

- Expense restrictions contained in *Operating Guidelines and Directives for Budget Management in the Judicial Branch* (operating guidelines). Requirements include restrictions on the payment of professional association dues for individuals making over \$100,000 a year.
- Compliance with CRC relating to cases taken under submission.
- Notification requirements regarding lawsuits.
- Approval requirements regarding training.

Additionally, we obtained an understanding of the Court's organizational structure and reviewed the cash handling and fiscal responsibilities of Court personnel to ensure that duties are sufficiently segregated.

**There were minor issues associated with this area that are contained in Appendix A to this report.**

## 2. Fiscal Management and Budgets

### Background

Trial courts must employ sound business, financial, and accounting practices to conduct their 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 their budgets on an ongoing basis to assure that actual expenditures do not exceed budgeted amounts. As personnel services costs account for the majority of most, if not all, 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 a process and procedures for requesting, evaluating, and approving new and reclassified positions.

The table below presents account balances from the Court's general ledger that are considered associated with this section. A description of the areas and how they were reviewed as a part of this audit is contained below.

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
<b>Assets</b>				
120051 SHORT TERM INVESTMENTS-CA	532,167.70	0.00	532,167.70	100.00%
<b>Expenditures</b>				
* 900300 - SALARIES - PERMANENT	555,417.91	561,649.34	(6,231.43)	-1.11%
* 903300 - TEMP HELP	8,152.18	8,448.35	(296.17)	-3.51%
* 906300 - SALARIES - JUDICIAL OFFI	11,000.40	11,000.40	0.00	0.00%
* 908300 - OVERTIME	1,603.59	747.49	856.10	114.53%
** SALARIES TOTAL	576,174.08	581,845.58	(5,671.50)	-0.97%
910301 SOCIAL SECURITY INS & MED	38,978.38	34,481.32	4,497.06	13.04%
910302 MEDICARE TAX	9,234.08	8,171.02	1,063.06	13.01%
* 910300 - TAX	48,212.46	42,652.34	5,560.12	13.04%
910401 DENTAL INSURANCE	11,876.65	12,171.47	(294.82)	-2.42%
910501 MEDICAL INSURANCE	93,387.47	88,069.23	5,318.24	6.04%
910503 RETIREE BENEFIT	32,216.65	21,355.16	10,861.49	50.86%
* 910400 - HEALTH INSURANCE	137,480.77	121,595.86	15,884.91	13.06%
910601 RETIREMENT (NON-JUDICIAL	143,146.16	147,331.18	(4,185.02)	-2.84%
* 910600 - RETIREMENT	143,146.16	147,331.18	(4,185.02)	-2.84%
912401 DEFERRED COMP/401K EMPLOY	7,441.21	21,981.35	(14,540.14)	-66.15%
912402 DEFERRED COMPENSATION - 4	1,279.10	4,530.86	(3,251.76)	-71.77%
* 912400 - DEFFERED COMPENSATION	8,720.31	26,512.21	(17,791.90)	-67.11%
* 912500 - WORKERS' COMPENSATION	8,568.00	6,760.00	1,808.00	26.75%
912701 DISABILITY INSURANCE - SD	6,250.08	5,988.14	261.94	4.37%
913501 LIFE INSURANCE	753.54	1,031.85	(278.31)	-26.97%
913601 VISION CARE INSURANCE	2,415.22	2,488.06	(72.84)	-2.93%
913699 OTHER INSURANCE	385.37	451.07	(65.70)	-14.57%
* 912700 - OTHER INSURANCE	9,804.21	9,959.12	(154.91)	-1.56%
* 913700 - SUPERIOR COURT JUDGES BE	471.49	583.56	(112.07)	-19.20%
** STAFF BENEFITS TOTAL	356,403.40	355,394.27	1,009.13	0.28%
*** PERSONAL SERVICES TOTAL	932,577.48	937,239.85	(4,662.37)	-0.50%

We assessed the Court's budgetary controls by obtaining an understanding of how the Court's annual budget is approved and monitored. In regards to personnel services costs, we compared budgeted and actual expenditures, and performed a trend analysis of prior year personnel services expenditures to identify and determine the causes of significant variances.

We also evaluated the Court's payroll controls through interviews with Court employees and review of payroll reports and reconciliation documents. We validated payroll expenditures for selected employees to supporting documents, including timesheets, payroll registers, withholding documents, and benefits administration files to determine whether timesheets were appropriately approved and pay was correctly calculated. Furthermore, we reviewed the Court's Personnel Manual and employee bargaining agreements at a high level to determine whether differential pay, leave accruals, and various benefits were issued in accordance with court policy and agreements.

**There was one minor issue associated with this area that is contained in Appendix A to this report.**

### 3. Fund Accounting

#### Background

Trial courts must account for their receipt and use of public funds using the fund accounting and reporting standards published by the Government Accounting Standards Board. To assist courts in meeting this objective, the FIN Manual provides guidelines for courts to follow. FIN 3.01, 3.0, requires trial courts to establish and maintain separate funds to segregate their financial resources and allow for the detailed accounting and accurate reporting of the courts' financial operations. FIN 3.01, 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 the Phoenix Financial System to serve this purpose. Furthermore, the Judicial Council has approved a fund balance policy to ensure that courts identify and reserve resources to meet statutory and contractual obligations, maintain a minimum level of operating and emergency funds, and to provide uniform standards for fund balance reporting.

The table below presents account balances from the Court's general ledger that are considered associated with this section. A description of the areas and how they were reviewed as a part of this audit is contained below.

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
<b>Fund Balance</b>				
553001 FUND BALANCE - ASSIGNED	680,087.49	915,964.83	(235,877.34)	-25.75%
<b>*** Fund Balances</b>	<b>680,087.49</b>	<b>915,964.83</b>	<b>(235,877.34)</b>	<b>-25.75%</b>
<b>Revenue</b>				
<b>** 836000-MODERNIZATION FUND - REIMB</b>	<b>7,500.00</b>	<b>4,550.00</b>	<b>2,950.00</b>	<b>64.84%</b>
<b>** 837000-IMPROVEMENT FUND - REIMB</b>	<b>0.00</b>	<b>2,450.00</b>	<b>(2,450.00)</b>	<b>100.00%</b>
<b>Expenditures</b>				
<b>*** 701100 OPERATING TRANSFERS IN</b>	<b>(357.62)</b>	<b>(12,042.85)</b>	<b>11,685.23</b>	<b>97.03%</b>
<b>*** 701200 OPERATING TRANSFERS OUT</b>	<b>357.62</b>	<b>12,042.85</b>	<b>(11,685.23)</b>	<b>-97.03%</b>

To determine whether the Court is properly accounting for its financial resources and expenditures in separate funds, we reviewed the trial balance of the Court's general fund and grant funds and certain detailed transactions, if necessary.

We also reviewed the Court's fiscal year-end fund balance reserves to determine whether they conform to the Judicial Council approved policy and are supported by the Court's financial statements.

**There were no significant issues to report to management.**

#### 4. Accounting Principles and Practices

##### Background

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 must use these accounting guidelines and are required to prepare various financial reports and submit them to the AOC, as well as preparing and disseminating internal reports for monitoring purposes.

Since migrating onto the Phoenix Financial System, the Court receives, among other things, general ledger accounting, analysis, and reporting support services from the Trial Court Administrative Services Division (TCAS). Some of the benefits of the Phoenix Financial System are consistent application of FIN Manual accounting guidelines, and the ability to produce quarterly financial statements and other financial reports directly from the general ledger. Since the financial reporting capabilities are centralized with TCAS, we kept our review of the Court's individual financial statements at a high level.

The Court receives various federal and state grants passed through to it from the AOC. Restrictions on the use of these funds and other requirements are documented in the grant agreements. The grants received by the Court are reimbursement type agreements that require it to document its costs to received payment. The Court must separately account for financing sources and expenditures for each grant. As a part of the annual single audit of the State of California performed by the Bureau of State Audits, the AOC requests courts to list and report the federal grant awards they received.

The table below presents account balances from the Court's general ledger that are considered associated with this section. A description of the areas and how they were reviewed during this audit is contained below.

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
<b>Assets</b>				
130001 A/R-ACCRUED REVENUE	0.40	3,992.36	(3,991.96)	-99.99%
131204 A/R-DUE FROM AOC	49,619.42	123,228.35	(73,608.93)	-59.73%
140001 BLOCK A/R - DUE FROM OTHER	0.00	133,957.45	(133,957.45)	-100.00%
150001 A/R - DUE FROM OTHER GOVT	5,527.98	4,242.63	1,285.35	30.30%
152000 A/R-DUE FROM STATE	23,946.41	44,017.02	(20,070.61)	-45.60%
** Receivables	79,094.21	309,437.81	(230,343.60)	-74.44%
*** Accounts Receivable	79,094.21	309,437.81	(230,343.60)	-74.44%
<b>Revenue</b>				
** 812100-TCTF - PGM 10 OPERATIONS	1,365,013.73	1,274,754.01	90,259.72	7.08%
** 821000-LOCAL FEES REVENUE	35,635.34	31,517.84	4,117.50	13.06%
** 825000-INTEREST INCOME	936.23	648.87	287.36	44.29%
** 831000-GENERAL FUND - MOU/REIMB	755.00	180.00	575.00	319.44%

**	832000-PROGRAM 45.10 - MOU/REIMB	80,336.00	96,206.35	(15,870.35)	-16.50%
**	833000-PROGRAM 45.25 - REIMBURSEM	11,000.00	11,000.00	0.00	0.00%
**	834000-PROGRAM 45.45 – REIMB	43,758.00	38,545.78	5,212.22	13.52%
**	838000-AOC GRANTS – REIMB	140,052.41	134,997.67	5,054.74	3.74%
**	860000-REIMBURSEMENTS - OTHER	1,389.95	0.00	1,389.95	100.00%
**	890000-PRIOR YEAR REVENUE ADJ	0.00	(0.78)	0.78	100.00%

**Expenditures**

*	999900 -PRIOR YEAR EXPENSE ADJUST	3,249.00	56,343.31	(53,094.31)	-94.23%
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We compared general ledger year-end account balances between the prior two fiscal years and reviewed accounts that experienced material and significant variances from year-to-year. We also assessed the Court's procedures for processing and accounting for trust deposits, disbursements, and refunds to determine whether its procedures ensure adequate control over trust funds. Further, we reviewed selected FY 2010–2011 encumbrances, adjusting entries, and accrual entries for compliance with the FIN Manual and other relevant guidance.

**There was one minor issue associated with this area that is contained in Appendix A to this report.**

## 5. Cash Collections

### Background

Trial courts must collect and process payments in a manner that protects the integrity of the court and its employees and promotes public confidence. Thus, trial courts should institute procedures and internal controls that assure the safe and secure collection, and accurate accounting of all payments. The FIN Manual, FIN 10.02, provides uniform guidelines for trial courts to use when 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.

The table below presents account balances from the Court's general ledger that are considered associated with this section. A description of the areas and how they were reviewed as a part of this audit is contained below.

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
<b>Cash Accounts</b>				
100000 POOLED CASH	176,498.61	0.00	176,498.61	100.00%
100025 DISB CHECK-OPERATIONS	(29,346.64)	0.00	(29,346.64)	-100.00%
117500 CASH CIVIL FILING FEES	0.00	14,348.63	(14,348.63)	-100.00%
119001 CASH ON HAND - CHANGE FUN	50.00	50.00	0.00	0.00%
119002 CASH ON HAND - PETTY CASH	550.00	550.00	0.00	0.00%
120001 CASH WITH COUNTY	23,668.30	63,126.45	(39,458.15)	-62.51%
<b>Overages/Shortages</b>				
* 952500 - CASH DIFFERENCES	2.50	373.00	(370.50)	-99.33%

We visited selected court locations with cash handling responsibilities and assessed various cash handling processes and practices through observations and interviews with Court operations managers and staff. Specific processes and practices reviewed include, but are not limited to, the following:

- Beginning-of-day opening.
- End-of-day closeout, balancing, and reconciliation.
- Bank deposit preparation.
- Segregation of cash handling duties.
- Access to safe, keys, and other court assets.
- Physical and logical security of cashiering areas and information systems.

We also reviewed selected monetary and non-monetary systems transactions, and validated these transactions to supporting receipts, case files, and other records. In addition, we assessed controls over manual receipts to determine whether adequate physical controls existed, numerical reconciliation was periodically performed, and other requisite controls were being followed.

Further, we reviewed the Court's comprehensive collections program for compliance with applicable statutory requirements to ensure that delinquent accounts are monitored and timely referred to its collections agency, and that collections are timely posted and reconciled.

**The following issues were considered significant enough to bring to management's attention in this report. Additional minor issues are contained in Appendix A.**

## **5.1 Closer Oversight Is Needed Over Delinquent Payment Plans**

### **Background**

The uniform imposition and enforcement of court-ordered debts are recognized as an important element of California's judicial system. Prompt, efficient, and effective imposition and collection of court-ordered fees, fines, forfeitures, penalties, restitution, and assessments ensure the appropriate respect for court orders. To help with collection efforts, Vehicle Code, section 40510.5, authorizes courts to accept at least 10 percent of the total bail amount due for any Vehicle Code violation prior to the due date if certain circumstances exist, including having the defendant sign a written agreement to pay and forfeit the remainder of the required bail according to an installment schedule as agreed upon with the court. If the defendant fails to make payments as required by the agreed upon installment schedule, courts are authorized to charge the defendant with a Failure to Pay (FTP) and assess a \$300 civil assessment. Also, to assist with the collection of delinquent court-ordered debt, the Judicial Council has established guidelines for court-county collection programs to follow.

### **Issue**

The Court implemented control procedures for identifying delinquent payment plans. Specifically, any payment plans with a payment that is 10 days late is identified and listed on an FTP report. The Court sends an FTP notice, assesses a \$259 FTP charge, and requests the defendant to pay within 29 days of the notice date. If no payment is received within the 29-day period, the Court assesses the \$300 civil assessment and refers the case to the county Revenue and Recovery unit. Additionally, the Court places a hold on the defendant's Department of Motor Vehicle record.

We reviewed 10 traffic cases where a payment plan was established during the calendar year 2011, as of August 2011. We also reviewed 10 additional traffic cases where a payment plan was established during calendar year 2011 and that the Court considered current as of August 2011. Our review revealed the following:

1. Of the 10 traffic cases where a payment plan was established during calendar year 2011, five were between 89 and 205 days late, as of September 2011, and the Court had neither sent an FTP notice nor referred the delinquent cases to the county Revenue and Recovery unit. Also, of the 10 additional traffic cases where a payment plan was established in calendar year 2011 and that the Court considered current, four were between 13 and 52 days late, as of September 2011, and the Court had not yet

sent an FTP notice. Further, for the one case that was 52 days late, the Court had not referred it to the county Revenue and Recovery unit.

The Court stated that it had recently discovered that not all cases 10 days past due were being reported on its FTP report due to a glitch in its CMS. The Court's systems analyst is currently trying to identify the problem.

**Recommendation**

To ensure the timely identification and collection of payments on cases with delinquent payment plans, the Court should consider the following:

1. Continue working on identifying and resolving its CMS issue related to reporting delinquent payment plan cases 10 days past due on its FTP report.

**Superior Court Response**

**By: Cynthia Busse, Court Executive Officer**

**Date: March 16, 2012**

The Court agrees with this recommendation. The Court has set up a different tracking system within the CMS A/R program and staff is creating a procedure based on the new tracking system.

Date of Corrective Action: June 30, 2012

Responsible Person(s): Cynthia Busse, Court Executive Officer; Morgann Halencak, Court Supervisor; and Richard Blalock, Information Systems Analyst

## 6. Information Systems

### Background

Courts make wide use of information technology (IT) to support their court operations. For example, courts use IT services to operate and maintain automated case management systems, cashiering systems, and local area networks. Because these information systems are integral to daily court operations, courts must maintain and protect these systems from interruptions and must have plans for system recovery should it experience an unexpected system failure. Additionally, because courts maintain sensitive and confidential information in these systems, courts must also take steps to control and prevent unauthorized access to these systems and the information contained in them.

The table below presents account balances from the Court's general ledger that are considered associated with this section. A description of the areas and how they were reviewed as a part of this audit is contained below.

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
<b>Expenditures</b>				
943202 IT MAINTENANCE - HARDWARE	1,950.00	3,788.82	(1,838.82)	-48.53%
943203 IT MAINTENANCE - SOFTWARE	16,024.19	20,978.00	(4,953.81)	-23.61%
* <b>943200 - IT MAINTENANCE</b>	<b>17,974.19</b>	<b>24,766.82</b>	<b>(6,792.63)</b>	<b>-27.43%</b>
943503 COMPUTER SOFTWARE	1,243.51	2,563.62	(1,320.11)	-51.49%
* <b>943500 - IT REPAIRS/SUPPLIES/LICE</b>	<b>1,243.51</b>	<b>2,563.62</b>	<b>(1,320.11)</b>	<b>-51.49%</b>
* <b>943700 - IT OTHER</b>	<b>130.00</b>	<b>0.00</b>	<b>130.00</b>	<b>100.00%</b>
** <b>INFORM TECHNOLOGY (IT) TOTAL</b>	<b>19,347.70</b>	<b>27,330.44</b>	<b>(7,982.74)</b>	<b>-29.21%</b>

We reviewed various IS controls through interviews with Court management, observation of IS storage facilities and equipment, and review of records. Some of the primary reviews and tests conducted include:

- Systems backup and data storage procedures.
- Continuity and recovery procedures in case of natural disasters and other disruptions to Court operations.
- Logical access controls, such as controls over user accounts and passwords.
- Physical security controls, such as controls over access to computer rooms and the physical conditions of the computer rooms.
- Controls over access to Department of Motor Vehicles (DMV) records.
- Automated system calculation and distribution of fines, penalties, fees, and assessments collected for selected criminal and traffic case types.

**The following issues were considered significant enough to bring to management's attention in this report. Additional minor issues are contained in Appendix A.**

## 6.1 The Court Needs to Improve Its Calculations and Distributions of Court Collections

### Background

State statutes and local ordinances govern the distribution of the fines, penalties, fees, and other assessments that courts collect. Courts rely on the *Manual of Accounting and Audit Guidelines for Trial Courts – Appendix C* issued by the State Controller’s Office (SCO Appendix C) and the *Uniform Bail and Penalty Schedule (UBS)* issued by the Judicial Council to calculate and distribute these court collections to the appropriate State and local funds. Courts use either an automated system, manual process, or a combination of both to perform the often complex calculations and distributions required by law.

### Issues

Our review of the Court’s process for calculating and distributing the fines, penalties, fees, and other assessments it collects determined that the Court uses JALAN as its case management system (CMS) for all case types. JALAN has the fiscal capability to automatically calculate the required distributions of the monies it collects. Monthly, the Court prepares a month-end report of revenues collected and submits it to the County.

The Court uses standard distribution tables to assess and distribute the fines, penalties, fees, and surcharges it collects. Therefore, we reviewed the standard distribution tables in effect as of January 1, 2011, rather than review distributions on a sample of cases. In total, we selected to review the following 14 distribution tables for the following case types:

- **Traffic Infraction (9 total)** – Red Light (2), Speeding (2), Child Seat (2), Unattended Child (1), Proof of Correction (1), and Proof of Insurance (1).
- **Non-Traffic Infraction (1 total)** – Fish & Game (1).
- **Misdemeanor/Felony (4 total)** – DUI (2), Reckless Driving (1), and Health & Safety (1).

Our review of these selected standard distribution tables noted the following calculation and distribution errors:

1. For 13 of the 14 distribution tables, the Court did not calculate and assess the GC 70372(a) State Court Construction penalty.
2. For the two red light distribution tables, the Court did not calculate the 30% Red Light allocation and distribute this allocation to the Red Light fund.
3. For the one child seat traffic school distribution table, the Court incorrectly calculated the distribution as a regular traffic school case. The distributions for child seat traffic school cases are calculated the same as a child seat bail forfeiture case. In other words, the only difference between a child seat bail forfeiture case and a child seat traffic school case is the addition of the traffic school fee. As a result, the Court did not calculate and distribute to the appropriate State and local funds the various State and local penalties and the GC 68090.8 2% Automation fee.

4. For the child seat bail forfeiture distribution table, the Court allocated the base fine pursuant to PC 1463.001 instead of VC 27360.6. Specifically, VC 27360.6(c) requires that the base fine be allocated 60 percent to the County for a community education program regarding, among other things, the proper use of a child restraint system, 25 percent to the County for the administration of the community education program, and 15 percent to the city general fund with the exception that if the violation occurred in an unincorporated area, the 15 percent is allocated to the County. Therefore, it is not clear that the Court is sufficiently reporting to the County these appropriate base fine allocations pursuant to VC 27360.6.
5. For the unattended child distribution table, the Court allocated the base fine pursuant to PC 1463.001 instead of VC 15630. Specifically, VC 15630 requires that the base fine be allocated 70 percent to the County for a community education program regarding the dangers of leaving young children unattended in motor vehicles, 15 percent to the County for the administration of the community education program, and 15 percent to the city general fund with the exception that if the violation occurred in an unincorporated area, the 15 percent is allocated to the County. Therefore, similar to the child seat bail forfeiture distribution issue noted previously, it is not clear that the Court is sufficiently reporting to the County these appropriate base fine allocations pursuant to VC 15630.
6. For the proof of insurance distribution table, the Court did not subtract the PC 1463.22 Base Reductions from the base fine. Instead, the Court added these PC 1463.22 Base Reduction amounts to the total fine, resulting in an inflated total fine.

In addition, the Court did not calculate and assess the GC 68090.8 2% Automation fee on these PC 1463.22 Base Reductions.

7. For both DUI distribution tables, the Court did not calculate and assess the GC 68090.8 2% Automation fee on the GC 76000.10 EMAT penalty.

Also, for one of the two DUI distribution tables, the Court did not calculate and assess the PC 1463.14(a), PC 1463.16, and PC 1463.18 DUI Base Reductions. Further, it used a lower base fine than the assigned base fine causing it to incorrectly calculate the PC 1464 State Penalty and the GC 76000 local penalties. It also did not calculate the correct PC 1465.7 20% State Surcharge.

8. For the reckless driving distribution table, the Court did not calculate and assess the PC 1463.14(a) and PC 1463.16 Reckless Driving Base Reductions, and subtract these reductions from the base fine.
9. For one of the two DUI distribution tables and the Reckless Driving distribution table, the Court did not assess the applicable PC 1202.4 State Restitution fine.

10. For the Health and Safety distribution table, the Court did not assess the HS 11372.5 and HS 11372.7 Base Enhancements.

### **Recommendations**

To improve the accuracy of its calculations and distributions of Court collections, the Court should consider the following:

1. Configure all applicable distribution tables to calculate and assess the GC 70372(a) State Court Construction penalty.
2. Configure its red light distribution tables to calculate and distribute the 30% Red Light allocation to the Red Light fund.
3. Configure its child seat traffic school distribution table to calculate and distribute child seat traffic school cases the same as a regular VC 27360 child seat bail forfeiture case. The only difference between the traffic school and non-traffic school child seat cases is that the Court should add any traffic school fees to the child seat traffic school cases.
4. Configure its child seat bail forfeiture distribution table to allocate, or report to the County to allocate, the base fine in the proportions and for the purposes required by VC 27360.6.
5. Configure its unattended child distribution table to allocate, or report to the County to allocate, the base fine in the proportions and for the purposes required by VC 15630.
6. Configure its proof of insurance distribution table to subtract the PC 1463.22 Base Reductions from the base fine, and calculate and assess the GC 68090.8 2% Automation fee on these PC 1463.22 Base Reductions.
7. Configure its DUI distribution tables to calculate and assess the GC 68090.8 2% Automation fee on the GC 76000.10 EMAT penalty. Additionally, configure its DUI distribution tables to ensure that the PC 1463.14(a), PC 1463.16, and PC 1463.18 DUI Base Reductions are subtracted from the base fine. Further, ensure its DUI distribution tables use the correct assigned base fines to calculate the PC 1464 State Penalty, the GC 76000 local penalties, and the PC 1465.7 20% State Surcharge.
8. Configure its reckless driving distribution table to calculate and subtract the PC 1463.14(a) and PC 1463.16 Reckless Driving Base Reductions from the base fine.
9. Configure its DUI and reckless driving distribution tables to calculate and assess the applicable PC 1202.4 State Restitution fine.
10. Configure its Health and Safety distribution table to calculate and assess the HS 11372.5 and HS 11372.7 Base Enhancements.

**Superior Court Response**

**By: Cynthia Busse, Court Executive Officer**

**Date: March 16, 2012**

The Court agrees with all recommendations 1-10 and has undertaken all necessary steps to update and implement.

Date of Corrective Action: April 1, 2012

Responsible Person(s): Hon. F. Dana Walton, Presiding Judge; Cynthia Busse, Court Executive Officer; and Richard Blalock, Information Systems Analyst

## 7. Banking and Treasury

### Background

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. The FIN Manual, 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, and earn interest income on funds deposited with the AOC Treasury. The Court deposits in AOC-established accounts allocations to the trial court for court operations. The Court deposits all monies collected with the County, including criminal and traffic fines and fees, bail trust, civil filing fees, and civil trust deposits.

The table below presents account balances from the Court's general ledger that are considered associated with this section. A description of the areas and how they were reviewed as a part of this audit is contained below.

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
<b>Assets</b>				
100000 POOLED CASH	176,498.61	0.00	176,498.61	100.00%
100025 DISB CHECK-OPERATIONS	(29,346.64)	0.00	(29,346.64)	-100.00%
111000 BLOCK CASH-OPERATIONS ACC	0.00	636,402.24	(636,402.24)	-100.00%
111100 BLOCK CASH-OPERATIONS CLE	0.00	(146,872.27)	146,872.27	100.00%
117500 CASH CIVIL FILING FEES	0.00	14,348.63	(14,348.63)	-100.00%
119001 CASH ON HAND - CHANGE FUN	50.00	50.00	0.00	0.00%
119002 CASH ON HAND - PETTY CASH	550.00	550.00	0.00	0.00%
120001 CASH WITH COUNTY	23,668.30	63,126.45	(39,458.15)	-62.51%
120051 SHORT TERM INVESTMENTS-CA	532,167.70	0.00	532,167.70	100.00%
<b>*** Cash and Cash Equivalents</b>	<b>703,587.97</b>	<b>567,605.05</b>	<b>135,982.92</b>	<b>23.96%</b>
<b>Liabilities</b>				
301001 A/P - GENERAL	(34.80)	0.00	(34.80)	-100.00%
311401 A/P - DUE TO OTHER FUNDS	0.00	133,957.45	(133,957.45)	-100.00%
321501 A/P DUE TO STATE	0.00	2,612.52	(2,612.52)	-100.00%
321600 A/P - TC145 LIABILITY	16,557.05	14,348.63	2,208.42	15.39%
322001 A/P - DUE TO OTHER GOVERN	214.98	32.00	182.98	571.81%
323010 TREASURY INTEREST PAYABLE	0.40	0.00	0.40	100.00%
330001 A/P - ACCRUED LIABILITIES	147.61	14,400.79	(14,253.18)	-98.97%
<b>*** Accounts Payable</b>	<b>16,885.24</b>	<b>165,351.39</b>	<b>(148,466.15)</b>	<b>-89.79%</b>
351001 BLOCK LIABILITIES FOR DEP	0.00	770.18	(770.18)	-100.00%
351003 LIABILITIES FOR DEPOSITS	955.16	0.00	955.16	100.00%
353090 FUNDS HELD OUTSIDE OF THE	23,668.30	30,833.80	(7,165.50)	-23.24%
<b>*** Current Liabilities</b>	<b>24,623.46</b>	<b>31,603.98</b>	<b>(6,980.52)</b>	<b>-22.09%</b>
<b>Revenue</b>				
<b>** 825000-INTEREST INCOME</b>	<b>936.23</b>	<b>648.87</b>	<b>287.36</b>	<b>44.29%</b>
<b>Expenditures</b>				
920302 BANK FEES	1,820.82	3,771.29	(1,950.47)	-51.72%

As with other courts, the Court relies on Trial Court Trust and Treasury Services for many banking services, such as performing monthly reconciliations of bank balances to the general ledger, overseeing the investment of trial court funds, and providing periodic reports to trial courts and other stakeholders. Therefore, we only reviewed the following procedures associated with funds not deposited in bank accounts established by the AOC, including funds on deposit with the County:

- Processes for reconciling general ledger trust balances to supporting documentation; including daily deposit, CMS, and case file records.
- Whether AOC approval was obtained prior to opening and closing bank accounts.

**The following issues were considered significant enough to bring to management's attention in this report.**

### **7.1 The Court Needs to Reconcile Its Trust Account Balances (Repeat)**

#### **Background**

Trial courts receive and hold trust funds in a fiduciary capacity on behalf of others and are responsible for properly managing, monitoring, and safeguarding these funds. Specifically, the FIN Manual, Policy No. 13.01, requires courts to implement procedures and controls to manage and safeguard these funds. For example, section 6.2, of this procedure requires that courts keep a detailed record of all money received in trust by a trial court such as for bail, litigation deposits, jury fee deposits, and payments on judgments, monies for which trial courts have a fiduciary responsibility to hold in trust. This record must be maintained by case number at a sufficient level of detail to properly account for all funds held by the court. Records must contain at a minimum the following information: date received, from whom payment was received, purpose, case number, payments received, disbursements made, and method of payment. Therefore, a complete reconciliation would involve reconciling the bank account, the fiscal system, and the detailed subsidiary record system for trust account activity, usually the case management system.

Additionally, section 6.9 explains the importance of maximizing the interest earned on funds deposited in bank accounts, including funds deposited with the county treasury. Therefore, trial courts should strive to obtain the highest net return on its funds.

#### **Issues**

Our review of the Court's banking and treasury practices revealed the following:

1. The Court acknowledged that it does not perform any reconciliation of funds held in trust, including reconciliation between the county treasury and the CMS.
2. The Court acknowledged that it does not apply interest earned on trust funds to individual cases.

**Recommendations**

To ensure it adequately manages, safeguards, and accounts for court trust funds, the Court should consider the following:

1. Perform monthly reconciliations of the monies it holds in trust.
2. Apply interest earned on monies held in trust to individual cases.

**Superior Court Response**

**By: Cynthia Busse, Court Executive Officer**

**Date: January 26, 2012**

1. The Court agrees with this recommendation and will create a corrective action plan to implement as staffing resources can be allocated during the upcoming Fiscal Year.
2. The Court will address the issue of interest earnings with the County in its MOU negotiation discussions.

Date of Corrective Action: June 30, 2012, and Fiscal Year 2012-2013.

Responsible Person(s): Cynthia Busse, Court Executive Officer; and Desire Leard, Executive Assistant

## 8. Court Security

### Background

Appropriate law enforcement services are essential to trial court operations and public safety. Accordingly, each court enters into a memorandum of understanding (MOU) with the county sheriff for court security services, such as bailiff services and perimeter security services. The sheriff specifies the level of security services it agrees to provide and the associated costs, and these services and costs are included in the MOU that also specifies the terms of payment. The Court entered into an MOU with the County Sheriff for court security services, including stationing bailiffs in courtrooms, staffing deputies at the weapons screening checkpoint located at the entrance to the courthouse, and retaining control of in-custodies transported to the courthouse.

Additionally, each court must prepare and implement a comprehensive court security plan that addresses the sheriff's plan for providing public safety and law enforcement services to the court in accordance with the Superior Court Law Enforcement Act of 2002. The AOC Emergency Response and Security (ERS) unit provides courts with guidance in developing a sound court security plan, including a court security plan template and a court security best practices document. ERS also has a template for courts to use in developing an Emergency Plan.

The table below presents account balances from the Court's general ledger that are considered associated with this section. A description of the areas and how they were reviewed as a part of this audit is contained below.

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
<b>Expenditures</b>				
934505 PERIMETER SECURITY - ENTR	129,519.92	134,012.24	(4,492.32)	-3.35%
934510 COURTROOM SECURITY-SHERIF	58,158.00	66,654.00	(8,496.00)	-12.75%
* <b>934500 – SECURITY</b>	<b>187,677.92</b>	<b>200,666.24</b>	<b>(12,988.32)</b>	<b>-6.47%</b>
941101 SHERIFF – REIMBURSEMENTS	770.00	90.00	680.00	755.56%
* <b>941100 – SHERIFF</b>	<b>770.00</b>	<b>90.00</b>	<b>680.00</b>	<b>755.56%</b>

We reviewed the Court's security controls through interviews with Court management and county sheriff service providers, observation of security conditions, and review of records. We also reviewed the Court's security agreements with the county sheriff, compared budgeted and actual security expenditures, and reviewed selected county sheriff invoices to determine whether costs billed are allowable by statute and comply with MOU requirements.

**There was one minor issue associated with this area that is contained in Appendix A to this report.**

## 9. Procurement

### Background

The FIN Manual provides uniform guidelines for trial courts to use in procuring necessary goods and services and to document their 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 to document approval of the procurement by an authorized individual. The requestor identifies the correct account codes(s) and verifies that budgeted funds are available for the purchase, completes the requisition form, and forwards it to the court manager or supervisor authorized to approve the procurement. This court manager or supervisor is responsible for verifying that the correct account codes(s) are specified and assuring that funding is available before approving the request for procurement. 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 so as to obtain the best value. Court employees may also need to prepare and enter into purchase orders, service agreements, or contracts to document the terms and conditions of the procurement.

After commencement of the audit, the Judicial Branch Contracting Manual (JBCM) replaced the procurement and contracting policies of the FIN Manual, effective October 2011. Nevertheless, since the Court initiated most, if not all, of the procurement and contract transactions we reviewed prior to the effective date of the JBCM, we used the FIN Manual policies in effect at the time when the procurement and contract transactions occurred to evaluate the Court.

The table below presents account balances from the Court's general ledger that are considered associated with this section. A description of the areas and how they were reviewed as a part of this audit is contained below.

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
<b>Expenditures</b>				
* 920500 - DUES AND MEMBERSHIPS	225.00	70.00	155.00	221.43%
* 920600 - OFFICE EXPENSE	23,792.34	40,862.14	(17,069.80)	-41.77%
* 920700 - FREIGHT AND DRAYAGE	8.63	0.00	8.63	100.00%
* 921500 - ADVERTISING	0.00	509.50	(509.50)	-100.00%
* 921700 - MEETINGS, CONFERENCES, E	285.00	200.00	85.00	42.50%
* 922300 - LIBRARY PURCHASES AND SU	11,467.07	10,398.19	1,068.88	10.28%
* 922600 - MINOR EQUIPMENT - UNDER	10,092.90	33,415.32	(23,322.42)	-69.80%
* 922700 - EQUIPMENT RENTAL/LEASE	17,434.99	17,266.77	168.22	0.97%
* 922800 - EQUIPMENT MAINTENANCE	12,802.14	19,572.81	(6,770.67)	-34.59%
* 923900 - GENERAL EXPENSE - SERVIC	0.00	959.00	(959.00)	-100.00%
* 924500 - PRINTING	8,028.11	8,771.68	(743.57)	-8.48%
* 925100 - TELECOMMUNICATIONS	17,001.91	20,548.77	(3,546.86)	-17.26%
* 926200 - STAMPS, STAMPED ENVELOPE	919.62	8,504.80	(7,585.18)	-89.19%
* 926300 - POSTAGE METER	6,189.45	2,556.12	3,633.33	142.14%

* 928800 - INSURANCE	564.00	560.00	4.00	0.71%
* 933100 - TRAINING	847.26	6,015.97	(5,168.71)	-85.92%
* 934500 - SECURITY	187,677.92	200,666.24	(12,988.32)	-6.47%
* 935200 - RENT/LEASE	30,390.91	38,717.95	(8,327.04)	-21.51%
* 935300 - JANITORIAL	7,026.00	6,816.00	210.00	3.08%
* 935500 - GROUNDS	4,094.80	4,087.72	7.08	0.17%
* 935600 - ALTERATION	460.68	1,828.23	(1,367.55)	-74.80%

ACCOUNT	TOTAL FUNDS AS OF			
	June 30, 2011	June 30, 2010	\$ Inc. (Dec.)	% Change
* 935700 - OTHER FACILITY COSTS - G	174.44	809.00	(634.56)	-78.44%
* 936100 -UTILITIES	5,445.99	0.00	5,445.99	100.00%
* 938300 - GENERAL CONSULTANT AND P	89,473.47	98,443.27	(8,969.80)	-9.11%
* 938500 - COURT INTERPRETER SERV	21,769.27	16,719.20	5,050.07	30.21%
* 938600 - COURT REPORTER SERVICES	47,382.13	50,908.00	(3,525.87)	-6.93%
* 938700 - COURT TRANSCRIPTS	45,426.34	25,461.68	19,964.66	78.41%
* 938800 - COURT APPOINTED COUNSEL	34,218.20	33,383.60	834.60	2.50%
* 938900 - INVESTIGATIVE SERVICES	256.00	160.00	96.00	60.00%
* 939000 - COURT ORDERED PROFESS	25,508.82	56,480.35	(30,971.53)	-54.84%
* 939100 - MEDIATORS/ARBITRATORS	13,281.25	13,833.75	(552.50)	-3.99%
* 943200 - IT MAINTENANCE	17,974.19	24,766.82	(6,792.63)	-27.43%
* 943500 - IT REPAIRS/SUPPLIES/LICE	1,243.51	2,563.62	(1,320.11)	-51.49%
* 943700 - IT OTHER	130.00	0.00	130.00	100.00%
* 945200 - MAJOR EQUIPMENT	0.00	25,000.00	(25,000.00)	-100.00%
* 952300 - VEHICLE OPERATIONS	980.83	602.26	378.57	62.86%

We reviewed the Court's procurement procedures and practices to determine whether its purchasing, approval, receipt, and payment roles are adequately segregated. We also performed substantive testing on selected purchases to determine whether the Court obtained approvals from authorized individuals, followed open and competitive procurement practices, and complied with other FIN Manual procurement requirements.

**There were minor issues associated with this area that are contained in Appendix A to this report.**

## 10. Contracts

### Background

The FIN Manual, FIN 7.01, establishes uniform guidelines for trial courts to follow in preparing, reviewing, negotiating, and entering into contractual agreements with qualified vendors. Trial courts must issue a contract when entering into agreements for services or complex procurements of goods. It is the responsibility of every court employee authorized to commit trial court resources to apply appropriate contract principles and procedures that protect the best interests of the court.

After commencement of the audit, the Judicial Branch Contracting Manual (JBCM) replaced the procurement and contracting policies of the FIN Manual, effective October 2011. Nevertheless, since the Court initiated most, if not all, of the procurement and contract transactions we reviewed prior to the effective date of the JBCM, we used the FIN Manual policies in effect at the time when the procurement and contract transactions occurred to evaluate the Court.

The table below presents account balances from the Court's general ledger that are considered associated with this section. A description of the areas and how they were reviewed as a part of this audit is contained below.

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
<b>Expenditures – Contracted Services</b>				
* 938300 - GENERAL CONSULTANT AND P	89,473.47	98,443.27	(8,969.80)	-9.11%
* 938500 - COURT INTERPRETER SERVIC	21,769.27	16,719.20	5,050.07	30.21%
* 938600 - COURT REPORTER SERVICES	47,382.13	50,908.00	(3,525.87)	-6.93%
* 938700 - COURT TRANSCRIPTS	45,426.34	25,461.68	19,964.66	78.41%
* 938800 - COURT APPOINTED COUNSEL	34,218.20	33,383.60	834.60	2.50%
* 938900 - INVESTIGATIVE SERVICES	256.00	160.00	96.00	60.00%
* 939000 - COURT ORDERED PROFESS	25,508.82	56,480.35	(30,971.53)	-54.84%
* 939100 - MEDIATORS/ARBITRATORS	13,281.25	13,833.75	(552.50)	-3.99%
<b>Expenditures – County Provided Services</b>				
* 942100 - COUNTY-PROVIDED SERVICES	30,779.67	34,223.57	(3,443.90)	-10.06%

We evaluated the Court's contract monitoring practices through interviews with various Court personnel and review of selected contract files. We also reviewed selected contracts to determine whether they contain adequate terms and conditions to protect the Court's interest.

Further, we reviewed MOUs entered into with the County to determine whether they are current, comprehensive of all services currently received or provided, and contain all required terms and conditions. We also reviewed selected County invoices to determine whether the services billed were allowable and sufficiently documented and supported, and whether the Court appropriately accounted for the costs and had a process to determine if County billed cost were reasonable.

**The following issues were considered significant enough to bring to management's attention in this report. Additional minor issues are contained in Appendix A.**

## **10.1 The Court Needs to Negotiate Agreements for County-Provided Services (Repeat)**

### **Background**

Government Code (GC) section 77212 requires a 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 the court. A Memorandum of Understanding (MOU) may serve as the contract between the county and the court. An MOU is a written statement that outlines the terms of an agreement or transaction between government entities. Because of the historical relationship between courts and counties, MOUs are commonly used to establish agreements between the two.

### **Issues**

To obtain an understanding of the types of services the County of Mariposa (County) provides to the Court and the manner in which the Court is billed for these services, we interviewed appropriate Court personnel and reviewed any MOUs between the Court and County, as well as County invoices submitted to the Court. Our review revealed the following:

1. The Court acknowledged that its MOUs with the County are out-of-date and do not clearly identify the method of service delivery and the anticipated service outcomes.
2. The County provides the Court with payroll processing, employee benefit administration, custodial, enhanced collections, court security, and juvenile dependency legal services. However, the Court did not have an MOU with the County for the payroll processing, custodial, and enhanced collections services the County provided to the Court for fiscal year 2010-2011. Without an MOU or other agreement with the County, the Court is not in compliance with statute and cannot be sure it is appropriately paying only for the level of county-provided services it is receiving.

### **Recommendations**

To ensure the Court adequately protects its rights, receives the services it expects from the County, and pays only costs that are allowable, it should consider the following:

1. Update its existing MOUs with the County to identify the method of service delivery and the anticipated service outcomes.
2. Enter into an MOU with the County for the payroll processing, custodial, and enhanced collections services the County currently provides to the Court.

**Superior Court Response**

**By: Cynthia Busse, Court Executive Officer**

**Date: January 26, 2012**

The Court agrees with the recommendations and has requested assistance from OGC/Transactions & Business Operations Unit. Once the appropriate drafts have been finalized, the Court will move forward with the meet and confer process with County.

Date of Corrective Action: Anticipated drafting phase during FY 2011-2012. Meet and confer during FY 2012-2013.

Responsible Person(s): Cynthia Busse, Court Executive Officer

## 11. Accounts Payable

### Background

The FIN Manual provides various policies on payment processing and provides uniform guidelines for processing vendor invoices, in-court service provider claims, and court-appointed counsel. All invoices and claims received from trial court vendors, suppliers, consultants and other contractors are routed to the trial court accounts payable department for processing. The accounts payable staff must process the invoices in a timely fashion and in accordance with the terms and conditions of the purchase agreements. All invoices must be matched to the proper supporting documentation and must be approved for payment by authorized court personnel acting within the scope of their authority.

In addition, trial court judges and employees may be required to travel as a part of their official duties, and may occasionally conduct official court business during a meal period. Courts may reimburse their judges and employees for their reasonable and necessary travel expenses incurred while traveling on court business only within certain maximum reimbursement limits. Courts may also pay vendor invoices or reimburse their judges and employees for the actual cost of business meals only when related rules and limits are met.

The table below presents account balances from the Court's general ledger that are considered associated with this section. A description of the areas and how they were reviewed as a part of this audit is contained below.

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
<b>Liabilities</b>				
*** Accounts Payable	16,885.24	165,351.39	(148,466.15)	-89.79%
*** Current Liabilities	24,623.46	31,603.98	(6,980.52)	-22.09%
<b>Reimbursements - Other</b>				
** 860000-REIMBURSEMENTS - OTHER	1,389.95	0.00	1,389.95	100.00%
<b>Expenditures - Travel</b>				
<b>Expenditures</b>				
* 920600 - OFFICE EXPENSE	23,792.34	40,862.14	(17,069.80)	-41.77%
* 920700 - FREIGHT AND DRAYAGE	8.63	0.00	8.63	100.00%
* 921500 - ADVERTISING	0.00	509.50	(509.50)	-100.00%
* 921700 - MEETINGS, CONFERENCES, E	285.00	200.00	85.00	42.50%
* 922300 - LIBRARY PURCHASES AND SU	11,467.07	10,398.19	1,068.88	10.28%
* 922700 - EQUIPMENT RENTAL/LEASE	17,434.99	17,266.77	168.22	0.97%
* 922800 - EQUIPMENT MAINTENANCE	12,802.14	19,572.81	(6,770.67)	-34.59%
* 922900 - EQUIPMENT REPAIRS	1,491.38	1,452.30	39.08	2.69%
* 924500 - PRINTING	8,028.11	8,771.68	(743.57)	-8.48%
* 925100 - TELECOMMUNICATIONS	17,001.91	20,548.77	(3,546.86)	-17.26%
* 926200 - STAMPS, STAMPED ENVELOPE	919.62	8,504.80	(7,585.18)	-89.19%
* 926300 - POSTAGE METER	6,189.45	2,556.12	3,633.33	142.14%
* 928800 - INSURANCE	564.00	560.00	4.00	0.71%
* 929200 - TRAVEL- IN STATE	5,224.14	4,582.97	641.17	13.99%
* 933100 - TRAINING	847.26	6,015.97	(5,168.71)	-85.92%
* 935300 - JANITORIAL	7,026.00	6,816.00	210.00	3.08%

* 935500 - GROUNDS	4,094.80	4,087.72	7.08	0.17%
* 935600 - ALTERATION	460.68	1,828.23	(1,367.55)	-74.80%
* 935700 - OTHER FACILITY COSTS - G	174.44	809.00	(634.56)	-78.44%
* 936100 -UTILITIES	5,445.99	0.00	5,445.99	100.00%
* 938300 - GENERAL CONSULTANT AND P	89,473.47	98,443.27	(8,969.80)	-9.11%
* 938500 - COURT INTERPRETER SERVIC	21,769.27	16,719.20	5,050.07	30.21%
* 938600 - COURT REPORTER SERVICES	47,382.13	50,908.00	(3,525.87)	-6.93%
* 938700 - COURT TRANSCRIPTS	45,426.34	25,461.68	19,964.66	78.41%
* 938800 - COURT APPOINTED COUNSEL	34,218.20	33,383.60	834.60	2.50%
* 938900 - INVESTIGATIVE SERVICES	256.00	160.00	96.00	60.00%
* 939000 - COURT ORDERED PROFESSION	25,508.82	56,480.35	(30,971.53)	-54.84%
* 939100 - MEDIATORS/ARBITRATORS	13,281.25	13,833.75	(552.50)	-3.99%
* 952300 - VEHICLE OPERATIONS	980.83	602.26	378.57	62.86%
* 965100 - JUROR COSTS	6,802.51	21,192.03	(14,389.52)	-67.90%

We assessed the Court's compliance with invoice and claim processing requirements specified in the FIN Manual through interviews with fiscal staff involved in accounts payable. We also reviewed selected invoices and claims processed in FY 2010–2011 to determine whether the accounts payable processing controls were followed, payments were appropriate, and amounts paid were accurately recorded in the general ledger.

We also assessed compliance with additional requirements provided in statute or policy for some of these invoices and claims, such as court transcripts, contract interpreter claims, and jury per diems and mileage reimbursements. Furthermore, we reviewed a sample of travel expense claims and business meal expenses to assess compliance with the *AOC Travel Reimbursement Guidelines* and *Business-Related Meals Reimbursement Guidelines* provided in the FIN Manual.

**The following issues were considered significant enough to bring to management's attention in this report. Additional minor issues are contained in Appendix A.**

### **11.1 The Court Needs to Strengthen Its Invoice Review and Approval Procedures (Repeat)**

#### **Background**

As stewards of public funds, courts have an obligation to demonstrate responsible and economical use of public funds. As such, the FIN Manual provides trial courts with policy and procedures to ensure courts process invoices timely and in accordance with the terms and conditions of agreements.

Specifically, FIN 8.01 and FIN 8.02 provide uniform guidelines for courts to use when processing vendor invoices and individual claims (also referred to as invoices) for payment. These guidelines include procedures for establishing and maintaining a payment authorization matrix listing court employees who are authorized to approve certain invoices for payment along with dollar limits and scope of authority of each authorized court employee. The guidelines also include procedures for preparing invoices for processing, matching invoices to purchase documents and proof of receipt, reviewing invoices for

accuracy, approving invoices for payment, and reconciling approved invoices to payment transactions recorded in the accounting records.

### **Issues**

To determine whether the Court adheres to the invoice processing policies and procedures in the FIN Manual, we interviewed appropriate Court staff regarding the Court's current invoice processing practices. We also reviewed selected invoices and claims paid in fiscal year 2010-2011 and identified the following weaknesses and areas of noncompliance:

1. At the time of our review, the Court had not established a payment authorization matrix. As a result, 24 of 31 invoices and claims reviewed did not have evidence of review and approval by appropriate court personnel prior to payment.
2. The Court did not consistently follow the FIN Manual procedures for processing the 31 paid invoices and claims we selected to review. For example:
  - a. The Court could not provide procurement documents, such as a purchase order or contract, to support eight invoices. In addition, purchase orders for another three invoices did not contain prices and the agreement for one other invoice was outdated and incomplete. As a result, we could not determine whether the payment was appropriate for these 12 invoices.
  - b. Ten invoices and claims did not reflect evidence of goods or services received.
  - c. Seven claims did not contain signatures or initials indicating court authorization for payment.
  - d. Three claims did not contain the associated case numbers or names.

### **Recommendations**

To ensure the Court can demonstrate responsible and economical use of public funds when processing invoices for payment, it should consider the following:

1. Establish and maintain a payment authorization matrix that lists court employees who are authorized to commit court resources and approve certain invoices for payment. The matrix should include the dollar limits and scope of authority for each authorized employee.
2. Provide training and instruction to accounts payable staff to ensure they follow the uniform guidelines for processing invoices and claims that are provided in the FIN Manual. For example, accounts payable staff should make sure invoices are matched and compared to a corresponding purchase order or contract and to appropriate evidence that acceptable goods or services were received before processing for payment. In addition, claims should reference the associated case number and name, and should include payment approval signatures or initials from an authorized court employee before processing for payment.

### **Superior Court Response**

**By: Cynthia Busse, Court Executive Officer**

**Date: March 19, 2012**

The Court agrees with the recommendations. 1. The Court will create a payment authorization matrix. 2. The Court will provide additional training and instruction and/or seek additional Phoenix training, as applicable. The training sessions will be held on a regular ongoing basis.

Date of Corrective Action: June 30, 2012, and ongoing

Responsible Person(s): Cynthia Busse, Court Executive Officer

## **11.2 The Court Should Strengthen Its Petty Cash Procedures**

### **Background**

Trial courts may use a petty cash fund to streamline the purchase of certain supplies and services, but must follow certain control procedures to ensure it is used appropriately and not misused. Specifically, FIN Manual Policy No. 8.04, section 3.0, states that a petty cash fund may be established when the trial court needs to keep a small amount of cash on hand to purchase low-value supplies and services—such as stamps, postage, parking, and cab fare needed for official court business—that cannot be practically purchased by other means. The maximum petty cash purchase is \$100 unless advance approval from the Court Executive Officer (CEO) is obtained.

Also, section 6.4 addresses petty cash disbursements and states that each disbursement must be documented by a petty cash receipt, which should contain the following information:

- Date of purchase or payment
- Name of vendor or other payee
- Amount paid
- Description of the goods purchased (entered by the vendor if a handwritten receipt is obtained, or by the purchaser if a cash register tape is issued) or of the services provided.
- The trial court account the disbursement should be charged to
- Signature indicating receipt of purchases or services

In addition, the original vendor invoice, cash register receipt, or other evidence of the transaction for which petty cash is disbursed must be attached to the petty cash receipt.

Further, FIN Manual, Policy No. 1.01, section 6.4.4, requires courts to document and obtain AOC approval of their alternative procedures if court procedures differ from the procedures in the FIN Manual. The paragraph further states that alternative procedures not approved by the AOC will not be considered valid for audit purposes.

### **Issue**

To determine whether the Court uses and maintains its petty cash fund consistent with the guidelines in the FIN Manual, we interviewed the CEO, who is also the petty cash custodian, and reviewed purchases reimbursed by the petty cash fund for the period October 2010 through August 2011. Our review revealed the following:

1. The Court uses the petty cash fund for expenditures other than to purchase small value supplies and services for official court business. Specifically, the Court made five purchases of between \$5.99 and \$24.68 for coffee and coffee supplies provided to non-sequestered jurors during the period under review. California Rules of Court, Rule 10.810, allows meals and lodging costs for sequestered jurors as a court operation, not similar costs for non-sequestered jurors. Also, the Court replenished cashier shortages of 50 cents and one dollar during the same period.

### **Recommendation**

To ensure it uses its petty cash fund consistent with the petty cash procedures outlined in the FIN Manual, the Court should consider the following:

1. Use its petty cash fund only to purchase low-value items and services, such as stamps, bus tickets, and cab fare.
2. If the Court cannot implement the FIN Manual procedures and use the petty cash fund as intended, the Court should prepare an alternative procedure request and submit it to the AOC for approval. The request should identify the FIN Manual procedures the Court cannot implement, the reasons why it cannot implement the procedures, a description of its alternate procedures, and the controls it proposes to implement to mitigate the risks associated with not implementing the associated FIN Manual procedures.

### **Superior Court Response**

**By: Cynthia Busse, Court Executive Officer**

**Date: January 26, 2012**

The Court agrees with the recommendations and has implemented procedures to ensure the petty cash fund is used for its intended purpose.

Date of Corrective Action: January 1, 2012

Responsible Person(s): Cynthia Busse, Court Executive Officer

## 12. Fixed Assets Management

### Background

The FIN Manual provides uniform guidelines for trial court to use when acquiring, capitalizing, monitoring, and disposing of assets. Specifically, trial courts must establish and maintain a Fixed Asset Management System (FAMS) to record, control, and report all court assets. The primary objectives of the system are to:

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

The table below presents account balances from the Court's general ledger that are considered associated with this section.

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
<b>Expenditures</b>				
922603 OFFICE FURNITURE – MINOR	422.30	18,489.69	(18,067.39)	-97.72%
922610 COMPUTER ACCESSORIES	1,554.26	2,484.45	(930.19)	-37.44%
922611 COMPUTER	4,676.74	7,138.64	(2,461.90)	-34.49%
922612 PRINTERS	1,302.83	2,605.49	(1,302.66)	-50.00%
922699 MINOR EQUIPMENT - UNDER \$	2,136.77	2,697.05	(560.28)	-20.77%
* <b>922600 - MINOR EQUIPMENT – UNDER</b>	<b>10,092.90</b>	<b>33,415.32</b>	<b>(23,322.42)</b>	<b>-69.80%</b>
945301 MAJOR EQUIPMENT - NON-IT	0.00	25,000.00	(25,000.00)	-100.00%
* <b>945200 - MAJOR EQUIPMENT</b>	<b>0.00</b>	<b>25,000.00</b>	<b>(25,000.00)</b>	<b>-100.00%</b>

Due to the small size of the Court and the limited number of fixed assets, we did not review this area.

### **13. Audits**

#### **Background**

There are many legal requirements and restrictions surrounding the use of public resources that can lead to audits of trial court operations and finances. The court must, as part of its standard management practice, conduct its operations and account for its resources in a manner that will withstand audit scrutiny. During an audit, the court must fully cooperate with the auditors to demonstrate accountability, efficient use of public resources, and compliance with all requirements. Substantiated audit findings shall be investigated and corrected in a timely fashion.

We reviewed prior audits conducted on the Court to obtain an overview of the issues identified and to determine during the course of our audit whether these issues have been corrected or resolved. Specifically, IAS initiated an audit of the Court in 2007 that included a review of various fiscal and operational processes. Issues from the 2007 audit that have not been corrected or resolved, and repeat issues may be identified in various sections of this report.

**There were no significant issues to report to management.**

## 14. Records Retention

### Background

The FIN Manual establishes uniform guidelines for the trial court to retain financial and accounting records. According to the FIN Manual, it is the policy of the trial court to retain financial and accounting records in compliance with all statutory requirements. Where legal requirements are not established, the trial court shall employ sound business practices that best serve the interests of the court. The trial court shall apply efficient and economical management methods regarding the creation, utilization, maintenance, retention, preservation, and disposal of court financial and accounting records.

The table below presents account balances from the Court's general ledger that are considered associated with this section. A description of the areas and how they were reviewed as a part of this audit is contained below.

ACCOUNT	TOTAL FUNDS AS OF		\$ Inc. (Dec.)	% Change
	June 30, 2011	June 30, 2010		
<b>Expenditures</b>				
935203 STORAGE	4,715.00	4,680.00	35.00	0.75%

We assessed the Court's compliance with the record retention requirements provided in statute and in the FIN Manual through a self-assessment questionnaire. Furthermore, we observed and evaluated the Court's retention of various operational and fiscal records throughout the audit.

**There were no significant issues to report to management.**

## 15. Domestic Violence

### **Background**

In June 2003, the Joint Legislative Audit Committee (JLAC) requested IAS to conduct an audit of the court-ordered fines and fees in specified domestic violence cases in California. JLAC had approved an audit on the funding for domestic violence shelters based on a request from a member of the Assembly. As a part of the March 2004 report, IAS agreed to test the assessment of fees and fines in domestic violence cases on an on-going basis.

We identified the statutory requirements for assessments of criminal domestic violence fines, fees, penalties, and assessments, and obtained an understanding of how the Court ensures compliance with these requirements. We also selected certain criminal domestic violence cases with convictions and reviewed their corresponding CMS and case file information to determine whether the Court assessed the statutorily mandated fines and fees.

**The following issues were considered significant enough to bring to management's attention in this report.**

### **15.1 The Court Could More Consistently Assess the Domestic Violence Fines, Fees, and Assessments Required By Statute**

#### **Background**

Domestic violence (DV) is one of the leading causes of injuries to women in the United States. A nationwide survey reported that nearly one-third of American women had reported being physically or sexually abused by their husbands or boyfriends at some time in their lives. Effects can also extend to the children of the victims, elderly persons, or any family members within the household.

In 2003, the Legislature held a public hearing to examine DV shelter services. DV shelters obtain funding not only from state and federal sources; they also receive funding from the fines ordered through judicial proceedings of DV cases. Concerns were expressed about the wide disparities from county to county in the amount of resources available for shelter services, as well as concerns about the lack of consistency in the assessment of fines. As a result of a request from an assembly member, the Joint Legislative Audit Committee requested that the Administrative Office of the Courts' Internal Audit Services (IAS) conduct an audit of court-ordered fines and fees in certain DV cases.

As a part of the audit report that IAS issued in March 2004, IAS agreed to review the fines and fees in DV cases on an on-going basis. For example, courts are required to impose or assess the following statutory fines and fees in DV cases:

- Penal Code (PC) 1202.4 (b) State Restitution Fine

Courts must impose a separate and additional State Restitution Fine of not less than \$200 for a felony conviction and not less than \$100 for a misdemeanor conviction in every case where a person is convicted of a crime. Courts must impose this fine unless it finds compelling and extraordinary reasons for not doing so and states those reasons on the record. Inability to pay is not considered a compelling and extraordinary reason not to impose this restitution fine, but may be considered only in assessing the amount of fine in excess of the minimum.

- PC 1202.44 (or PC 1202.45) Probation (or Parole) Revocation Restitution Fine  
Effective January 2005, courts must impose an additional Probation (or Parole) Revocation Restitution Fine in the same amount as the restitution fine imposed under PC 1202.4 (b) in every case in which a person is convicted of a crime and a probation (or parole) sentence is imposed.
- PC 1203.097 (a)(5) Domestic Violence Fee  
Effective January 1, 2004, courts must include in the terms of probation a minimum 36 months probation period and \$400 fee if a person is granted probation for committing domestic violence crimes. The legislation that amended the Domestic Violence Fee from \$200 to \$400 sunset on January 1, 2010, but a bill enacted on August 13, 2010, amended the fee back to \$400. Courts may reduce or waive this fee if they find that the defendant does not have the ability to pay.
- PC 1465.8 (a)(1) Court Security Fee  
Effective August 17, 2003, courts must impose a \$20 (\$30 effective July 28, 2009, and \$40 effective October 19, 2010) Court Security Fee on each criminal offense conviction.
- Government Code (GC) 70373 Criminal Conviction Assessment  
Effective January 1, 2009, courts must impose a \$30 Criminal Conviction Assessment for each misdemeanor or felony and an amount of \$35 for each infraction.

### **Issues**

Our review of the Court's criminal DV convictions for fiscal year 2010-2011 found cases where the Court did not always assess the statutorily required fines, fees, and assessments. Specifically, our review of eight DV case files with criminal convictions revealed that the Court did not consistently assess the statutorily required DV fines, fees, and assessments as follows:

1. In four of the eight cases, the Court Security fee was not ordered, and was assessed only once for two other cases with more than one conviction. Also, the Criminal Conviction Assessment was not ordered for the previously mentioned four cases where the Court Security fee was not ordered.

2. Further, in one case where probation was ordered, the Domestic Violence Probation fine was not assessed. In another case, the Court did not assess the required State Restitution fine.

**Recommendation**

To ensure that the statutorily required minimum criminal domestic violence fines and fees are assessed, the Court should consider the following:

1. Create a bench schedule of the required DV fines and fees as a tool for judicial officers and staff to reference and use when imposing fines and fees during sentencing.

**Superior Court Response**

**By: Cynthia Busse, Court Executive Officer**

**Date: March 16, 2012**

The Court agrees with this recommendation and has created a Domestic Violence Fines and Fees Bench Schedule, which has been distributed to judicial officers and staff.

Date of Corrective Action: March 13, 2012

Responsible Person(s): Hon. F. Dana Walton, Presiding Judge; Cynthia Busse, Court Executive Officer; and Richard Blalock, Information Systems Analyst

## 16. Exhibits

### **Background**

Exhibits are oftentimes presented as evidence in both criminal and civil cases. Trial courts are responsible for properly handling, safeguarding, and transferring these exhibits. Trial court and security personnel with these responsibilities are expected to exercise different levels of caution depending on the types of exhibits presented. For example, compared to paper documents, 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.

A suggested best practice for trial courts includes establishing written Exhibit Room Manuals (manual). These manuals normally define the term “exhibit” as evidence in the form of papers, documents, or other items produced during a trial or hearing and offered in proof of facts in a criminal or civil case. While some exhibits have little value or do not present a safety hazard, such as documents and photographs, other exhibits are valuable or hazardous and may include: contracts or deeds, weapons, drugs or drug paraphernalia, toxic substances such as PCP, ether, and phosphorus, as well as cash, jewelry, or goods such as stereo equipment. To minimize the risk of exhibits being lost, stolen, damaged, spilled, and/or disbursed into the environment, a manual should be prepared and used to guide and direct exhibit custodians in the proper handling of exhibits. Depending on the type and volume of exhibits, court manuals can be brief or very extensive. Manuals would provide exhibit custodians with procedures and practices for the consistent and proper handling, storing, and safeguarding of evidence until final disposition of the case.

We evaluated controls over exhibit handling and storage by interviewing court managers and staff with exhibit handling responsibilities, reviewing the Court’s exhibit handling policy and procedures, and observing the physical conditions of exhibit storage areas. In addition, we validated selected exhibit record listings to actual exhibit items and vice-versa to determine whether all exhibit items have been accurately accounted for and to evaluate the efficacy of the Court’s exhibit tracking system.

**There were no significant issues to report to management.**

## 17. Bail

### Background

In general, bail is used to influence the presence of a defendant before the court and is most commonly submitted in the form of cash or a surety bond. Surety bonds are contracts guaranteeing that specific obligations will be fulfilled and may involve meeting a contractual commitment, paying a debt, or performing certain duties. Bail bonds are one type of surety bond. If someone is arrested on a criminal charge the court may direct he be held in custody until trial, unless he furnishes the required bail. The posting of a bail bond acquired by or on behalf of the incarcerated person is one means of meeting the required bail. When a bond is issued, the bonding company guarantees that the defendant will appear in court at a given time and place. Bail bonds are issued by licensed "Bail Agents" who specialize in their underwriting and issuance and act as the appointed representatives of licensed surety insurance companies. California Rules of Court (CRC) 3.1130(a) outlines certain conditions for insurance companies to meet prior to being accepted or approved as a surety on a bond:

A corporation must not be accepted or approved as a surety on a bond or undertaking unless the following conditions are met:

- The Insurance Commissioner has certified the corporation as being admitted to do business in the state as a surety insurer;
- There is filed in the office of the clerk a copy, duly certified by the proper authority, of the transcript or record of appointment entitling or authorizing the person or persons purporting to execute the bond or undertaking for and in behalf of the corporation to act in the premises, and
- The bond or undertaking has been executed under penalty of perjury as provided in Code of Civil Procedures section 995.630, or the fact of execution of the bond or undertaking by the officer or agent of the corporation purporting to become surety has been duly acknowledged before an officer of the state authorized to take and certify acknowledgements.

Further, Penal Code Sections 1268 through 1276.5, 1305, and 1306 outline certain bail procedures for trial courts to follow such as annual preparation, revision, and adoption of a uniform countywide bail schedule and processes for courts to follow when bail is posted.

We interviewed Court managers and staff to determine the Court's processes in establishing and tracking bail as well as validating posted bail bonds. We also reviewed the County Uniform Bail Schedule and selected case files where bail was posted to determine compliance with CRC and applicable Penal Code Sections.

**There was one minor issue associated with this area that is contained in Appendix A to this report.**

**APPENDIX A**

**Superior Court of California,  
County of Mariposa**

**Issue Control Log**

**Note:**

**The Issue Control Log summarizes 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 with “Log” in the Report No. column are only listed in this appendix. Additionally, issues that were not significant enough to be included in this report were discussed with Court management as “informational” issues.**

**Those issues for which corrective action is considered complete at the end of the audit indicate a “C” in the column labeled C. Issues that remain open at the end of the audit indicate 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 corrective efforts indicated by the Court.**

**January 2012**

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
<b>1 Court Administration</b>								
		Log	The Presiding Judge is not involved in monitoring submitted matters. The memo that lists, among other things, all matters under submission as of the memo date is sent to the CEO rather than the Presiding Judge.		C	Several modifications to the memo process have been undertaken. The month end memo reporting is now directed to the Presiding Judge and copied to the Assistant Presiding Judge and CEO. Written status of matters under submission now include specific date ranges and judicial officers with case names and numbers.	Court Executive Officer (CEO); Court Supervisor	February 2012
		Log	The Court acknowledged that it has not, through local rule, defined a day of vacation for judges pursuant to ROC 10.603(c)(2)(H).	I		This will be incorporated in the Court's process of updating the Local Rules.	CEO	June 2013
		Log	The Court acknowledged that it has not established a documented process for setting and approving any changes to the CEO's total compensation package pursuant to ROC 10.603(c)(6)(C). The Court stated this will be implemented prior to any future changes.	I		This process will be incorporated prior to any future changes.	Presiding Judge (PJ)	June 2013
<b>2 Fiscal Management and Budgets</b>								
		Log	For 2 of 3 compensatory time items reviewed, the Court did not follow union-established compensatory time use policy.		C	Comp time carry forward balances beyond 45 days will be paid out at the time of payment of the next payroll, pursuant to the terms of the MOU.	CEO	November 2011
<b>3 Fund Accounting</b>			<b>No issues to report.</b>					
<b>4 Accounting Principles and Practices</b>								
		Log	For the AB 1058 Child Support Commissioner grant, the Court claimed a reimbursement percentage less than the AOC-assigned reimbursement percentage. As a result, the Court used approximately \$9,600 of its own funds to make up the difference.	I		The Court is in the process of conferring with the AB1058 grant accountant for clarification of the award letters and will incorporate any and all necessary changes/updates once confirmed.	CEO	June 2012
<b>5 Cash Collections</b>								
	5.1		<b>Closer Oversight Is Needed Over Delinquent Payment Plans</b>					
		5	The Court did not send delinquency notices to the five delinquent payment plan cases identified and did not refer these cases to the County Probation Revenue and Recovery for collection.	I		The Court agrees with this recommendation. The Court has set up a different tracking system within the CMS A/R program and staff is creating a procedure based on the new tracking system.	CEO; Court Supervisor; Court Systems Analyst	June 2012
		5	Four of ten cases that the Court considered current were in fact between 13 and 52 days delinquent. In addition, at the time of our review, the Court had not sent delinquency notices for these four cases and had not referred one of the four cases to the County Probation Revenue and Recovery for collection even though it is eligible for collections.	I		See response above.	CEO; Court Supervisor; Court Systems Analyst	June 2012
		Log	At the time of our review, court clerks were processing their own void transactions. In addition, the void transactions were processed before the court supervisor reviewed and approved them. The Court took appropriate immediate action and now requires the court supervisor to process void transactions after her review and approval.		C	The Court Supervisor is now the primary responsible for void transactions.	CEO; Court Supervisor	September 2011
		Log	Court employees who handle cash are not bonded or covered by theft or crime insurance.	I		The Court is in the process of obtaining a commercial crime insurance policy.	CEO	June 2012

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Court does not send the 20-day deficiency notice as specified in Code of Civil Procedure, section 411.21(a).		C	The Court has created a 20-day deficiency notice template and CMS event code for tracking purposes.	CEO; Court Supervisor	March 2012
		Log	The Court does not require drop box payments to be logged similar to mail payments.		C	The Court Supervisor or Lead Clerk is now responsible for opening the drop box along with another staff member to act as the logger to list payments received via the drop box. The mail log has been modified to include a section for the drop box.	CEO; Court Supervisor	September 2011
		Log	Court employee who delivers the daily deposit to treasury is also the person notified when the daily deposit does not match the bank deposit.		C	The County Treasurer's practice is to call Court Admin if there is a bank deposit discrepancy. If such a call is received, it will be referred to the staff member that did not reconcile the deposit for appropriate action. Any discrepancies will be listed on a discrepancy log and require CEO sign off.	CEO	November 2011
		Log	At the time of our review, the Court had not conducted any surprise cash counts.	I		The Court will commence random surprise cash counts.	CEO	April 2012
		Log	At the time of our review, the manual receipt book was not kept under supervisor control until needed. The Court took appropriate and immediate corrective action and placed control of the manual receipt book with the Court Supervisor.		C	The manual receipt book is now maintained in a locked safe in the Court Supervisor's Office. The Court Supervisor or Lead Clerk are responsible for providing as needed and maintaining control.	CEO; Court Supervisor	September 2011
		Log	Although the Court promptly entered manual receipts in CMS, it did not always note the CMS receipt number on the manual receipt to confirm that the payment was entered into the CMS.		C	The Court has implemented a more consistent practice of verifying the account information and entering the CMS receipt # on the manual receipt. Random checks by the CEO will be performed for monitoring	CEO; Administrative Assistant	September 2011
		Log	At the time of our review, each cashier's daily closeout was not verified by the Court Supervisor and was not reconciled to the CMS. The Court took appropriate immediate corrective action and the Court Supervisor now verifies cashier closeouts and the administrative assistant verifies that cashier closeouts agree to the CMS.		C	The Court Supervisor is the primary responsible to verify cashier receipts and Court Admin verifies those cashier receipts against the CMS report.	CEO; Court Supervisor	September 2011
		Log	At the time of our review, the person who prepared the deposit also entered the deposit information into the county financial system as well as walked the deposit to the county treasury. The Court took appropriate immediate corrective action and now has the Court Executive Assistant enter the deposit information into the County financial system.		C	This duty has been segregated. The individual that reconciles the daily receipts now turns the deposit over so another employee can verify the deposit and enter it into the County system. The deposit is then placed in a locked bank bag. The original reconciler then delivers the locked bag to the County Treasurer.	CEO	September 2011
		Log	The Court does not periodically monitor collection activities on delinquent accounts referred to the third party collection agency.	I		The Court will implement a review process to be performed on a periodic basis.	CEO	June 2012
		Log	The Court referred three delinquent cases to the County for collections between 14 and 18 business days after the final due date when Court policy is to refer delinquent cases within five business days after the final due date.		C	The Collections/Criminal Clerk position was filled as of 7/1/11. The Court Clerk has been trained and is now referring cases to collections on a weekly basis.	CEO; Court Supervisor	August 2011
		Log	Of the 10 delinquent cases reviewed that were referred to the County and for which a payment was received, payment in full for one case was not noted in the CMS. Further, of the two delinquent cases reviewed that were referred to GC Services where a payment was received, the DMV hold was removed for one case prior to the Court receiving payment in full.		C	This matter was incorporated and addressed during training.	CEO; Court Supervisor	August 2011
<b>6</b>	<b>Information Systems</b>							
		6.1	<b>The Court Needs to Improve Its Calculations and Distributions of Court Collections</b>					
		7	The GC 70372(a) State Court Construction penalty was not assessed in 13 of 14 distribution tables reviewed.	I		The Court agrees with all recommendations 1-10 and has undertaken all necessary steps to update and implement.	PJ; CEO; Court Systems Analyst	April 2012

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		7	For the two DUI distribution tables reviewed, the GC 68090.8 2% Automation fee was not assessed to the GC 76000.10(c) EMAT penalty.	I		See response above.	PJ; CEO; Court Systems Analyst	April 2012
		7	For one of the two DUI distribution tables reviewed, the PC 1463.14(a), PC 1463.16, and PC 1463.18 DUI Base Reductions were not assessed, and a lower base fine than the base fine assigned was used to incorrectly calculate the PC 1464 State penalty and the GC 76000 local penalties. Further, the PC 1465.7 20% State Surcharge was not calculated correctly.	I		See response above.	PJ; CEO; Court Systems Analyst	April 2012
		7	The PC 1202.4 State Restitution fine was not assessed in one of the two DUI distribution tables reviewed as well as in the Reckless Driving distribution table reviewed.	I		See response above.	PJ; CEO; Court Systems Analyst	April 2012
		7	The PC 1463.14(a) and PC 1463.16 Reckless Driving Base Reductions were not assessed in the Reckless Driving distribution table reviewed.	I		See response above.	PJ; CEO; Court Systems Analyst	April 2012
		7	For the Red Light Bail Forfeiture and the Red Light Traffic School distribution tables, the 30% Red Light Allocation was not assessed and distributed to the Red Light Fund.	I		See response above.	PJ; CEO; Court Systems Analyst	April 2012
		7	The base fine in the Child Seat Bail Forfeiture distribution table was not allocated pursuant to VC 27360.5.	I		See response above.	PJ; CEO; Court Systems Analyst	April 2012
		7	For the Child Seat Traffic School distribution table, the Court incorrectly calculated the distribution as a regular traffic school case. The distributions for Child Seat Traffic School cases should be calculated the same as Child Seat Bail Forfeiture cases. In other words, the only difference between the two is the addition of the TVS fee. As a result of the errant distribution method, the GC 68090.8 2% Automation fee was not assessed and correct amounts were not distributed to the various State and local penalty assessments.	I		See response above.	PJ; CEO; Court Systems Analyst	April 2012
		7	For the Unattended Child distribution table, the base fine was not allocated pursuant to VC 15630.	I		See response above.	PJ; CEO; Court Systems Analyst	April 2012
		7	For the Proof of Insurance distribution table, the base fine was not reduced by the PC 1463.22 Base Reductions.	I		See response above.	PJ; CEO; Court Systems Analyst	April 2012
		7	For the Proof of Insurance distribution table, the GC 68090.8 2% Automation fee was not assessed on the PC 1463.22 Base Reductions.	I		See response above.	PJ; CEO; Court Systems Analyst	April 2012
		7	For the Health and Safety distribution table, the HS 11372.5 and HS 11372.7 Base Enhancements were not assessed.	I		See response above.	PJ; CEO; Court Systems Analyst	April 2012
		<b>Log</b>	Distribution amounts were incorrectly calculated for the one Reckless Driving distribution table reviewed resulting in a variance of about two dollars.	I		The Court will update the appropriate CMS financial code(s) to correct this variance.	CEO; Court Systems Analyst	April 2012
		<b>Log</b>	The Court has not developed and implemented a business continuity plan. <b>(Repeat)</b>	I		The Court will develop and implement a business continuity plan.	CEO; Court Systems Analyst	June 2013
		<b>Log</b>	The Court's IT policy and procedures do not address user ID and password management, special user accounts, and virus protection for its network. Further, the Court's IT policy and procedures does not address user ID management, privileged user and special user accounts, and remote access for its CMS. <b>(Repeat)</b>	I		The Court will address these issues in updated policies and procedures.	CEO; Court Systems Analyst	June 2013

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court does not require a temporary employee or contractor to sign a privacy agreement, delete remote access within one day of a temporary employee or contractor separating from the Court, and verify with Court management at least annually that a temporary employee or contractor still needs remote access.	I		The Court will address these issues and will seek assistance from OGC for a privacy agreement template.	CEO	June 2013
		Log	The Court does not have an MOU with the County requiring compliance with the Court's IT policy and procedures for County personnel who have remote access.	I		The Court will address these issues and will contact OGC for assistance	CEO	June 2013
		Log	At the time of our review, four Court employees had access to DMV data but worked in areas that did not require DMV access to perform their assigned job duties. In addition, the CMS vendor also had access to DMV data but no longer required access. The Court subsequently removed their DMV access.		C	The Court has restricted DMV access to only those individuals assigned as primary users.	CEO; Court Systems Analyst	October 2011
		Log	Two of three CTSI employees, as well as the CMS vendor, did not have Information Security Statements on file. The Court subsequently removed DMV access for these three individuals.		C	The Court has restricted DMV access to only those individuals assigned as primary users. Information Security Statements will be obtained, if needed.	CEO; Court Systems Analyst	October 2011
<b>7</b>	<b>Banking and Treasury</b>							
	7.1		<b>The Court Needs to Reconcile Its Trust Account Balances (Repeat)</b>					
		1	The Court does not perform any reconciliation of funds held in trust, including a reconciliation between the county treasury and the CMS. <b>(Repeat)</b>	I		The Court agrees with this recommendation and will create a corrective action plan to implement as staffing resources can be allocated during the upcoming Fiscal Year.	CEO; Executive Assistant	June 2012
		1	The Court does not apply interest earned on trust funds to individual cases.	I		The Court will address the issue of interest earnings with the County in its MOU negotiation discussions.	CEO; Executive Assistant	FY 2012-2013
<b>8</b>	<b>Court Security</b>							
		Log	The Court does not have written procedures informing staff what actions they should take should certain emergencies occur.	I		Previously, the Court has provided safety training sessions, along with verbal instructions as to the steps to be followed for evacuation purposes. The court will reduce the safety training information and evacuation instructions into a written format.	CEO	December 2012
<b>9</b>	<b>Procurement</b>							
		Log	The Court acknowledged not being fully compliant with the Procurement, Invoice Processing, Travel Expense Reimbursement, and Business meal Expense sections of the FIN Manual.		C	A. The Court has updated its MOU to reflect current Travel Expense and Business Meal Expense Reimbursements. B. The Court has implemented processes to maintain compliance and consistency regarding Procurement and Invoice Processing.	CEO	January 2012
		Log	The Court does not have a procurement/requisition approval authorization matrix or a payment authorization matrix. <b>(Repeat)</b>	I		The Court will develop and implement a procurement/requisition approval authorization /payment authorization matrix.	CEO	December 2012
		Log	The Court could not provide a purchase requisition for 13 of the 18 procurement transactions we reviewed. In addition, the CEO or her designee did not sign-approve purchase requisitions for three other procurements and did not indicate appropriate account codes or verification of budgeted funds. Further, for the two purchase requisitions that were signed-approved, appropriate account codes and verification of budgeted funds were not noted. <b>(Repeat)</b>		C	These issues have been addressed in additional training sessions. Regular training will continue to be provided. The Court has implemented a policy that requires written authorization.	CEO	February 2012
		Log	The Court could not provide a purchase order, contract, or other agreement for eight of the 18 procurements reviewed. Therefore, we could not determine whether the Court followed proper procurement procedures or whether purchase value thresholds were circumvented. <b>(Repeat)</b>		C	The Court has implemented a more consistent practice of attaching all backup documentation even though it may be available in another (file) location. The CEO will perform periodic reviews.	CEO	February 2012

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court did not use the appropriate competitive procurement method for four other purchases. Specifically, the Court did not obtain three documented quotes received by phone or Internet for three low value purchases of between \$1,200 to \$1,650 each. Further, the Court did not obtain three written offers for one small purchase of approximately \$5,550. <b>(Repeat)</b>	I		The Court will implement a more consistent practice of procurement documentation. The CEO will perform periodic reviews.	CEO	Ongoing
		Log	The Court did not prepare the required documented justification for four sole source procurements. <b>(Repeat)</b>	I		This issue has been addressed in additional training sessions. The Court will attach documented justification for sole source procurements. The CEO will perform periodic reviews.	CEO	Ongoing
<b>10</b>	<b>Contracts</b>							
	10.1		<b>The Court Needs to Negotiate Agreements for County-Provided Services (Repeat)</b>					
		3	The Court acknowledged its MOUs are out of date and do not clearly identify the method of service delivery and the anticipated service outcomes. <b>(Repeat)</b>	I		The Court agrees with the recommendations and has requested assistance from OGC/Transactions & Business Operations Unit. Once the appropriate drafts have been finalized, the Court will move forward with the meet and confer process with County.	CEO	FY 2011-2012
		3	Not all county-provided services are covered under an MOU. Specifically, payroll processing, custodial, and enhanced collections services are not covered under an MOU. <b>(Repeat)</b>	I		See response above.	CEO	FY 2012-2013
		Log	One of two contracts reviewed did not specify an ending date for the contract and did not contain an independent contractor status clause. <b>(Repeat)</b>	I		The Court has contacted OGC for assistance in creating a contract template incorporating all necessary provisions.	CEO	June 2012
		Log	The other contract allowed reimbursement of travel meals at higher rates than State-approved rates. <b>(Repeat)</b>		C	This has been rectified. Meals are now reimbursed at the State approved rates (instead of the County rates).	CEO	January 2012
		Log	One of two MOUs reviewed did not contain an indemnification clause and did not clearly define the method of service delivery or the anticipated service outcome as required by Government Code, section 77212(d)(1). <b>(Repeat)</b>	I		The Court has contacted OGC for assistance in creating a contract template incorporating all necessary provisions.	CEO	June 2012
		Log	One of two contracts reviewed and one of two MOUs reviewed did not contain a labor documentation clause, such as timesheets, even though the agreements called for personal services. <b>(Repeat)</b>	I		The Court has contacted OGC for assistance in creating a contract template incorporating all necessary provisions.	CEO	June 2012
		Log	Both contracts reviewed and one of two MOUs reviewed allowed the contractor to terminate the agreement for convenience and did not contain a confidentiality clause. <b>(Repeat)</b>	I		The Court has contacted OGC for assistance in creating a contract template incorporating all necessary provisions.	CEO	June 2012
		Log	Both MOUs reviewed and one of two contracts reviewed did not contain a dispute resolution clause. <b>(Repeat)</b>	I		The Court has contacted OGC for assistance in creating a contract template incorporating all necessary provisions.	CEO	June 2012
		Log	All four contracts and MOUs reviewed did not contain an availability of funds clause or an audit rights clause. <b>(Repeat)</b>	I		The Court has contacted OGC for assistance in creating a contract template incorporating all necessary provisions.	CEO	June 2012
		Log	The Court does not have an updated agreement with Merced Superior Court for child support commissioner services.	I		N/A. As of April 1, 2012, Merced Superior Court no longer provides Child Support Commissioner services to Mariposa.	CEO	April 2012
<b>11</b>	<b>Accounts Payable</b>							
	11.1		<b>The Court Needs to Strengthen Its Invoice Review and Approval Procedures (Repeat)</b>					
		6	The Court does not have an invoice payment approval matrix. As a result, 24 of 31 invoices and claims reviewed did not have evidence of review and approval by appropriate court personnel prior to payment.	I		The Court agrees with the recommendations. 1. The Court will create a payment authorization matrix.	CEO	June 2012

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		6	The Court could not provide procurement documents to support eight of the 21 invoices reviewed. In addition, purchase orders for another three invoices did not contain prices and the agreement for one other invoice was outdated and incomplete. As a result, we could not determine whether the payment was appropriate for these 12 invoices. <b>(Repeat)</b>	I		2. The Court will provide additional training and instruction and/or seek additional Phoenix training, as applicable. The training sessions will be held on a regular ongoing basis.	CEO	Ongoing
		6	Of the 30 invoices and claims reviewed, 10 did not reflect evidence of goods or services received. <b>(Repeat)</b>	I		See response above.	CEO	Ongoing
		6	Seven of nine claims reviewed did not contain court authorization for payment. <b>(Repeat)</b>	I		See response above.	CEO	Ongoing
		6	Three of nine claims reviewed did not contain case numbers or names. <b>(Repeat)</b>	I		See response above.	CEO	Ongoing
	11.2		<b>The Court Should Strengthen Its Petty Cash Procedures</b>					
		4	Petty cash fund is used for expenditures other than to purchase small value supplies and services for official court business. Specifically, the petty cash fund was used to purchase coffee, coffee supplies, and to replenish cashier shortages.		C	The Court agrees with the recommendations and has implemented procedures to ensure the petty cash fund is used for its intended purpose.	CEO	January 2012
		Log	Of the 30 invoices and claims reviewed, the vendor address on one invoice and one claim did not match the address listed on the SAP vendor list, and for another invoice, the vendor was not listed on the SAP vendor list. Two other invoices and claims did not contain an address; therefore, we could not verify vendor information to the SAP vendor list.	I		This issue has been addressed in additional training sessions. Per Diem vendors are reminded to include all vendor information and updates in their invoices. Court staff will document verbal follow ups for missing information. The CEO will perform periodic reviews.	CEO	Ongoing
		Log	For two of 21 invoices reviewed, the Court did not use the appropriate general ledger accounts.	I		This issue has been addressed in additional training sessions. Court staff will refer to the Chart of Accounts for appropriate verification of GLs.	CEO	Ongoing
		Log	For two of 21 invoices reviewed, the expenditures were not allowable. Specifically, one invoice was for monthly financial assistance to CASA of Mariposa County and the other invoice contained a charge for coffee for court employees.		C	Effective July 1, 2011, the Court discontinued its financial assistance to the CASA program. As of January 26, 2012, the Court no longer provides coffee.	CEO	July 2011; January 2012
		Log	The Court provided meals to non-sequestered jurors. Specifically, the Court provided coffee, fruit, and bakery items to non-sequestered jurors, whereas Rule of Court 10.810 allows meals only to sequestered jurors.		C	As of January 26, 2012, the Court no longer provides coffee, fruit and bakery items to non-sequestered jurors.	CEO	January 2012
		Log	The Court paid higher breakfast and dinner per diem rates than State-approved rates for all five travel expense claims reviewed. <b>(Repeat)</b>		C	The Court has updated its MOU to reflect current Travel Expense and Business Meal Expense Reimbursements.	CEO	January 2012
		Log	One travel expense claim submitted by the PJ was approved by the CEO rather than by the Assistant PJ.		C	The Assistant Presiding Judge now approves travel expense claims presented by the Presiding Judge.	PJ	January 2012
		Log	One travel expense claim requesting reimbursement for conference fees did not contain evidence of conference attendance.		C	This issue has been addressed in additional training sessions. Court policy requires proof of attendance documentation to be attached to the travel expense claims.	CEO	February 2012
		Log	The Court does not utilize a petty cash receipts form to document each petty cash disbursement.		C	The Court has implemented the petty cash disbursement form as provided in the FIN Manual.	CEO	January 2012
12	Fixed Assets Management		Not reviewed.					
13	Audits		No issues to report.					
14	Records Retention		No issues to report.					

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
<b>15</b>	<b>Domestic Violence</b>							
		<b>15.1</b>						
			<b>The Court Could More Consistently Assess the Domestic Violence Fines, Fees, and Assessments Required By Statute</b>					
		2	The PC 1465.8 Court Security fee was not ordered for four of eight cases reviewed and was assessed for only one conviction for two other cases where there was more than one conviction. Also, the GC 70373 Criminal Conviction Assessment was not ordered for the four cases where the Court Security fee was not ordered.	C		The Court agrees with this recommendation and has created a Domestic Violence Fines and Fees Bench Schedule, which has been distributed to judicial officers and staff.	PJ; CEO; Court Systems Analyst	March 2012
		2	The PC 1203.097(a) Domestic Violence Probation fine was not ordered in one case where probation was ordered and the PC 1202.4(b) State Restitution fine was not ordered in another case.	C		See response above.	PJ; CEO; Court Systems Analyst	March 2012
<b>16</b>	<b>Exhibits</b>		<b>No issues to report.</b>					
<b>17</b>	<b>Bail</b>							
		<b>Log</b>	For three of 10 bail bonds selected to review, one surety insurer has a license status of "Cease & Desist" according to the California Department of Insurance.	I		The Court will implement a process whereby the Court Clerks will verify the license status via the state insurance website.	CEO; Court Supervisor	June 2012