



Audit of the Superior Court of California, County of San Bernardino

AUDIT SERVICES REPORT

JANUARY 2015



JUDICIAL COUNCIL
OF CALIFORNIA

LEADERSHIP SERVICES DIVISION
AUDIT SERVICES

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Superior Court of California, County of San Bernardino

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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 Judicial Council of California (Judicial Council), Audit Services, began court audits in 2002.

The audit of the Superior Court of California, County of San Bernardino (Court) was initiated by Audit Services in June 2014. Depending on the size of the court, the audit process typically involves two or three audit cycles encompassing the following primary areas:

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

The audit process includes a review of the Court's compliance with California statute, California Rules of Court, the *Trial Court Financial Policies and Procedures Manual* (FIN Manual), and other relevant policies. Audit Services performed a similar audit of the Court in FY 2007–2008.

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 Audit Services believes that FISMA may not apply to the judicial branch, Audit Services understands that FISMA represents good public policy and conducts 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.

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

Audits conducted by Audit Services identify instances of non-compliance, such as with the FIN Manual and FISMA. Some of these instances of non-compliance are highlighted below in the **Audit Issues Overview**. Although audit reports do not emphasize or elaborate on areas of compliance, Audit Services does indirectly identify areas in which the Court was in

compliance with the FIN Manual and FISMA through its work and the lack of issues reported in those areas. For example except for those issues reported in this report, some of the areas where Audit Services found the Court in compliance included the following:

- An organizational plan that provides for an effective segregation of duties to properly safeguard assets, including money from its collection to deposit.
- Management controls to monitor personnel in the performance of their duties and responsibilities.
- The ability to attract and retain quality personnel that are knowledgeable and motivated to take accountability and responsibility for the performance of their duties.

To enable the Court to continue to improve and strengthen its system of internal controls, it is important that the Court note any areas of noncompliance to policy, procedures, laws, rules, and regulations reported in the body and appendix of this report. The Court should actively monitor the issues reported in this audit, and any issues identified by its own internal staff, to ensure it implements prompt, appropriate, and effective corrective action to any issues identified.

Audit Overview

The number of issues (133) in this audit is not considered unusual for a court this size based on our audits of other courts yet there are some significant issues as outlined below for management's attention. The Court has responded to the identified issues by correcting almost 100 issues (over 70%) at the end of the audit of the Court by Audit Services. Eighty-two or 62% of the issues identified are considered minor and only reported the appendix of the report. Finally, there are a minimal number (7) of issues repeated from the prior audit of the Court completed in 2008 considering that three of the seven are in the domestic violence section of this report.

Almost all of the issues that Audit Services considers high risk, or posing a higher than normal exposure to operational loss, were immediately addressed by the Court, or are in process or correction, when Court management was informed of them. It is also worthy to note that the Court has had significant fiscal issues in the last few years that has resulted in facility closures, reductions in staff and court hours, and other operational changes that have resulted in operational impacts. The last two fiscal years deficits resulted in expenditures in excess of revenues of approximately \$5.6 million and \$15.6 million on revenues of \$99 million and \$84 million, respectively. Additionally, judicial officers authorized (78) are far less than actual.

Any areas of noncompliance to policy, procedures, laws, rules, and regulations noted in this audit are reported in the body and appendix of this report. There are areas of noncompliance that Audit Services did not consider significant enough to include in the report, but were nonetheless communicated to Court management. Audit Services 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. Audit Services did not perform additional work to verify the implementation of all of the corrective measures asserted by the Court in its responses.

Although the audit identified numerous issues, the following issues are considered significant enough to highlight for Court management's attention:

Earnings on Civil Trust Money Not Disbursed With the Principal Amounts (7.1)

A superior court's obligation to pay out any interest that may have accrued on civil deposits when distributing the principal is covered by basic trust principals and case law. In the financial statements of June 30, 2014 (see page x of this audit report) San Bernardino Superior Court has recorded a total of \$12,999,895 of trust money held outside of the judicial council's treasury. This balance is the majority of trust money under the Court's fiduciary responsibility and remains in the County treasury as it has historically. Our audit encompassed a total of 13 civil cases within the ten county "funds" reviewed.

Of the 13 civil cases tested, the principal amount deposited for ten of the civil cases had been disbursed. However, interest earned was not fully disbursed for these 10 cases due to a lack of specificity in the judicial order to do so. Audit Services has seen in the past judicial orders which did not discuss, or were not clear as to, the intent to disburse interest with the principal amounts in the judicial order. Therefore, due to this the Court apparently did not disburse the interest nor did the Court reevaluate the reasoning behind the lack of disbursement or elevate the issue for clarification or resolution. Using Court records, Audit Services identified 894 civil trust accounts having civil trust monies totaling over \$11 million as of the date of our review of this area. Out of these 894 civil trust accounts, 520 (58%) have over \$1.3 million with only interest left in the account that Audit Services believes should have been disbursed along with the principal disbursement authorized by a previous judicial order that did not apparently specify earnings to be included in the disbursement.

In order to accomplish correction of the issue Audit Services has identified and make all parties whole, it was recommended that the Court must immediately initiate a remediation program and then going forward ensure that judicial officers, court management, and staff are instructed on the requirements when handling the disposition of civil trusts. The Court agreed and responded immediately with a remediation program. The Court agreed and responded immediately with a remediation program that has researched almost all of the cases, sent out letters, and has initiated the process of distributing the earnings.

Statutorily Required Domestic Violence Fines and Fees Are Not Accurately or Consistently Imposed (15.1) REPEAT

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.

Our review of the case files for 30 criminal cases where the defendant was convicted of a DV charge (DV cases) from July 2013 through January 2014 found that the Court did not always impose the correct fines and fees. Specifically, our review noted the following exceptions:

- For four (17%) of the 24 DV cases reviewed where probation was ordered, the Court did not order the \$500 DV Fee amount pursuant to PC 1203.097(a)(5). In our prior audit of

the Court we noted that in four of 11 cases tested the Court did not assess this fee and in one case it assessed less than the minimum amount required.

- For seven (35%) of the 20 DV cases where probation was ordered and the Court ordered a DV fee pursuant to PC 1203.097(a)(5), the Court assessed \$400 instead of the \$500 DV Fee in effect at the time of sentencing and did not state a reason on the record explaining why the minimum amount required was not assessed.
- For **all** 30 DV cases reviewed, the Court ordered a \$30 Court Operations fee per conviction instead of the required \$40 fee per conviction pursuant to PC 1465.8. IN our prior audit of the Court we noted that in 11 (69%) of the 16 cases tested the Court did not impose this fee.
- Although authorized by a county Board of Supervisors resolution, the Court did not impose the PC 1463.27 Local DV fee for all 30 DV cases reviewed.

The Court's response in February 2008 to the domestic violence fine and fee issues identified was a memorandum from the Presiding Judge at that time to all judges and commissioners reminding them of their obligations to assess these statutorily required fines and fees. In response to this audit's issues in this area, memos and an email were again sent to judicial officers and commissioners. Audit Services also recommends that the Court periodically monitor the assessment of these and other domestic fines and fees to ensure they are properly assessed in the future.

Other issues of significance for management's attention are detailed below and have either been corrected or are in the process of correction.

- Manual receipt control and oversight (5.2). This is one of the highest risk and exposure areas within the operational area of Court as it impacts the collection of court ordered debt and has resulted in numerous and significant defalcations in the superior courts. Audit Services notes that the control over the manual receipt books was not properly maintained and, additionally, our testing identified 23 missing receipts (22 at one location).
- Financial accounting and reporting (4.1). Audit Services review of general ledger funds and accounts noted that the Court did not follow prescribed financial accounting requirements for revenue and reimbursements whose use is restricted by statute or purpose. Additionally, Audit Services noted that the State Comprehensive Annual Financial Report (CAFR) did not properly report items. Examples of this include one lease which was not reported and software, software upgrades, and software consulting expenses which were reported as fixed asset additions.
- Civil Filing Fee Payments (5.4). Before courts proceed on civil cases, parties must pay their required civil filing fees in full or be granted a fee waiver which may initiate other payment processes including installment payment plans. Our review of nine civil cases in which the Court established a payment plan for the required civil filing fees found that the Court does not always fully collect the required civil filing fees. The Court's Compliance Unit is responsible for monitoring payment plans established for the payment of civil filing fees. Once an installment payment is delinquent, the Compliance Unit is required to generate and send a delinquent notice to the responsible party. However, of the nine civil cases reviewed where an installment payment plan had been established, seven civil cases had become

delinquent but the Compliance Unit had not sent a delinquent notice. A ruling or judgment was rendered in four of the seven civil cases prior to full payment of the civil filing fees.

STATISTICS

The Superior Court of California, County of San Bernardino (Court), operates from 10 court locations, five within the city of San Bernardino and one each in the cities of Barstow, Fontana, Joshua Tree, Rancho Cucamonga, and Victorville. The Court has 66 judges and 11 subordinate judicial officers and employs approximately 888 court staff to fulfill its administrative and operational activities. It incurred total trial court expenditures of more than \$104.7 million for the fiscal year that ended June 30, 2014.

Before 1997, courts and their respective counties worked within common budgetary and cost parameters—often the boundaries of services and programs offered by each blurred. The courts 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 delivery of county services necessary to operate each court.

For fiscal year 2013–2014, the Court received some services from the County of San Bernardino (County). For instance, the Court received County-provided services such as custodial, health benefits and insurance, mailroom, and printing services. At the time of our review, all County-provided services were covered under a Court-County Memorandum of Understanding (MOU). The Court also received court security services from the County Sheriff under a separate MOU.

The charts that follow contain general Court statistical information.

County Population (Estimated as of January 1, 2014)	2,085,669
Source: California Department of Finance	
Number of Court Locations	10
Number of Courtrooms	104
Source: Superior Court of California, County of San Bernardino	
Number of Case Filings in FY 2012–2013:	
Criminal Filings:	
▪ Felonies	19,729
▪ Non-Traffic Misdemeanor	32,574
▪ Non-Traffic Infractions	10,155
▪ Traffic Misdemeanors	42,211
▪ Traffic Infractions	222,406
Civil Filings:	
▪ Civil Unlimited	9,390
▪ Motor Vehicle PI/PD/WD	1,369
▪ Other PI/PD/WD	957
▪ Other Civil Complaints & Petitions	6,749

<ul style="list-style-type: none"> ▪ Small Claims Appeals ▪ Limited Civil ▪ Small Claims <p>Family and Juvenile Filings:</p> <ul style="list-style-type: none"> ▪ Family Law (Marital) ▪ Family Law Petitions ▪ Juvenile Delinquency – Original ▪ Juvenile Delinquency – Subsequent ▪ Juvenile Dependency – Original ▪ Juvenile Dependency – Subsequent <p>Other Filings:</p> <ul style="list-style-type: none"> ▪ Probate ▪ Mental Health 	<p>315</p> <p>35,775</p> <p>13,483</p> <p>8,428</p> <p>22,146</p> <p>2,438</p> <p>643</p> <p>2,716</p> <p>86</p> <p>2,235</p> <p>834</p>
Source: Judicial Council of California's 2014 Court Statistics Report	
Judicial Officers as of June 30, 2013:	
Authorized Judgeships	78
Authorized Subordinate Judicial Officers	15
Source: Judicial Council of California's 2014 Court Statistics Report	
Court Staff as of June 30, 2014:	
Total Authorized FTE Positions	914.08
Total Filled FTE Positions	887.75
Total Fiscal Staff	26
Source: FY 2013–2014 Quarterly Financial Statements – Fourth Quarter FY 2013-2014 Schedule 7A	
Select FY 2013-2014 Financial Information:	
Total Financing Sources	\$99,119,949
Total Expenditures	\$104,749,662
Total Personal Services Costs	\$80,923,667
Total Temporary Help Costs	\$116,626
Source: FY 2013–2014 Quarterly Financial Statements – Fourth Quarter	
FY 2013–2014 Average Daily Collections	\$448,882
Source: Superior Court of California, County of San Bernardino	

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. **Fiscal accountability** is defined as:

The responsibility of governments to justify that their actions in the current period have complied with public decisions concerning the raising and spending of public 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 Judicial Council developed and established the statewide fiscal infrastructure project, Phoenix Financial System, which is supported by the Judicial Council Trial Court Administrative Services. The Superior Court of California, County of San Bernardino (Court), implemented and processes fiscal data through this 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 2012–2013 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: Governmental, Proprietary, and Fiduciary. The Court uses the following classifications and types:

- **Governmental**
 - **General** – Used as the primary 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 included here are:
 - **Special Revenue**
 1. Small Claims Advisory Fund – 120003
 2. Grand Jury Fund – 120005
 3. Other County Service Fund – 120009
 4. Traffic Violator Fee Fund – 120012
 5. Two Percent Automation Fund – 180004
 - **Grants**
 1. AOC Grant – 190100
 2. Local Government Grant – 190400
 3. Assembly Bill (AB)1058 Family Law Facilitator Program – 1910581
- **Fiduciary**

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."

 - **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.”¹ Funds included here include deposits for criminal bail trust, civil interpleader, eminent domain, etc. The fund used here is:

- Trust Fund – 320001
- **Agency** - Used to account for resources received by one government unit on behalf of a secondary governmental or other unit. Agency funds, unlike trust funds, typically do not involve a formal trust agreement. Rather, agency funds are used to account for situations where the government's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Accordingly, all assets reported in an agency fund are offset by a liability to the party(ies) on whose behalf they are held. 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 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.² **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 funds included here are:
- Civil Filing Fees Fund – 450000

¹ GASB Statement No. 34, paragraph 69.

² GASB Statement No. 34, paragraph 12.

**Superior Court of California, County of San Bernardino
Trial Court Operations Fund
Balance Sheet
As of June 30
(Unaudited)**

	2014				Total Funds (Info. Purposes Only)	2013 Total Funds (Info. Purposes Only)
	Governmental Funds			Fiduciary Funds		
	General	Special Revenue				
		Non-Grant	Grant			
ASSETS						
Operations	\$ (2,265,519)	\$ 1,073,451	\$ (9,010)	\$ 609,291	\$ (591,787)	\$ 535,611
Payroll	\$ (52)			\$ 0	\$ (52)	\$ (36)
Jury	\$ 125,000				\$ 125,000	\$ 125,000
Revolving	\$ 50,000				\$ 50,000	\$ 50,000
Other						
Distribution						
Civil Filing Fees				\$ 0	\$ 0	\$ 0
Trust	\$ 0			\$ (26,825)	\$ (26,825)	\$ (122,530)
Credit Card						
Cash on Hand	\$ 25,295				\$ 25,295	\$ 25,205
Cash with County	\$ 1,702,010	\$ 0	\$ 15,503	\$ 13,100,644	\$ 14,818,157	\$ 25,436,223
Cash Outside of the AOC						
Total Cash	\$ (363,266)	\$ 1,073,451	\$ 6,493	\$ 13,683,110	\$ 14,399,787	\$ 26,049,473
Short Term Investment	\$ 10,650,516			\$ 2,559,505	\$ 13,210,021	\$ 7,433,569
Investment in Financial Institution						
Total Investments	\$ 10,650,516			\$ 2,559,505	\$ 13,210,021	\$ 7,433,569
Accrued Revenue	\$ 29,330	\$ 426	\$ 0		\$ 29,756	\$ 342,536
Accounts Receivable - General	\$ 753,528	\$ 79,762	\$ 485,008		\$ 1,318,299	\$ 2,048,433
Dishonored Checks	\$ 10,425				\$ 10,425	\$ 11,093
Due From Employee	\$ 2,599				\$ 2,599	\$ 954
Civil Jury Fees						
Trust						
Due From Other Funds	\$ 1,377,074				\$ 1,377,074	\$ 1,724,569
Due From Other Governments	\$ 679	\$ 434	\$ 0		\$ 1,113	\$ 6,179
Due From Other Courts				\$ 0	\$ 0	\$ 0
Due From State	\$ 3,398,937	\$ 72,568	\$ 382,008		\$ 3,853,513	\$ 3,105,693
Trust Due To/From				\$ 0	\$ 0	\$ 0
Distribution Due To/From						
Civil Filing Fee Due To/From	\$ 40				\$ 40	\$ 167
General Due To/From						
Total Receivables	\$ 5,572,614	\$ 153,190	\$ 867,016	\$ 0	\$ 6,592,820	\$ 7,239,624
Prepaid Expenses - General	\$ 2,109,781		\$ 1,095		\$ 2,110,876	\$ 1,934,756
Salary and Travel Advances	\$ 0				\$ 0	\$ 0
Counties						
Total Prepaid Expenses	\$ 2,109,781		\$ 1,095		\$ 2,110,876	\$ 1,934,756
Other Assets						
Total Other Assets						
Total Assets	\$ 17,969,644	\$ 1,226,641	\$ 874,605	\$ 16,242,615	\$ 36,313,505	\$ 42,657,422
LIABILITIES AND FUND BALANCES						
Accrued Liabilities	\$ 2,321,973	\$ 39,606	\$ 22,292		\$ 2,383,871	\$ 1,061,329
Accounts Payable - General	\$ 30,525	\$ 0	\$ 0	\$ 162	\$ 30,687	\$ 24,056
Due to Other Funds	\$ 796,630	\$ 29,591	\$ 550,854	\$ 40	\$ 1,377,115	\$ 1,724,736
Due to Other Courts						
Due to State	\$ 228,508		\$ 131,949		\$ 360,457	\$ 2,745,288
TC145 Liability				\$ 2,805,858	\$ 2,805,858	\$ 3,033,533
Due to Other Governments	\$ 457,814	\$ 378	\$ 1,731		\$ 459,923	\$ 465,850
AB145 Due to Other Government Agency						
Due to Other Public Agencies						
Sales and Use Tax	\$ 3,589	\$ 21	\$ 219		\$ 3,829	\$ 305
Interest				\$ 35	\$ 35	\$ 87
Miscellaneous Accts. Pay. and Accrued Liab.						
Total Accounts Payable and Accrued Liab.	\$ 3,839,040	\$ 69,595	\$ 707,045	\$ 2,806,095	\$ 7,421,775	\$ 9,055,184
Civil				\$ 259,408	\$ 259,408	\$ 238,021
Criminal	\$ 0			\$ 79,296	\$ 79,296	\$ 46,742
Unreconciled - Civil and Criminal						
Trust Held Outside of the AOC	\$ 286,477			\$ 12,999,895	\$ 13,286,372	\$ 12,953,230
Trust Interest Payable				\$ 6,684	\$ 6,684	\$ 6,629
Miscellaneous Trust				\$ 0	\$ 0	\$ 0
Total Trust Deposits	\$ 286,477			\$ 13,345,283	\$ 13,631,760	\$ 13,244,622
Accrued Payroll	\$ 3,131,391	\$ 12,974	\$ 161,010		\$ 3,305,375	\$ 2,858,912
Benefits Payable	\$ 69,687				\$ 69,687	\$ 72,557
Deferred Compensation Payable	\$ 0				\$ 0	\$ 0
Deductions Payable	\$ 5,791				\$ 5,791	\$ 0
Payroll Clearing	\$ 0	\$ 0	\$ 0		\$ 0	\$ 5
Total Payroll Liabilities	\$ 3,206,869	\$ 12,974	\$ 161,010		\$ 3,380,853	\$ 2,931,474
Revenue Collected in Advance			\$ 0		\$ 0	\$ 0
Liabilities For Deposits	\$ 143,380			\$ 91,237	\$ 234,617	\$ 151,929
Jury Fees - Non-Interest						
Fees - Partial Payment & Overpayment						
Uncleared Collections	\$ 0		\$ 0		\$ 0	\$ 0
Other Miscellaneous Liabilities						
Total Other Liabilities	\$ 143,380		\$ 0	\$ 91,237	\$ 234,617	\$ 151,929
Total Liabilities	\$ 7,475,765	\$ 82,570	\$ 868,055	\$ 16,242,615	\$ 24,669,005	\$ 25,383,209
Total Fund Balance	\$ 10,493,879	\$ 1,144,071	\$ 6,549		\$ 11,644,500	\$ 17,274,213
Total Liabilities and Fund Balance	\$ 17,969,644	\$ 1,226,641	\$ 874,605	\$ 16,242,615	\$ 36,313,505	\$ 42,657,422

Source: Phoenix Financial System

**Superior Court of California, County of San Bernardino
Trial Court Operations Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year
(Unaudited)**

	2013-2014				2012-2013		
	Governmental Funds			Total Funds (Info. Purposes Only)	Current Budget (Annual)	Total Funds (Info. Purposes Only)	Final Budget (Annual)
	General	Special Revenue					
		Non-Grant	Grant				
REVENUES							
State Financing Sources							
Trial Court Trust Fund	\$ 77,298,935	\$ 435,474		\$ 77,734,409	\$ 78,722,632	\$ 60,987,418	\$ 59,898,760
Improvement and Modernization Fund	\$ 267,920			\$ 267,920	\$ 284,408	\$ 317,092	\$ 284,408
Judges' Compensation (45.25)	\$ 659,951			\$ 659,951	\$ 644,659	\$ 721,208	\$ 679,558
Court Interpreter (45.45)	\$ 4,405,781			\$ 4,405,781	\$ 4,560,670	\$ 4,474,602	\$ 4,635,633
Civil Coordination Reimbursement (45.55)							
MOU Reimbursements (45.10 and General)	\$ 4,511,493			\$ 4,511,493	\$ 4,674,909	\$ 4,583,416	\$ 4,564,902
Other Miscellaneous	\$ 1,540,672			\$ 1,540,672	\$ 1,433,011	\$ 2,751,076	\$ 3,697,208
	\$ 88,684,752	\$ 435,474		\$ 89,120,226	\$ 90,320,289	\$ 73,834,812	\$ 73,760,469
Grants							
AB 1058 Commissioner/Facilitator			\$ 3,848,578	\$ 3,848,578	\$ 3,675,784	\$ 3,616,243	\$ 3,633,478
Other AOC Grants			\$ 34,153	\$ 34,153	\$ 113,967	\$ 37,555	\$ 82,316
Non-AOC Grants			\$ 235,701	\$ 235,701	\$ 235,701	\$ 240,808	\$ 237,738
			\$ 4,118,432	\$ 4,118,432	\$ 4,025,452	\$ 3,894,606	\$ 3,953,532
Other Financing Sources							
Interest Income	\$ 38,787	\$ 1,849		\$ 40,636	\$ 12,000	\$ 19,410	\$ 12,229
Investment Income							
Donations							
Local Fees	\$ 2,753,518	\$ 203,229		\$ 2,956,748	\$ 521,465	\$ 479,458	\$ 457,751
Non-Fee Revenues	\$ 2,090,862			\$ 2,090,862	\$ 4,224,343	\$ 4,972,530	\$ 4,924,170
Enhanced Collections							
Escheatment						\$ (39)	\$ (39)
Prior Year Revenue	\$ (190,055)	\$ 190,055		\$ 0		\$ 38,058	\$ 38,058
County Program - Restricted	\$ 120,268	\$ 411,593		\$ 531,861	\$ 483,892	\$ 491,006	\$ 482,250
Reimbursement Other	\$ 223,592			\$ 223,592	\$ 142,115	\$ 233,505	\$ 221,534
Sale of Fixed Assets						\$ 61,900	\$ 62,000
Other Miscellaneous	\$ 37,592			\$ 37,592	\$ 15,400	\$ 8,221	\$ 6,700
	\$ 5,074,565	\$ 806,726		\$ 5,881,290	\$ 5,399,215	\$ 6,304,049	\$ 6,166,595
Total Revenues	\$ 93,759,316	\$ 1,242,200	\$ 4,118,432	\$ 99,119,949	\$ 99,744,956	\$ 84,033,466	\$ 83,880,596
EXPENDITURES							
Personal Services							
Salaries - Permanent	\$ 49,379,181	\$ 239,958	\$ 2,299,934	\$ 51,919,072	\$ 46,295,093	\$ 52,619,978	\$ 53,247,109
Temp Help	\$ 108,313		\$ 8,313	\$ 116,626	\$ 172,339	\$ 107,731	\$ 114,133
Overtime	\$ 262,342		\$ 967	\$ 263,309	\$ 522,807	\$ 13,931	\$ 17,203
Staff Benefits	\$ 27,279,481	\$ 121,776	\$ 1,223,403	\$ 28,624,660	\$ 34,594,873	\$ 27,906,849	\$ 27,972,073
	\$ 77,029,316	\$ 361,734	\$ 3,532,617	\$ 80,923,667	\$ 81,585,112	\$ 80,648,489	\$ 81,350,518
Operating Expenses and Equipment							
General Expense	\$ 3,260,659	\$ 14,800	\$ 55,963	\$ 3,331,421	\$ 1,967,399	\$ 2,604,994	\$ 2,799,539
Printing	\$ 650,840		\$ 6,948	\$ 657,788	\$ 536,167	\$ 659,005	\$ 623,731
Telecommunications	\$ 1,615,344	\$ 1,807	\$ 41,966	\$ 1,659,117	\$ 1,382,696	\$ 1,335,877	\$ 1,375,260
Postage	\$ 589,337	\$ 2	\$ 9,433	\$ 598,771	\$ 580,069	\$ 579,895	\$ 592,663
Insurance	\$ 51,548		\$ 887	\$ 52,436	\$ 38,869	\$ 38,869	\$ 51,655
In-State Travel	\$ 66,110	\$ 2,730	\$ 21,839	\$ 90,679	\$ 58,631	\$ 58,892	\$ 63,299
Out-of-State Travel	\$ 5,030	\$ 0	\$ 1,786	\$ 6,816	\$ 2,000	\$ 3,894	\$ 3,390
Training	\$ 27,019		\$ 3,050	\$ 30,069	\$ 55,000	\$ 21,004	\$ 30,117
Security Services	\$ 982,111		\$ 73,243	\$ 1,055,354	\$ 1,181,795	\$ 1,138,620	\$ 1,181,795
Facility Operations	\$ 3,508,483	\$ 926	\$ 791,840	\$ 4,301,249	\$ 6,229,564	\$ 3,538,047	\$ 3,422,441
Utilities	\$ 29,817			\$ 29,817	\$ 28,555	\$ 31,104	\$ 40,050
Contracted Services	\$ 7,268,707	\$ 203,274	\$ 63,937	\$ 7,535,918	\$ 7,602,497	\$ 7,019,915	\$ 6,721,506
Consulting and Professional Services	\$ 98,448	\$ 0		\$ 98,448	\$ 86,045	\$ 94,703	\$ 130,698
Information Technology	\$ 2,721,790	\$ 0	\$ 205	\$ 2,721,995	\$ 4,850,937	\$ 696,340	\$ 1,084,827
Major Equipment	\$ 977,099			\$ 977,099	\$ 1,971,463	\$ 319,862	\$ 516,918
Other Items of Expense	\$ 90,554	\$ 241	\$ 2,856	\$ 93,651	\$ 115,799	\$ 104,990	\$ 115,798
	\$ 21,942,898	\$ 223,779	\$ 1,073,953	\$ 23,240,630	\$ 26,687,486	\$ 18,246,011	\$ 18,753,687
Special Items of Expense							
Grand Jury	\$ 89	\$ 825		\$ 914		\$ 1,306	\$ 1,611
Jury Costs	\$ 690,324			\$ 690,324	\$ 673,173	\$ 777,002	\$ 789,793
Judgements, Settlements and Claims							
Debt Service							
Other	\$ 5,148			\$ 5,148	\$ 1,500	\$ 3,744	\$ 1,000,000
Capital Costs							
Internal Cost Recovery	\$ (413,973)		\$ 413,973	\$ 0	\$ 0	\$ 0	\$ 0
Prior Year Expense Adjustment	\$ (111,022)			\$ (111,022)	\$ (66,522)	\$ (76,453)	\$ 0
	\$ 170,567	\$ 825	\$ 413,973	\$ 585,365	\$ 608,151	\$ 705,598	\$ 1,791,404
Total Expenditures	\$ 99,142,781	\$ 586,338	\$ 5,020,543	\$ 104,749,662	\$ 108,880,749	\$ 99,600,098	\$ 101,895,609
Excess (Deficit) of Revenues Over Expenditures	\$ (5,383,464)	\$ 655,862	\$ (902,111)	\$ (5,629,713)	\$ (9,135,793)	\$ (15,566,632)	\$ (18,015,013)
Operating Transfers In (Out)	\$ (867,005)		\$ 867,005	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance (Deficit)							
Beginning Balance (Deficit)	\$ 16,744,348	\$ 488,210	\$ 41,655	\$ 17,274,213	\$ 17,274,213	\$ 32,840,844	\$ 32,840,844
Ending Balance (Deficit)	\$ 10,493,879	\$ 1,144,071	\$ 6,549	\$ 11,644,500	\$ 8,138,420	\$ 17,274,213	\$ 14,825,831

Source: Phoenix Financial System

Superior Court of California, County of San Bernardino
 Trial Court Operations Fund
 Statement of Program Expenditures
 For the Fiscal Year
 (Unaudited)

	2013-2014						2012-2013		
	Personal Services	Operating Expenses and Equipment	Special Items of Expense	Internal Cost Recovery	Prior Year Expense Adjustment	Total Actual Expense	Current Budget (Annual)	Total Actual Expense	Final Budget (Annual)
PROGRAM EXPENDITURES:									
Judges & Courtroom Support	\$ 28,548,508	\$ 2,437,918	\$ 18,109			\$ 31,004,536	\$ 29,412,721	\$ 32,518,693	\$ 33,395,845
Traffic & Other Infractions	\$ 4,616,532	\$ 306,199			\$ (3,098)	\$ 4,919,633	\$ 5,028,339	\$ 5,118,464	\$ 5,141,583
Other Criminal Cases	\$ 4,367,396	\$ 114,499				\$ 4,481,896	\$ 4,233,967	\$ 3,712,438	\$ 3,660,532
Civil	\$ 5,926,648	\$ 326,810				\$ 6,253,458	\$ 6,300,521	\$ 6,246,791	\$ 6,285,629
Family & Children Services	\$ 8,888,556	\$ 987,458		\$ 413,973		\$ 10,289,987	\$ 9,703,721	\$ 9,929,479	\$ 9,514,142
Probate, Guardianship & Mental Health Services	\$ 2,668,262	\$ 50,736				\$ 2,718,998	\$ 2,670,119	\$ 2,607,560	\$ 2,600,111
Juvenile Dependency Services	\$ 550,857	\$ 4,213,142				\$ 4,763,999	\$ 5,282,914	\$ 4,468,821	\$ 4,170,708
Juvenile Delinquency Services	\$ 544,047	\$ 66,676				\$ 610,723	\$ 613,441	\$ 695,122	\$ 660,630
Other Court Operations	\$ 7,936,994	\$ 3,484,363			\$ (60,187)	\$ 11,361,169	\$ 11,633,980	\$ 10,257,604	\$ 10,565,812
Court Interpreters	\$ 4,201,199	\$ 312,004				\$ 4,513,204	\$ 4,336,103	\$ 4,605,311	\$ 4,647,593
Jury Services	\$ 982,029	\$ 561,566	\$ 672,275		\$ (1,915)	\$ 2,213,954	\$ 2,011,900	\$ 2,196,906	\$ 2,135,835
Security	\$ 1,420,414	\$ 1,398,189				\$ 2,818,603	\$ 2,892,991	\$ 2,958,492	\$ 3,092,640
Trial Court Operations Program	\$ 70,651,442	\$ 14,259,559	\$ 690,384	\$ 413,973	\$ (65,201)	\$ 85,950,158	\$ 84,120,717	\$ 85,315,681	\$ 85,871,060
Enhanced Collections									
Other Non-Court Operations	\$ 481,912	\$ 89,225	\$ 914			\$ 572,051	\$ 577,461	\$ 498,748	\$ 549,688
Non-Court Operations Program	\$ 481,912	\$ 89,225	\$ 914			\$ 572,051	\$ 577,461	\$ 498,748	\$ 549,688
Executive Office	\$ 1,682,206	\$ 433,274	\$ 5,088		\$ (44,058)	\$ 2,076,510	\$ 1,216,036	\$ 1,986,672	\$ 2,059,266
Fiscal Services	\$ 1,863,382	\$ 551,933		\$ (413,973)		\$ 2,001,342	\$ 2,613,439	\$ 1,841,521	\$ 2,343,444
Human Resources	\$ 1,381,484	\$ 200,285			\$ (1,762)	\$ 1,580,007	\$ 5,542,404	\$ 1,525,390	\$ 1,551,779
Business & Facilities Services	\$ 1,786,542	\$ 1,675,261				\$ 3,461,803	\$ 5,575,119	\$ 2,907,532	\$ 3,823,558
Information Technology	\$ 3,076,699	\$ 6,031,092				\$ 9,107,791	\$ 9,235,573	\$ 5,525,950	\$ 5,696,814
Court Administration Program	\$ 9,790,313	\$ 8,891,846	\$ 5,088	\$ (413,973)	\$ (45,821)	\$ 18,227,453	\$ 24,182,571	\$ 13,787,065	\$ 15,474,861
Expenditures Not Distributed or Posted to a Program	\$ 0					\$ 0		\$ (1,397)	
Prior Year Adjustments Not Posted to a Program									
Total	\$ 80,923,667	\$ 23,240,630	\$ 696,386	\$ 0	\$ (111,022)	\$ 104,749,662	\$ 108,880,749	\$ 99,600,098	\$ 101,895,609

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 San Bernardino (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 the audit included reviews of the Court's major functional areas, including: cash collections, contracts and procurement, accounts payable, payroll, financial accounting and reporting, 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 2013–2014.

The Judicial Council in December 2009 adopted California Rules of Court Rule 10.500 with an effective date of January 1, 2010, that provides for 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. Therefore, 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 June 27, 2014.

The entrance meeting was held with the Court on August 5, 2014.

Audit fieldwork commenced on September 8, 2014.

Fieldwork was completed in January 2015.

Preliminary results were communicated and discussed with Court management during the course of the review. A preliminary review of the audit results was held on April 21, 2015 with court management including those listed below. The Hon. Marsha G. Slough, Presiding Judge, participated in other subsequent meetings.

- Christina M. Volkers, Court Executive Officer
- Pamela Nay, Court Financial Officer

Audit Services received the Court's final management responses to the audit issues and recommendations on June 2, 2015. Audit Services 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 June 2, 2015. On June 2, 2015, Audit Services received the Court's final comments and suggestions concerning its review of the audit report and the Court did not indicate that another review of the report was necessary before Audit Services presented the report to the Judicial Council.

This audit assignment was completed by the following audit staff under the supervision of Eric Pulido, Internal Audit Supervisor:

Joe Azevedo, Senior Auditor (auditor-in-charge)
Dawn Tomita, Senior Auditor
Lorraine De Leon, Auditor II
Eduardo Duran, Auditor II
Illya Kulish, Auditor I
Steven Lewis, Auditor I
Mami Nakashita, Auditor I

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 must 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 for court governance.

The table below presents the Superior Court of California, County of San Bernardino (Court), general ledger account balances that are considered associated with court administration. A description of the areas reviewed and how we reviewed them is included below.

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Revenue				
** 833000-PROGRAM 45.25 - REIMBURSEM	659,951.00	721,208.00	(61,257.00)	-8.49%
Expenditures				
* 906300 - SALARIES - JUDICIAL OFFI	2,068,721.80	2,674,988.42	(606,266.62)	-22.66%
* 920500 - DUES AND MEMBERSHIPS	24,861.93	16,184.08	8,677.85	53.62%
* 933100 - TRAINING	30,069.11	21,003.76	9,065.35	43.16%

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 review of records. Primary areas reviewed included an evaluation of the following:

- 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.
- 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 is a minor issue included in Appendix A to this report that is a repeat from the prior audit and relates to causes under submission.

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 funding appropriated in the State Budget Act and allocated to courts, courts should establish budgetary controls to monitor their budgets on an ongoing basis to ensure that actual expenditures do not exceed available amounts. As personnel services costs account for the majority of trial court 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 the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them in this audit is included below.

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Assets				
120050 SHORT TERM INVESTMENTS-LAIF	8,488,506.08	3,480,718.53	5,007,787.55	143.87%
120051 S/T INVEST-CAP SHARE	4,721,514.82	3,952,849.97	768,664.85	19.45%
Liabilities – Payroll				
375001 ACCRUED PAYROLL	3,305,375.19	2,858,912.14	446,463.05	15.62%
Expenditures – Payroll				
* 900300 - SALARIES - PERMANENT	49,850,350.65	49,944,989.96	(94,639.31)	-0.19%
* 903300 - TEMP HELP	116,626.02	107,730.70	8,895.32	8.26%
* 906300 - SALARIES - JUDICIAL OFFI	2,068,721.80	2,674,988.42	(606,266.62)	-22.66%
* 908300 - OVERTIME	263,308.50	13,930.73	249,377.77	1790.13%
** SALARIES TOTAL	52,299,006.97	52,741,639.81	(442,632.84)	-0.84%
910302 MEDICARE TAX	720,323.74	710,461.48	9,862.26	1.39%
* 910300 - TAX	720,323.74	710,461.48	9,862.26	1.39%
910401 DENTAL INSURANCE	561,738.16	572,909.90	(11,171.74)	-1.95%
910501 MEDICAL INSURANCE	4,629,480.10	3,757,929.47	871,550.63	23.19%
910503 RETIREE BENEFIT	162,098.20	203,133.86	(41,035.66)	-20.20%
910507 MEDICAL SUBSIDY	1,857,151.32	1,853,815.04	3,336.28	0.18%
910508 FLEXIBLE SPENDING ACCOUNT	13,964.20	13,513.24	450.96	3.34%
* 910400 - HEALTH INSURANCE	7,224,431.98	6,401,301.51	823,130.47	12.86%
910601 RETIREMENT (NON-JUDICIAL OFFICERS)	11,472,183.46	11,026,703.24	445,480.22	4.04%
910604 RETIREMENT - OTHER	2,203,067.00	2,398,074.09	(195,007.09)	-8.13%
910607 RETIREMENT-EE PD ER	3,910,352.13	4,148,693.83	(238,341.70)	-5.74%
910608 RETIREMENT-EXCESS	76,932.78	105,472.30	(28,539.52)	-27.06%
912401 DEFERRED COMP/401K EMPLOYER MAT	344,699.68	385,586.37	(40,886.69)	-10.60%
912403 ALTERNATIVE PLAN	4,194.11	4,201.85	(7.74)	-0.18%
* 910600 - RETIREMENT	18,011,429.16	18,068,731.68	(57,302.52)	-0.32%
912501 STATUTORY WORKERS COMPENSATION	925,977.00	877,548.00	48,429.00	5.52%
* 912500 - WORKERS' COMPENSATION	925,977.00	877,548.00	48,429.00	5.52%
912701 DISABILITY INSURANCE - SDI	192,723.46	190,381.76	2,341.70	1.23%
913301 UNEMPLOYMENT INSURANCE	246,659.00	295,515.00	(48,856.00)	-16.53%
913501 LIFE INSURANCE	95,130.72	94,684.01	446.71	0.47%
913502 LONG-TERM DISABILITY	16,381.97	18,801.16	(2,419.19)	-12.87%
913503 AD&D INSURANCE	11,004.46	10,062.01	942.45	9.37%
913504 SHORT TERM DISABILITY INSURANCE	77,503.46	73,947.91	3,555.55	4.81%
913601 VISION CARE INSURANCE	75,800.72	69,620.31	6,180.41	8.88%
* 912700 - OTHER INSURANCE	715,203.79	753,012.16	(37,808.37)	-5.02%
913701 OTHER JUDGES BENEFITS	955,017.92	1,019,987.14	(64,969.22)	-6.37%
913803 PAY ALLOWANCES	72,276.15	75,806.85	(3,530.70)	-4.66%
* 913800 - OTHER BENEFITS	1,027,294.07	1,095,793.99	(68,499.92)	-6.25%
** STAFF BENEFITS TOTAL	28,624,659.74	27,906,848.82	717,810.92	2.57%
*** PERSONAL SERVICES TOTAL	80,923,666.71	80,648,488.63	275,178.08	0.34%

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 actual to budgeted expenditures, and performed a trend analysis of prior year personnel services costs to identify and determine the causes of significant cost increases.

We also evaluated the Court's payroll controls through interviews with Court employees, and a review of payroll reports and reconciliation documents. For selected employees, we validated payroll expenditures to supporting documents, including payroll registers, timesheets, and personnel files to determine whether work and leave time were appropriately approved and pay was correctly calculated. In addition, we reviewed the Court's Personnel Manual and employee bargaining agreements to determine whether any differential pay, leave accruals, and various benefits were made in accordance with court policy and agreements.

There was a minor issue concerning overtime approval that is included 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. Specifically, the FIN Manual 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. The FIN Manual also 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. The Judicial Council Phoenix Financial System includes governmental, fiduciary, and proprietary funds 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 the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them in this audit is included below.

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Fund Balances				
535001 RESERVE FOR ENCUMBRANCES	8,389,552.20	172,001.00	8,217,551.20	4777.62%
552001 FUND BALANCE - RESTRICTED	13,742,082.04	25,018,452.55	(11,276,370.51)	-45.07%
552002 FUND BALANCE - COMMITTED	1,830,362.83	-	1,830,362.83	100.00%
553001 FUND BALANCE - ASSIGNED	1,701,768.00	14,170,108.71	(12,468,340.71)	-87.99%
554001 FUND BALANCE - UNASSIGNED	-	(6,347,716.83)	6,347,716.83	100.00%
615001 ENCUMBRANCES	(8,389,552.20)	(172,001.00)	(8,217,551.20)	-4777.62%
*** Fund Balances	17,274,212.87	32,840,844.43	(15,566,631.56)	-47.40%
Revenues				
** 837000-IMPROVEMENT FUND - REIMBUR	267,920.00	317,092.00	(49,172.00)	-15.51%
** 840000-COUNTY PROGRAM - RESTRICTE	531,860.58	491,005.80	40,854.78	8.32%
Expenditures				
939402 LABOR NEGOTIATIONS	74,787.02	-	74,787.02	100.00%
*** 701100 OPERATING TRANSFERS IN	18,526,573.12	20,401,408.93	(1,874,835.81)	-9.19%
*** 701200 OPERATING TRANSFERS OUT	(18,526,573.12)	(20,401,408.93)	1,874,835.81	9.19%

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.

There were no issues associated with this area 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 use these accounting guidelines and are required to prepare various financial reports and submit them to the Judicial Council, 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 Judicial Council Trial Court Administrative Services (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, our review of court financial statements is kept at a high level.

Courts may also receive various federal and state grants either directly or passed through to it from the Judicial Council. Restrictions on the use of these grant funds and other requirements may be found in the grant agreements. The grants courts receive are typically reimbursement-type grants that require them to document and report costs to receive payment. Courts must separately account for the financing sources and expenditures associated with each grant. As a part of the annual Single Audit the State Auditor conducts for the State of California, the Judicial Council 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 included below.

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Assets				
130001 A/R-ACCRUED REVENUE	29,755.98	342,536.38	(312,780.40)	-91.31%
131201 ACCOUNTS RECEIVABLE (CUSTOMER)	59,831.70	35,475.85	24,355.85	68.65%
131202 A/R-FRM OTH GOV-CUST	634,764.22	356,843.45	277,920.77	77.88%
131204 A/R-DUE FROM AOC (CUSTOMER)	573,033.52	1,630,699.61	(1,057,666.09)	-64.86%
131401 A/R - OPERATING REVENUE (CUSTOMER)	50,669.92	25,414.32	25,255.60	99.38%
131501 A/R - DISHONORED CHECKS	10,425.20	11,093.00	(667.80)	-6.02%
131601 A/R - DUE FROM EMPLOYEE	2,599.43	954.47	1,644.96	172.34%
140011 OPERATIONS-DUE FROM TRUST	40.06	167.12	(127.06)	-76.03%
140014 GENERAL-DUE FROM SPECIAL REVENUE	1,377,074.48	1,724,568.54	(347,494.06)	-20.15%
150001 A/R - DUE FROM OTHER GOVERNMENTS	1,113.37	6,178.67	(5,065.30)	-81.98%
152000 A/R-DUE FROM STATE	3,853,512.50	3,105,692.89	747,819.61	24.08%
** Receivables	6,592,820.38	7,239,624.30	(646,803.92)	-8.93%
172001 PREPAID EXPENSES	2,110,876.09	1,934,756.37	176,119.72	9.10%
** Prepaid Expenses	2,110,876.09	1,934,756.37	176,119.72	9.10%

Revenues

** 812100-TCTF - PGM 10 OPERATIONS	77,734,409.00	60,987,417.50	16,746,991.50	27.46%
** 816000-OTHER STATE RECEIPTS	1,540,672.00	2,751,076.00	(1,210,404.00)	-44.00%
** 821000-LOCAL FEES REVENUE	2,956,747.66	479,458.23	2,477,289.43	516.69%
** 822000-LOCAL NON-FEES REVENUE	2,090,862.47	4,972,530.08	(2,881,667.61)	-57.95%
** 823000-OTHER - REVENUE	35,533.87	6,526.97	29,006.90	444.42%
** 824000-SALE OF FIXED ASSETS	-	61,900.00	(61,900.00)	-100.00%
** 825000-INTEREST INCOME	40,635.58	19,409.63	21,225.95	109.36%
** 831000-GENERAL FUND - MOU/REIMBUR	100,997.83	93,450.04	7,547.79	8.08%
** 832000-PROGRAM 45.10 - MOU/REIMBU	4,410,495.00	4,489,966.00	(79,471.00)	-1.77%
** 833000-PROGRAM 45.25 - REIMBURSEM	659,951.00	721,208.00	(61,257.00)	-8.49%
** 834000-PROGRAM 45.45 - REIMBURSEM	4,405,781.00	4,474,602.27	(68,821.27)	-1.54%
** 838000-AOC GRANTS - REIMBURSEMENT	3,882,731.24	3,653,798.17	228,933.07	6.27%
** 839000- NON-AOC GRANTS - REIMBURSEMENT	235,701.00	240,807.57	(5,106.57)	-2.12%
** 860000-REIMBURSEMENTS - OTHER	223,591.68	233,504.73	(9,913.05)	-4.25%
** 890000-PRIOR YEAR REVENUE	-	38,058.00	(38,058.00)	-100.00%

Expenditures

* 999900 -PRIOR YEAR EXPENSE ADJUST	(111,021.55)	(76,453.19)	(34,568.36)	-45.22%
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We compared general ledger year-end account balances between the prior two complete fiscal years and reviewed accounts with material and significant year-to-year variances. 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 2013–2014 encumbrances, adjusting entries, and accrual entries for compliance with the FIN Manual and other relevant accounting guidance.

The following issue is considered significant enough to bring to management's attention. Additional minor issues are included in Appendix A to this report.

4.1 The Court Needs to Improve Its Financial Accounting and Reporting Practices

Background

Internal and external users of court financial information depend on reliable court financial data and reports to obtain the information they need to evaluate each court's finances. Accordingly, the FIN Manual, Policy No. FIN 5.01, establishes uniform guidelines and accounting principles for courts to follow when gathering, summarizing, and reporting accounting information associated with the fiscal operations of each court. This procedure requires that courts comply with the basic principles of accounting and reporting that apply to government units. It also requires that courts execute and account for financial transactions in conformity with generally accepted accounting principles and legal requirements.

Issues

To determine whether the Court properly recorded, classified, and reported its financial transactions, we reviewed its general ledger (GL) account balances and its accounting treatment of a limited number of financial transactions that we selected to review during the audit. Our review determined that the Court does not always properly account for and report its financial transactions. Specifically, we noted the following:

1. Our review of the Court's GL account balances revealed that it does not follow prescribed financial accounting requirements.

- a. We identified several sources of revenue and reimbursement whose use is restricted, some by statute, but that the Court does not account for properly. Specifically, in fiscal year (FY) 2013-2014, the Court received revenues that are restricted by statute for certain purposes. These included revenues designated for purposes such as family law facilitator, and family conciliation and mediation services.
 - b. The Court also received reimbursement for judges' salaries as well as revenue from witness fees that are not restricted by statute but nonetheless are for specific purposes. Although the Court accounts for these restricted revenue and reimbursement sources using separate revenue GL accounts, it did not assign certain unique accounting system codes that separately track their respective expenditures. As a result, it cannot assure that it used these revenues only for their restricted purposes.
2. Our review of the FY 2013-2014 State Comprehensive Annual Financial Report (CAFR) information the Court reported found that the Court did not accurately report some information. Specifically:
 - a. The Court did not include the lease of a county building in its FY 2013-2014 lease expenditures.
 - b. Further, the Court included software, software upgrades, and software consulting expenses, as well as warranty costs, in its FY 2013-2014 fixed asset additions. The Court stated that it believes the software expenses are appropriately reported because they will provide longer software usage life and more customized functions for the Court. The Court acknowledged that the software expense should have been recorded as intangible assets rather than included with fixed assets but it did not do so because the CAFR does not provide such an asset category. However, our review of the FY 2013-2014 CAFR revealed that it does indeed have a separate line item for intangible assets.

Recommendations

To ensure it properly classifies, records, and reports its financial transactions, the Court should consider the following:

1. Record restricted revenues in special revenue funds and assign certain unique accounting system codes to track the expenditures associated with restricted revenues.
2. Train court staff responsible for completing the year-end CAFR report to ensure that all relevant information is included and accurately reported in its year-end CAFR report.

Superior Court Responses By: Christina M. Volkers Date: May 29, 2015

The court is in agreement with the Judicial Council's audit findings in issues memo IM-7, date February 23, 2015 and the following actions have been or will be taken:

Audit Services Comment: The attachments referenced in the responses below are not included in this report but have been supplied to and reviewed by Audit Services.

1.
 - a. The Revenue Chart of Accounts identifying special revenue accounts was updated by the Judicial Council of California in May 2014, toward at the end of FY 2013-14. Our court implemented these requisite changes to our classification of these revenues in FY 2014.
 - b. The court has reclassified the revenue sources identified by the audit into special revenue funds designated for specific revenue sources and has identified related expenditures and is in the process of reclassifying expenses to match related revenue sources.
 - c. Unique account codes have been assigned for specific revenue sources and will be used to match expenditures with revenues. See below.



<input checked="" type="checkbox"/>	O-361402-custody_visitation flf
<input checked="" type="checkbox"/>	O-361403-custody_visitation Mediation
<input checked="" type="checkbox"/>	O-361404-insurance conviction
<input checked="" type="checkbox"/>	O-361405 - DMV History-Priors
<input checked="" type="checkbox"/>	O-361406-Marriage License Conciliation
<input checked="" type="checkbox"/>	O-361407-PC 1463.007 Enhanced Collections (Misd)
<input checked="" type="checkbox"/>	O-361408-PC 1463.007 Enhanced Collections (Infractions)
<input checked="" type="checkbox"/>	O-361409-Witness Fee Revenue (WIF) and Related Costs

- d. Judges' Salaries expense and Reimbursement revenue from TCTF Program 45.25 are tracked and reimbursed using unique account coding such as general ledger accounts and position classification coding that allow the court to capture and reconcile those costs specifically.
2.
 - a. The Court failed to include a short-term facility lease in the CAFR. The facility is no longer occupied by the Court and the lease terminated as of 6/30/2014.
 - b. The Court recorded the costs related to software incorrectly on the CAFR which should have been included on the line for intangible assets.
 - c. The Court will review the CAFR preparation process with staff.

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 other internal controls that assure the safe and secure collection, and accurate accounting of all payments. The FIN Manual provides uniform guidelines for trial courts to use when collecting, processing, accounting, and reporting payments from the public in the form of fees, fines, forfeitures, restitutions, penalties, and assessments resulting from court orders.

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

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Cash				
10000 POOLED CASH	2,513,943.71	1,038,524.99	1,475,418.72	142.07%
100011 OPS DEPOSIT	161.99		161.99	100.00%
100025 DISB CHECK-OPERATIONS	(3,080,904.45)	(502,913.79)	(2,577,990.66)	-512.61%
100027 DISB OUTGOING EFT	(24,988.63)		(24,988.63)	-100.00%
100035 PR CHECK	(52.36)	(36.02)	(16.34)	-45.36%
100165 TRUST DISBURSEMENT CHECK	(1,031.00)		(1,031.00)	-100.00%
100175 PSCD TRUST DISBURSEMENT CHECK	(25,793.55)	(122,529.99)	96,736.44	78.95%
113000 CASH-JURY FUND	125,000.00	125,000.00	0.00	0.00%
114000 CASH-REVOLVING	50,000.00	50,000.00	0.00	0.00%
119001 CASH ON HAND - CHANGE FUND	15,495.00	15,405.00	90.00	0.58%
119002 CASH ON HAND - PETTY CASH	9,800.00	9,800.00	0.00	0.00%
120001 CASH WITH COUNTY	14,717,408.35	25,352,534.76	(10,635,126.41)	-41.95%
120004 CASH WITH COUNTY-PSCD	100,748.30	83,688.22	17,060.08	20.39%
Shortage/Overage				
823004 CASHIER OVERAGES	23,376.19	83.70	23,292.49	27828.54%
952599 CASHIER SHORTAGES	(2,058.62)	(1,655.06)	(403.56)	-24.38%

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 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 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, periodic oversight was 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 identified, monitored, and referred to its collections agency in a timely manner, and that collections received are promptly recorded and reconciled to the associated case.

The following issues are associated with this section and considered significant enough to bring to management's attention. Additional minor issues are included in Appendix A to this report.

5.1 The Court Needs to Strengthen Its Cash Handling Procedures

Background

To protect the integrity of the court and its employees and promote public confidence, the FIN Manual, Policy No. FIN 10.02, provides courts with uniform guidelines for receiving and accounting for payments from the public. This procedure requires courts to observe certain guidelines to assure the safe and secure collection and accurate accounting of all payments. For example, paragraph 6.3.2 states that cashiers receive a nominal amount of money, secured in individually locked drawers or bags, to enable them to return change on cash transactions. Cashiers must verify receipt of their beginning cash funds with their supervisor, and any beginning cash discrepancies must be resolved before the cashier starts their daily cash collection duties.

In addition, paragraph 6.3.8 requires supervisory court staff to review and approve void transactions as follows:

Transactions that must be voided require the approval of a supervisor. When notified by a cashier, the supervisor is responsible for reviewing and approving the void transaction. All void receipts will be retained, not destroyed.

Also, paragraph 6.3.10 states that at the end of the workday, all cashiers must balance and closeout their own cash drawer or register. Balancing and closeout include completing and signing the daily report, attaching a calculator tape for checks, turning in the daily report with money collected to the supervisor, and verifying the daily report with the supervisor.

Further, paragraph 6.4 provides courts with the following guidance for processing payments received through the mail:

- Two-person teams are used to open and process mail to maintain accountability for payments received in the mail.
- Checks and money orders received in the mail should be processed on the day they are received and listed on a payments receipts log. The log should record certain key information, such as case number, check amount, check number, and date received, and be signed by the person logging the payments.

- Checks and money orders received through the mail but not processed on the day received should be placed in a locked area and processed on the next business day after notifying the supervisor.

The FIN Manual, Policy No. FIN 13.01, paragraph 6.3, requires, in part, that all court locations that have safes, vaults, or other comparable storage that is adequate to safeguard cash may accumulate collections until they amount to \$1,000 in coin/paper currency or \$10,000 in any combination of coin/paper currency, checks, money orders, and warrants (excluding state warrants and state checks), whichever occurs first. When bank messenger service is available in an area, courts may arrange for their non-coin/paper currency deposits to be picked up and delivered to a selected branch of an approved depository bank. Deposits will be placed in sealed bags and will be receipted by the bank messenger at the time the deposit is picked up. This receipt will be kept by the court along with any other documentation verifying the deposit. Bank messengers are restricted from picking up deposits that include coin or paper currency. Further, an employee other than the person who prepares the deposit (preferably a supervisor or higher level of management) must verify, sign, and date the deposit slip, or other similar document, evidencing that receipts have been deposited intact.

Also, the FIN Manual, Policy No. FIN 10.02, paragraph 6.3.12 requires courts to conduct surprise cash counts (an independent balancing of a cash drawer or register) on all trial court staff that handle payments in the normal course of their duties.

Finally, the FIN Manual, Policy No. FIN 1.01, paragraph 6.4.2, requires courts to document and obtain Judicial Council 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 Judicial Council will not be considered valid for audit purposes.

Issues

Our review of the Court's cash handling practices and associated documents found that the Court follows inconsistent cash handling and accounting practices. Specifically, the Court could strengthen its procedures in the following areas:

1. Cash Collections – Cashier change bags are not verified in front of a supervisor at the beginning of the day at three court locations. Further, at one of these three locations, cashier change bags are not verified in front of a supervisor at the end of the day. In addition, the beginning cash verification log is not signed or initialed by court staff witnessing the beginning cash verification.
2. Void Transactions – Our review of selected void transactions at two court locations, five at one location and four at the second location, revealed that one void transaction at each location was processed by a supervisor who also processed the original transaction. Similarly, our review of eight void transactions at the Court's automated mail payment processing location revealed that three void transactions were processed by the same accounting clerk who processed the original transaction.
3. Daily Closeout Process

- a. Cashier end-of-day closeout is not verified by a supervisor or manager at six court locations. Instead, the fiscal clerk verifies the closeout and also performs the incompatible activity of preparing the daily deposit. At two other court locations, the supervisor verifying cashier end-of-day closeout does not physically verify cashier collections to the CMS. Instead, the supervisor verifies the collection totals noted on the daily reconciliation sheet to the CMS.
 - b. In fact, at one of these two locations, the supervisor does not verify cash collection totals at all, only check totals. Further, our review at this same location revealed that cashiers did not always endorse checks received immediately upon receipt.
4. Mail Payments
- a. Of the eight court locations reviewed, a payments receipt log is not utilized at one court location to record and track all mail payments it received. The remaining seven court locations only log cash received through the mail.
 - b. In addition, LPAs at two court locations open mail and drop box payments and perform the incompatible function of processing the mail and drop box payments in the CMS. Not completing a mail/drop box payment log may provide individuals who handle mail and subsequently process mail and drop box payments on the same day with an opportunity to take money without being detected.

Further, checks received through the mail were not always endorsed immediately upon receipt at two court locations, and mail payments were not always processed by the next business day at two other court locations.

5. Bank Deposits – Deposits at three court locations are not verified by a supervisor or manager.
6. Surprise Cash Counts – The Court does not conduct surprise cash counts as required by the FIN Manual at two Court locations.

Recommendations

To ensure the safe and secure collection and accurate accounting of all payments, the Court should consider enhancing its procedures over cash handling operations as follows:

1. Require supervisors verify cashier change bags at the beginning and the end of the business day. Also, require supervisors to sign and initial the beginning cash verification log to document verification of cashier change bags.
2. Configure the Court's CMS so that supervisors and accounting clerks cannot void their own transactions. If this is not possible, develop a policy or procedure requiring supervisors and accounting clerks to obtain supervisory approval prior to voiding their own transactions.
3. Require supervisors or managers to verify cashier end-of-day closeout. This includes physically verifying cash and check totals to the CMS cash and check totals and ensuring that checks have been endorsed. Also, ensure that court staff verifying cashier end-of-day closeout does not prepare the daily deposit on the same day.

4. Ensure that the Court record mail and drop box payments, including check payments, on a mail/drop box payment log. In addition, ensure court employees who open mail and drop box payments are not also processing the same payments in the CMS unless said payments are listed on a mail/drop box payment log. Also, ensure that checks are immediately endorsed upon receipt. Further, ensure that mail payments are processed by the next business day. If the Court cannot process mail payments by the next business day, ensure that court staff records the unprocessed payments on a mail/drop box payment log along with the reason why the payments have not been processed.
5. Require supervisors to sign and date all deposit slips to demonstrate their review and approval of the deposit.
6. Ensure that the Court is conducting the surprise cash counts required by the FIN Manual.
7. Prepare alternative procedure requests and submit them to the Judicial Council's Finance Office for approval if the Court cannot implement the FIN Manual procedures as recommended. The requests should identify the FIN Manual procedures the Court cannot implement, the reasons why it cannot implement the procedures, a description of its alternate procedure, and the controls it proposes to implement to mitigate the risks associated with not implementing the associated FIN Manual procedures.

Superior Court Responses By: Christina M. Volkens Date: April 15, 2015

The court is in agreement with the Judicial Council's audit findings in issues memo IM-3, dated February 23, 2015 and the following actions have been or will be taken:

Audit Services Comment: The attachments referenced in the responses below are not included in this report but have been supplied to and reviewed by Audit Services.

1. The Court has edited the District Fiscal Procedures manual and updated the Cash Control Training for cashier staff to address the procedures required in FIN 10.02, paragraph 6.3.2 and paragraph 6.3.10. See page 6 of a draft of District Fiscal Procedures manual revision attached. See Power Point training slides attached (first class date was 3/16/15.) See also a memo sent on 6/1/15 to the managers and supervisors to update them on this requirement.
2. The Court's CMS does not prevent staff from voiding their own transactions; however, the access to void is limited. The District Fiscal Procedures manual refers to this policy and the court will edit the manual to emphasize the policy to restrict void transactions to supervisory or staff other than those performing cashing transactions with supervisory approval prior to each void transaction according to FIN 10.02, paragraph 6.3.8. See attached page 18 of the District Fiscal Procedures manual. The Court will also seek approval of the alternative procedure from the Judicial Council according to FIN 1.01, paragraph 6.4.2. See attached. The Court sent a memo dated 4/3/15 to court district managers and supervisors to remind them of this requirement. The Court is in the process of implementing a new CMS which will provide greater control in void transactions.

In response to this finding in the prior audit, the policy was reinforced and all court district managers review a monthly Void and Suspend Report and a copy of the same is reviewed by the Fiscal Department as a second review.

3. The Court is editing the District Fiscal Procedures manual and updating Cash Control Training for cashier staff to address the procedures to comply with in FIN 10.02, paragraph 6.3.10. See attached pages 11 and 14 of the draft District Fiscal Procedures manual. See 6/1/15 memo attached and sent to district managers and supervisors to remind them of this requirement. Procedures will require the daily cash out to be done only by supervisors or managers and verified against the CMS directly by type of payment.

In response to this finding in the prior audit, the San Bernardino District Court Manager reviewed the Daily Closeout and Balances with all supervisory staff on October 26, 2007.

4. It will be emphasized that all Court locations are required to immediately log and deposit cash received immediately.
5. The Court has edited the Court District Fiscal Procedures Manual to include procedures requiring supervisors to sign/initial deposit slips as the verifier. See attached page 12 of the draft Court District Fiscal Procedures Manual. A memo was sent 6/1/15 to notify district managers and supervisors of the requirement. Training will be provided in the Cash Control Training and to those staff to support FIN 13.01, paragraph 6.3, subsection 4.c.
6. The Court's District Fiscal Procedures includes a section on Surprise Cash Audits and, in order to document said occurrences, a Surprise Cash Count log. See pages 9 and 31 of the District Fiscal Procedures manual. The Cash Control Training for cashier staff was also updated to include this requirement and to address the procedures supplied in FIN 10.02, paragraph 6.3.12. Procedures in place require surprise cash counts as the normal course of duties for supervisors. A memo was sent on 6/1/15 to remind managers and supervisors of this requirement.
7. The Court is preparing alternative procedures that will be included in the District Fiscal Procedures and updating Cash Control Training for cashier staff which will be provided to the Judicial Council's Finance Office as required by FIN 1.01, paragraph 6.4.2.

5.2 The Court Needs to Improve Its Control and Oversight over Handwritten Receipts

Background

The FIN Manual, Policy No. FIN 10.02, provides courts with uniform guidelines for receiving and accounting for payments from the public. Specifically, paragraph 6.3.7 of this procedure states, in part, that all payments to the court must be acknowledged by a sequentially numbered receipt that provides sufficient information, including receipt number, date of payment, case number, and amount received, to create an adequate audit trail that ensures proper distribution of

the monies received. The court shall keep a record of all receipts issued, and periodically monitor receipt sequence numbers to identify gaps and assure that all receipts are accounted for.

In addition, paragraph 6.3.9 indicates that in the case of a failure of the automated accounting system, the supervisor or designated employee will issue books of pre-numbered receipts, the cashier will give the customer a handwritten receipt, and a copy of the handwritten receipt shall be retained by the Court. Also, the supervisor issuing the handwritten receipt books will monitor and maintain an accounting of the receipt books, including the receipt books issued, to whom the receipt books were issued, the date the receipt books were issued, the person returning the receipt books, the receipts used within each receipt book, and the date the receipt books were returned to the supervisor. Finally, handwritten receipt transactions must be processed as soon as possible after the automated system is restored.

Further, the FIN Manual, Policy No. FIN 1.01, paragraph 6.4.2, requires courts to document and obtain Judicial Council 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 Judicial Council will not be considered valid for audit purposes.

Issues

Our review of handwritten receipts at eight Court cash processing locations found that it lacked consistent control and oversight over handwritten receipts. Specifically, we noted the following weaknesses:

1. One location does not log handwritten receipt books in a handwritten receipt book log when issuing the books for use and another location does not consistently log handwritten receipt books in its handwritten receipt book log when issuing the books for use. Also, at a third location, issued handwritten receipt books were not returned to the supervisor until the following business day. Further, the Court's Financial Services department cannot account for all handwritten receipt books issued to the eight Court cash processing locations reviewed.
2. Handwritten receipt books at one location are not kept under supervisory control when not in use. Instead, the location's fiscal clerk has custody of the receipt books and also performs the incompatible activities of verifying cashier end-of-day collections and preparing the daily deposit.
3. Two locations each had one handwritten receipt book that contained missing receipts that the locations could not account for. Specifically, one location had 22 missing receipts and the other location had one missing receipt.
4. Finally, our review found that two of the Court's locations used handwritten receipts for reasons other than for when the CMS is down. Specifically, both locations issue handwritten receipts for payments made on civil filings that are subsequently deposited with the County as interest bearing trust deposits. The Court asserts that since the CMS does not have an accounting function for its civil cases, issuing handwritten receipts is

the only way to provide a receipt to the paying party. However, the Court could not provide an alternative procedure approved by the Judicial Council.

Recommendations

To ensure adequate control and oversight over handwritten receipts, the Court should consider the following:

1. Require managers or supervisors to log all handwritten receipt books issued and ensure all handwritten receipt books issued are returned by the end of the day the receipt books were issued. Also, require Financial Services to maintain an up-to-date listing of all handwritten receipt books issued to all Court locations.
2. Require managers or supervisors to secure and maintain physical custody of the handwritten receipt books when not in use.
3. Require managers or supervisors to periodically review the handwritten receipt books to ensure that all handwritten receipts are accounted for.
4. If the Court cannot implement the FIN Manual procedures and utilize handwritten receipts as recommended, 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 procedure, and the controls it proposes to implement to mitigate the risks associated with not implementing the associated FIN Manual procedures.

Superior Court Responses By: Christina M. Volkers Date: April 15, 2015

The court is in agreement with the Judicial Council's audit findings in issues memo IM-2, dated February 20, 2015 and the following actions have been or will be taken:

Audit Services Comment: The attachments referenced in the responses below are not included in this report but have been supplied to and reviewed by Audit Services.

1.
 - a) On March 25, 2015, a memo was sent to managers and supervisors to remind them of the manual receipt books internal controls and to advise them of their role in control and oversight over handwritten receipts. See attached.
 - b) See attached for a copy of the current up-to-date Financial Services listings of all handwritten receipts books issued to all Court locations.
 - c) As a result of 2008 AOC Internal Audit findings, the Court added the attached Manual Receipt Book internal controls referenced in the District Fiscal Procedures Manual. See attached excerpt from the manual.
 - d) As a result of the 2008 AOC Internal Audit findings, the Court added Receipt Books to the Court's audit program. See attached email dated 5-1-2008.
- 2.

- a) On March 25, 2015, a memo was sent to managers and supervisors to remind them of the Manual Receipt Books internal controls and to advise them of their role in control and oversight over handwritten receipts. See attached.
- 3.
- a) On March 25, 2015, a memo was sent to managers and supervisors to remind them of the Manual Receipt Books internal controls and to advise them of their role in control and oversight over handwritten receipts. See attached.
- b) Financial Services will also conduct periodic validation of receipt numbers for each issued receipt book.
- c) A supervisor from Financial Services will audit receipt books periodically.
- d) Each district will invite someone from Financial Services to meet with district staff and to provide answers/direction in regard to frequently asked questions.
- 4.
- a) Effective June 1, 2015 the court will implement procedures to automate the civil trust deposit transaction into the case management system by depositing the money in an interest bearing trust account with the JCC, rather than in an interest bearing trust account with the County. See attached implementation plan.
- b) As a result of the 2008 AOC Internal Audit findings, Civil Trust Deposits are receipted by Handwritten Receipt and the recommendation that the CFO enter a “show note” in the case file on the day that the payment is deposited to the County. The Court implemented the recording of the Trust Fund Number and the date of the deposit into the minutes of the case maintained in the case management system. Based on the Court’s response, the issue was considered complete at that time.

5.3 The Court Needs to Strengthen the Oversight of Its Change Funds

Background

The FIN Manual, Policy No. FIN 10.02, paragraph 6.3.1 allows courts to establish a change fund in each location where payments are collected, and contains requirements to protect funds against theft or loss, to account for the funds and to manage usage of the funds. For instance, paragraph 6.3.1, 6, requires that at the end of each business day the change fund custodian must in the presence of a court manager or supervisor verify that change fund monies at the end of the day are reconciled to the day’s beginning balance. Paragraph (7) also lists the frequency by which the change fund should be counted by a court employee other than the change fund custodian depending on the size of the change fund (i.e. over \$500 is counted monthly).

Also, the FIN Manual, Policy No. FIN 10.02, paragraph 6.3.1, 5, requires that for each change fund exceeding \$500, the CEO or his or her designee must appoint a custodian. The custodian is personally responsible for the safekeeping, replacement, disbursement, and accounting of the assigned change fund. The custodian must be given a copy of the FIN Manual policy regarding change funds to ensure that he or she understands the requirements for a change fund. In addition, the custodian must not have other cash handling responsibilities and must keep detailed records to document change fund establishment and replenishment, the amount and

denomination of currency and coin held in the fund, and all exchanges of currency and coin made from the fund. When custody of the change fund is transferred to another custodian, a personal audit of the fund must be made by the court employees directly concerned and a Change Fund Change of Custodian Form must be completed and approved by the CEO or designee.

Finally, the FIN Manual, Policy No. FIN 1.01, paragraph 6.4, 4, requires courts to document and obtain Judicial Council 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 Judicial Council will not be considered valid for audit purposes.

Issues

We counted the amount of and reviewed the controls in place for the change funds established at the eight court locations reviewed. Our review revealed the following weaknesses in the Court's oversight of its change funds:

1. The Court assigns custody of each court location's change fund to that location's District Manager. However, the District Manager does not have physical custody of the change fund. Instead, the court location's fiscal clerk has custody of the change fund and has other cash handling duties, such as having custody of the petty cash and cash difference funds as well as preparing the daily bank deposit.
2. At four of the eight court locations reviewed, the change fund is not verified and reconciled at the end of the day in the presence of a manager or supervisor. Specifically, at three of the four court locations, the fiscal clerk verifies and reconciles the change fund in the presence of either another fiscal clerk or a non-supervisory court employee. At the fourth location, the fiscal clerk verifies the change fund at the beginning of the day by herself and does not verify and reconcile the change fund at the end of the day.

In addition, the change funds at four of the eight court locations reviewed are not counted by a court employee other than the change fund custodian.

Recommendations

To ensure appropriate oversight of change funds and compliance with FIN Manual requirements, we recommend that the Court do the following:

1. Assign custody of each court location's change fund to a court employee who has no other cash handling duties such as preparing the daily bank deposit or having custody of the petty cash fund and/or the cash difference fund. Also, ensure that the change fund custodian has physical custody of the change fund since the custodian is personally responsible for the safekeeping, replacement, disbursement, and accounting of the assigned change fund.
2. Ensure that the change fund at each court location is verified and reconciled at the end of each business to the day's beginning balance. Also, ensure that each court location's change fund is counted periodically by someone other than the change fund custodian.

3. Prepare alternative procedure requests and submit them to the Judicial Council's Finance Office for approval if the Court cannot implement the FIN Manual procedures as recommended. The requests should identify the FIN Manual procedures the Court cannot implement, the reasons why it cannot implement the procedures, a description of its alternate procedure, and the controls it proposes to implement to mitigate the risks associated with not implementing the associated FIN Manual procedures.

Superior Court Responses By: Christina M. Volkers Date: April 17, 2015

The court is in agreement with the Judicial Council's audit findings in issues memo IM-4, dated February 20, 2015 and the following actions have been or will be taken.

Audit Services Comment: The attachments referenced in the responses below are not included in this report but have been supplied to and reviewed by Audit Services.

1. As a severely underfunded court adding additional staffing is difficult to justify and adversely impacts existing long lines therefore, the court is looking into alternative solutions such as, but not limited to, placing an automated change safe in the districts in lieu of staffing a change custodian.

On June 2, 2015, a memo was sent to the managers and supervisors to remind them of the change fund internal controls and to assign the Change Fund to a custodian that has no other cash handling duties. Before signing the Change Fund Custodian form, the new custodian will receive a copy of Policy # 10.02 Cash Handling of the Trial Court Policies and Procedures Manual.

2. On June 2, 2015, a memo was sent to managers and supervisors to remind them of the change fund internal controls and their role in the control and oversight of the change fund.
3. For smaller districts where staffing level is deemed not large enough to comply with FIN Manual policy 36.3.1 (5)(a) – the Change Fund custodian must have no other cash handling responsibilities, the court will submit the attached request for alternative procedure.

5.4 Closer Oversight Is Needed Over Civil Filing Fee Payment Plans

Background

Before courts proceed on civil cases, parties must pay their required civil filing fees in full or be granted a fee waiver. Otherwise, when a party does not pay the required civil filing fees in full, the court must void the filing. Specifically, the California Code of Civil Procedure, Section 411.21, requires the clerk to notify the party tendering the check payment that the check was made out for an amount less than the required filing fee; that an administrative charge of \$25 or a reasonable amount determined by the Court has been imposed to reimburse the court for the costs of processing the partial payment and providing the notice; and that the party has 20 days

from the date of the mailing of the notice within which to pay the remainder of the required fee and administrative charge. It further states that the clerk shall void the filing if the party who tendered a check in an amount less than the required filing fee has not paid the full amount of the fee and administrative charge within 20 days of the date on which the required notice was mailed. In addition, if any trial or hearing is scheduled to be heard prior to the expiration of the 20-day period, the fee shall be paid prior to the trial or hearing; otherwise, the court shall void the filing and proceed as if it had not been filed.

Issue

Our review of nine civil cases in which the Court established a payment plan for the required civil filing fees found that the Court does not always fully collect the required civil filing fees. The Court's Compliance Unit is responsible for monitoring payment plans established for the payment of civil filing fees. Once an installment payment is delinquent, the Compliance Unit generates and sends a delinquent notice to the responsible party. However, of the nine civil cases reviewed where an installment payment plan had been established, seven civil cases had become delinquent but the Compliance Unit had not sent a delinquent notice. Consequently, a ruling or judgment was rendered in four of the seven civil cases prior to full payment of the civil filing fees.

Recommendations

To better ensure the collection of all civil filing fees, the Court should consider the following:

1. Ensure that the Court's Compliance Unit monitor the civil filing fee payment plans to ensure the filing fees are paid in full before allowing cases to proceed. If the parties do not make the monthly payments as ordered, the Court should consider automatically voiding the filing or at least suspending the filing until the parties pay all the required civil filing fees in full.
2. Commence collection efforts of the unpaid civil fees due to the Court.

Superior Court Responses By: Christina M. Volkens Date: May 28, 2015

The court is in agreement with the Judicial Council's audit findings in issues memo IM-5, dated February 20, 2015 and the following actions have been or will be taken:

1. The Court formed a Fee Waiver Sub-Committee with the objectives of developing procedures that will keep track of funds that are due in regard to payments plans for all cases and to inform Judicial Officers of the non-payment of civil filing fees. Further, we will be implementing policies and procedures to suspend the case when the filing fee hasn't been paid in full. The committee met for the first time on March 17, 2015, and again on May 11, 2015. They will continue to develop new policies and procedures and route through appropriate judge committees through completion and compliance.
2. The Court mailed demand of payment letters to non-current payment plan parties on Friday, March 6th giving the parties ten (10) days to respond and pay. The court is in the process of

running a query on the payments received on these cases and monitoring for compliance will continue.

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 from 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 the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Expenditures				
* 943200 - IT MAINTENANCE	1,262,208.52	157,843.32	1,104,365.20	699.66%
* 943300 - IT COMMERCIAL CONTRACT	516,628.98	359,001.70	157,627.28	43.91%
* 943500 - IT REPAIRS/SUPPLIES/LICE	943,157.65	179,453.49	763,704.16	425.57%
** INFORMATION TECHNOLOGY (IT) TOTAL	2,721,995.15	696,298.51	2,025,696.64	290.92%
946601 MAJOR EQUIPMENT - IT	523,320.15	115,930.02	407,390.13	351.41%

We reviewed various information system (IS) controls through interviews with Court management, observation of IS facilities and equipment, and review of records. Some of the primary areas reviewed include the following:

- System backup and data storage procedures.
- Recovery and continuity plans and 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 environmental conditions of the computer rooms.
- Access controls to the Department of Motor Vehicles (DMV) database records.

However, we did not review the Court's automated distribution calculations of collected fines, penalties, fees, and assessments. The Court informed Audit Services that it is planning on switching to a new case management system within the next 18 months. At the time of our review, the new case management system was being installed at another court and the automated distribution calculations were being tested there. Since our review would involve testing distributions performed by the case management system being replaced and the automated distribution calculations performed by the new case management system are being tested, we passed on reviewing the Court's automated distribution calculations.

There are no significant issues to bring to management's attention but there are minor issues included in Appendix A to this report.

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 court control. The FIN Manual, Policy No. 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 receive interest income on funds deposited with the Judicial Council Treasury. Courts typically deposit in Judicial Council-established accounts allocations for court operations, civil filing fees, and civil trust deposits. Courts may also deposit monies with the county, including collections for criminal and traffic fines and fees, and bail trust deposits.

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

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Assets				
100000 POOLED CASH	2,513,943.71	1,038,524.99	1,475,418.72	142.07%
100011 OPS DEPOSIT	161.99	-	161.99	100.00%
100025 DISB CHECK-OPERATIONS	(3,080,904.45)	(502,913.79)	(2,577,990.66)	-512.61%
100027 DISB OUTGOING EFT	(24,988.63)	-	(24,988.63)	-100.00%
100035 PR CHECK	(52.36)	(36.02)	(16.34)	-45.36%
100165 TRUST DISBURSEMENT CHECK	(1,031.00)	-	(1,031.00)	-100.00%
100175 PSCD TRUST DISBURSEMENT CHECK	(25,793.55)	(122,529.99)	96,736.44	78.95%
113000 CASH-JURY FUND	125,000.00	125,000.00	0.00	0.00%
114000 CASH-REVOLVING	50,000.00	50,000.00	0.00	0.00%
119001 CASH ON HAND - CHANGE FUND	15,495.00	15,405.00	90.00	0.58%
119002 CASH ON HAND - PETTY CASH	9,800.00	9,800.00	0.00	0.00%
120001 CASH WITH COUNTY	14,717,408.35	25,352,534.76	(10,635,126.41)	-41.95%
120004 CASH WITH COUNTY-PSCD	100,748.30	83,688.22	17,060.08	20.39%
120050 SHORT TERM INVESTMENTS-LAIF	8,488,506.08	3,480,718.53	5,007,787.55	143.87%
120051 S/T INVEST-CAP SHARE	4,721,514.82	3,952,849.97	768,664.85	19.45%
*** Cash and Cash Equivalents	27,609,808.26	33,483,041.67	(5,873,233.41)	-17.54%
Accounts Payable				
301001 A/P - GENERAL	30,687.13	9,734.27	20,952.86	215.25%
301002 A/P - CLEARING GR/IR ACCT	-	8,503.03	(8,503.03)	-100.00%
301004 A/P - ELECTRONIC PAYABLES	-	5,818.83	(5,818.83)	-100.00%
314011 TRUST-DUE TO OPERATIONS	40.06	167.12	(127.06)	-76.03%
314014 SPECIAL REVENUE-DUE TO GENERAL	1,377,074.48	1,724,568.54	(347,494.06)	-20.15%
321501 A/P DUE TO STATE	360,457.31	2,745,288.34	(2,384,831.03)	-86.87%
321600 A/P - TC145 LIABILITY	2,805,857.74	3,033,532.92	(227,675.18)	-7.51%
322001 A/P - DUE TO OTHER GOVERNMENTS	459,923.43	465,849.72	(5,926.29)	-1.27%
323001 A/P - SALES & USE TAX	3,829.00	305.02	3,523.98	1155.33%
323010 TREASURY INTEREST PAYABLE	35.13	87.47	(52.34)	-59.84%
330001 A/P - ACCRUED LIABILITIES	2,383,871.12	1,061,329.11	1,322,542.01	124.61%
*** Accounts Payable	7,421,775.40	9,055,184.37	(1,633,408.97)	-18.04%

Current Liabilities

351003	LIABFORDEP-STALE OPS	143,380.02	124,390.94	18,989.08	15.27%
353080	LIABFORDEP-STALETRST	91,236.55	27,538.31	63,698.24	231.31%
353081	CRIM UNCLAIMED TRUST	79,296.35	46,741.58	32,554.77	69.65%
353090	FUNDS HELD OUTSIDE OF THE AOC	13,286,372.04	12,953,230.28	333,141.76	2.57%
353602	CIVIL TRUST-INTEREST BEARING	42,036.22	42,036.22	0.00	0.00%
353603	CIVIL TRUST- NON-INTEREST BEARING	217,371.68	195,984.36	21,387.32	10.91%
353699	CIVIL TRUST - INTEREST PAYABLE	6,683.57	6,629.06	54.51	0.82%
373001	UNCLEARED COLLECTIONS	-	(0.10)	0.10	100.00%
374003	PHOENIX PAYROLL CLEARING ACCOUNT	-	5.14	(5.14)	-100.00%
374101	RETIREMENT CONTRIBUTIONS EE & ER	5,791.08	-	5,791.08	100.00%
374702	BENEFITS PAYABLE-MEDICAL EE AND E	60,695.75	62,843.91	(2,148.16)	-3.42%
374703	BENEFITS PAYABLE-DENTAL EE AND EF	5,889.51	7,332.74	(1,443.23)	-19.68%
374704	BENEFITS PAYABLE-VISION EE AND ER	2,077.70	1,903.52	174.18	9.15%
374705	BENEFITS PAYABLE-LIFE EE AND ER	1,023.98	477.00	546.98	114.67%
374706	BEN PAY-FLEX EE & ER	(0.07)	-	(0.07)	-100.00%
375001	ACCRUED PAYROLL	3,305,375.19	2,858,912.14	446,463.05	15.62%
***	Current Liabilities	17,247,229.57	16,328,025.10	919,204.47	5.63%

Revenues

**	825000-INTEREST INCOME	(40,635.58)	(19,409.63)	(21,225.95)	-109.36%
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Expenditures

	920301	MERCHANT FEES	433.02	-	433.02	100.00%
	920302	BANK FEES	47,545.57	46,743.24	802.33	1.72%
	920303	LATE FEES	0.50	148.85	(148.35)	-99.66%
	920304	REGISTRATION FEES-PERMITS	973.02	-	973.02	100.00%
	920305	INSPECTION FEES	133.00	703.92	(570.92)	-81.11%
	920399	FEES/PERMITS	-	35.00	(35.00)	-100.00%
*	920300	- FEES/PERMITS	49,085.11	47,596.01	1,489.10	3.13%

Many courts rely on the Judicial Council Treasury Unit for many banking services, such as performing monthly bank reconciliations to the general ledger, overseeing the investment of trial court funds, and providing periodic reports to trial courts and other stakeholders. Therefore, we reviewed only the following procedures associated with funds not deposited in bank accounts established by the Judicial Council, including funds on deposit with the County:

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

The following issue is considered significant enough to bring to management's attention. Additional minor issues associated with this area are included in Appendix A to this report.

7.1 Civil Trust Earnings Not Remitted Along with Principal Amounts When Judicial Orders Do Not Specify Earnings as Part of the Order

Background

A superior court's obligation to pay out any interest that may have accrued on civil deposits when distributing the principal is covered by basic trust principals and case law. *Fresno Fire Fighters Local 753 v. Jernagan* (1986) 177 Cal.App.3d 403, remains good law for the proposition that owners of cash deposits in civil actions are entitled to interest earned on their money while held in trust. (See *id.*, at p. 409; see also, e.g., *Webb's Fabulous Pharmacies, Inc. v. Beckwith* (1980) 449 U.S. 155, 162 ["any interest on an interpleaded and deposited fund follows

the principal and is to be allocated to those who are ultimately to be the owners of that principal”].)

In contrast, “interest earned on any bail money deposited by a court in a bank account . . . shall be allocated for the support of that court.” [Gov. Code, § 53647.5] See also *Fresno Fire Fighters, supra*, 177 Cal.App.3d at pp. 412-413 [“the public purpose of bail justifies” retention of interest accrued on such deposits to support courts]; *Overland v. Superior Court* (2005) 126 Cal.App.4th 131, 133-134 [depositors not entitled to interest because bail deposits are made in accordance with a contract the terms of which do not include interest].)

Issue

In the financial statements of June 30, 2014 (see page x of this audit report) San Bernardino Superior Court has recorded a total of \$12,999,895 of trust money held outside of the AOC. This balance is the majority of trust money under the Court’s fiduciary responsibility and remains in the County treasury as it has historically. Our audit encompassed a total of 13 civil cases within the ten county “funds” reviewed. Civil trust money held is generally for interpleader, eminent domain, and jury fees situations.

The location of money held in trust by a fiduciary is not pertinent to the responsibility of handling it in a prudent fiduciary manner. Therefore whether held in an independent court bank account or in the county treasury must not be a concern. Money that is on deposit with or held by a court may be kept in either location. Regardless, however, the court officially holds the money for the owner and the money remains subject to order of the court. (*Metropolitan Water District of Southern California v. Adams* (1948) 32 Cal.2d 620, 627-628) If the court retains or places the money with the county for safekeeping, the county has no title to that money, but rather “only actual custody, bare possession.” (*Id.* at p. 627) In handling any money that a court places with it, a county “must look to the court for direction.” (*Id.* at p. 628) The money is held for the court and the court, not the county, has control of it (*Ibid*) and must act in a prudent fiduciary manner in exercising due professional care of it and its disbursement.

Of the 13 civil cases, the principal amount deposited for ten of the civil cases had been disbursed. However, interest earned was not fully disbursed for these 10 cases due to a lack of specificity in the judicial order to do so. Audit Services has seen in the past judicial orders which did not discuss, or were not clear as to, the intent to disburse interest with the principal amounts in the judicial order. Therefore, due to this the Court apparently did not disburse the interest nor did the Court reevaluate the reasoning behind the lack of disbursement or elevate the issue to resolution. The Court retained the earnings and does continue to track the interest as well as the “interest on the interest.” When Audit Services brought this to the attention of the Financial Services accounting manager we were informed that unless accounting receives a judicial order as well as a W-9 from the party who made the deposit they cannot disburse the funds.

Audit Services has in these situations recommended that the Court issue a ‘nunc pro tunc’ order for the earnings and disburse all amounts earned as soon as practical in compliance with sound fiduciary practice and in compliance with case law. Only after a remediation process such as this is done can the Court consider an escheatment process for any funds after the policy period is

over. See FIN Manual 16.03, Escheat, for holding timeframes and procedures for the escheatment requirements. Additionally, in the situation we are describing the Court has already disbursed the principal and therefore an address and possibly a W-9 would have already been received negating any rationale for delaying disbursement.

Using Court records, Audit Services identified 894 civil trust accounts having civil trust monies totaling over \$11million as of the date of our review of this area (October 2014). Out of these 894 civil trust accounts, 520 (58%) have over \$1.3 million with what appears to be only interest left in the account. A total of 338 (65%) of the 520 accounts had the full principal disbursed without any interest being disbursed. Audit Services believes interest should have been disbursed along with the principal disbursement that was authorized by a judicial order that did not apparently specify earnings to be included in the disbursement. There are also other trust accounts that we believe did not have the interest disbursed with the principal. The aging of these 520 accounts since the principal disbursement deposit date is:

					Remaining Trust Account Balance	
	No. of Accts.	Amount of Trust Deposit	Disbursements To Date	Total Earnings To Date	Balance	% of Earnings
Unknown	2	12,460.00	(15,566.30)	37,286.39	34,180.09	92%
1989	1	2,432,222.40	(2,653,945.63)	386,096.81	164,373.58	43%
1990-1999	8	4,671,283.71	(4,956,248.61)	925,164.63	640,199.73	69%
2000-2005	116	15,093,214.42	(15,409,523.56)	513,585.61	197,276.47	38%
2006-2009	265	18,143,888.33	(18,695,033.02)	836,963.13	285,818.44	34%
2010-	128	8,068,830.21	(8,077,358.03)	46,842.40	38,314.58	82%
	520	48,421,899.07	(49,807,675.15)	2,745,938.97	1,360,162.89	50%

Recommendations

The Court must comply with sound fiduciary principles and case law concerning the disbursement of earnings on civil trust accounts to limit any liability that it may have incurred. With regard to any questions concerning case law or fiduciary practices the Court should contact the Legal Services Office of the Judicial Council. In order to accomplish correction of the issue Audit Services has identified and make all parties whole, the Court must initiate the following actions.

1. Immediately establish a remediation program .
 - a. The Court must immediately review its records and for any civil trust account where the principal was disbursed under a judicial order that did not specify the disbursement of earnings.
 - b. The Court must check its records to determine if it has Payee Data Records or W-9s on file for all applicable cases or one should be obtained.

- c. A “nunc pro tunc” order ex parte could be issued either individually or a blanket court wide order to disburse the earnings. The order could be placed in each case file.
- d. Disbursement of all applicable earnings must be made as soon as possible.
2. Escheatment. After the remediation process has been completed, the possibility for escheatment of funds that the Court was not able to disburse should be evaluated.
3. Judicial and court management and staff education. Judicial officers, clerks, and accounting and management personnel must be reminded of the requirements of their fiduciary responsibilities and the appropriate handling of civil trust accounts. Where judicial orders may be incomplete or in error, the orders must immediately be corrected prior to issuance or if found to be subsequently incomplete through error a nunc pro tunc order can be prepared to correct the deficiency.

Superior Court Responses By: Christina M. Volkers Date: May 8, 2015

The Court is in agreement with the Judicial Council’s audit findings in issues Memo IM-10, dated April 2, 2015, and the following actions have been or will be taken:

1. In September 2014, the Court started a plan for a remediation program as part of its efforts to establish a local Escheatment Policy and Procedure. A team of individuals from the Court’s administration, financial services, legal, and operations departments has been working on researching these cases as part of this effort. The remediation program continues with a focus on the following:
 - a. Assign additional staff as a “strike team” dedicated to promptly remediating the 520 cases as outlined in steps 1a-1d, Recommendations, above. Audit is complete of all 520 cases. Mailed letter and W-9 to 813 payees related to 401 of the 520 cases on 5/21/15. Therefore, on 503 of the 520 cases, action has been taken.
 - b. Issue a General Order by the Presiding Judge granting full authority to one specific judge assigned to help the “strike team” in resolving and remediating all cases involving Civil Trust Earnings, rather than securing an individual Order on each individual case as previous was the practice. Order signed and executed on 5/21/15.
 - c. The “strike team” will research each case and resolve accordingly. We have found 17 cases that needed significant research and judicial input. Fourteen of the 17 have been researched and are currently under review by the judicial officer assigned. Decisions are expected within the next two weeks, by 6/15/15.
 - d. Any funds which the Court is unable to remediate will be evaluated for Escheatment and advertised concurrent with the next schedules Escheatment cycle.
2. As noted above, a local Escheatment Policy and applicable procedures have been established and work is progressing.
3. As part of the September 2014 efforts set forth above, the Court has educated judicial officers, clerks, and accounting and management staff as to proper procedures for immediately dealing with interest along with principal for civil trust disbursement when the case is before a judicial officer to request corrected Orders where interest earnings are not included in the original Order.

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 these services are typically included in an MOU.

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 Judicial Council Office of Security (OS) provides courts with guidance in developing a sound court security plan, including a court security plan template and a court security best practices document. OS also has a template for courts to use in developing an Emergency Plan.

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

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Expenditures				
934504 PERIMETER SECURITY-CONTRACT	1,051,213.18	1,131,369.98	(80,156.80)	-7.08%
934512 ALARM SERVICE	4,140.80	7,249.80	(3,109.00)	-42.88%
* 934500 - SECURITY	1,055,353.98	1,138,619.78	(83,265.80)	-7.31%
941101 SHERIFF-REIMB-AB2030	79,535.00	45,500.00	34,035.00	74.80%
941102 CITATION SERVICES	4,260.80	6,444.82	(2,184.02)	-33.89%
* 941100 - SHERIFF	83,795.80	51,944.82	31,850.98	61.32%
945207 SECURITY SURVEILLANCE - MAJOR	277,101.00		277,101.00	100.00%
* 952000 - UNIFORM ALLOWANCE	6,418.01	6,170.87	247.14	4.00%

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 MOU with the County Sheriff for court security services, including the stationing of bailiffs in courtrooms.

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

9. Procurement

Background

The Judicial Branch Contracting Manual (JBCM) 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 their procurement 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, 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 are specified and assuring that funds are available before approving the request for procurement. Depending on the type, cost, and frequency of the goods or services to be procured, trial court employees may need to perform varying degrees of procurement research to generate an appropriate level of competition and 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 transaction.

The table on the next page 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 included below.

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Expenditures				
* 920200 - LABORATORY EXPENSE	9,355.50	8,415.00	940.50	11.18%
* 920400 - MOVING & RELOCATION	-	400.00	(400.00)	-100.00%
* 920500 - DUES AND MEMBERSHIPS	24,861.93	16,184.08	8,677.85	53.62%
* 920600 - OFFICE EXPENSE	634,829.04	532,796.45	102,032.59	19.15%
* 920700 - FREIGHT	108.65	-	108.65	100.00%
* 921500 - ADVERTISING	4,631.00	505.00	4,126.00	817.03%
* 921700 - MEETINGS, CONFERENCES, E	16,300.84	5,364.72	10,936.12	203.85%
* 922300 - LIBRARY PURCHASES AND SU	396,546.16	389,054.29	7,491.87	1.93%
* 922500 - PHOTOGRAPHY	559.42	1,096.61	(537.19)	-48.99%
* 922600 - MINOR EQUIPMENT - UNDER	1,314,155.03	973,110.02	341,045.01	35.05%
* 922700 - EQUIPMENT RENTAL/LEASE	335,660.49	307,817.31	27,843.18	9.05%
* 922800 - EQUIPMENT MAINTENANCE	34,701.60	22,957.21	11,744.39	51.16%
* 922900 - EQUIPMENT REPAIRS	44,303.25	42,578.79	1,724.46	4.05%
* 923900 - GENERAL EXPENSE - SERVIC	465,540.85	253,870.18	211,670.67	83.38%
* 924500 - PRINTING	657,788.48	659,004.94	(1,216.46)	-0.18%
* 925100 - TELECOMMUNICATIONS	1,659,117.39	1,335,877.28	323,240.11	24.20%
* 926200 - STAMPS, STAMPED ENVELOPE	598,771.21	579,894.85	18,876.36	3.26%
* 928800 - INSURANCE	52,435.50	38,868.77	13,566.73	34.90%
* 935200 - RENT/LEASE	2,131,771.17	2,136,947.62	(5,176.45)	-0.24%
* 935300 - JANITORIAL	1,080,291.37	1,024,464.56	55,826.81	5.45%
* 935400 - MAINTENANCE AND SUPPLIES	334,005.68	32,793.18	301,212.50	918.52%
* 935500 - EXTERMINATION	3,232.50	5,997.93	(2,765.43)	-46.11%
* 935600 - ALTERATION	738,760.95	328,909.24	409,851.71	124.61%
* 935700 - OTHER FACILITY COSTS - G	8,364.90	4,768.48	3,596.42	75.42%
* 935800 - OTHER FACILITY COSTS - S	4,822.76	4,165.94	656.82	15.77%
* 936000 - UTILITIES	29,817.44	31,104.31	(1,286.87)	-4.14%
* 938100 - CONTRACTED SERVICES	3,190.00	500.00	2,690.00	538.00%
* 938200 - CONSULTING SERVICES - TE	220,707.43	-	220,707.43	100.00%
* 938300 - GENERAL CONSULTANT AND P	1,143,098.46	1,022,486.83	120,611.63	11.80%
* 938500 - COURT INTERPRETER SERVIC	308,234.42	337,074.96	(28,840.54)	-8.56%
* 938600 - COURT REPORTER SERVICES	517,310.94	604,742.50	(87,431.56)	-14.46%
* 938700 - COURT TRANSCRIPTS	816,087.45	831,029.47	(14,942.02)	-1.80%
* 938800 - COURT APPOINTED COUNSEL	4,070,225.49	3,847,444.16	222,781.33	5.79%
* 938900 - INVESTIGATIVE SERVICE	13,212.00	9,670.00	3,542.00	36.63%
* 939000 - COURT ORDERED PROFESSION	332,466.80	357,182.64	(24,715.84)	-6.92%
* 939100 - MEDIATORS/ARBITRATORS	300.00	3,000.00	(2,700.00)	-90.00%
* 939400 - LEGAL	82,787.02	-	82,787.02	100.00%
* 939800 - OTHER CONTRACT SERVICES	28,298.10	2,017.65	26,280.45	1302.53%
* 943200 - IT MAINTENANCE	1,262,208.52	157,843.32	1,104,365.20	699.66%
* 943300 - IT COMMERCIAL CONTRACT	516,628.98	359,001.70	157,627.28	43.91%
* 943500 - IT REPAIRS/SUPPLIES/LICE	943,157.65	179,453.49	763,704.16	425.57%
* 952000 - UNIFORM ALLOWANCE	6,418.01	6,170.87	247.14	4.00%
* 952300 - VEHICLE OPERATIONS	85,173.90	97,164.56	(11,990.66)	-12.34%
* 945200 - MAJOR EQUIPMENT	977,099.34	319,861.99	657,237.35	205.48%

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

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

10. Contracts

Background

The Judicial Branch Contracting Manual 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.

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

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Expenditures – Contracted Services				
* 938100 - CONTRACTED SERVICES	3,190.00	500.00	2,690.00	538.00%
* 938200 - CONSULTING SERVICES - TE	220,707.43	-	220,707.43	100.00%
* 938300 - GENERAL CONSULTANT AND P	1,143,098.46	1,022,486.83	120,611.63	11.80%
* 938500 - COURT INTERPRETER SERVIC	308,234.42	337,074.96	(28,840.54)	-8.56%
* 938600 - COURT REPORTER SERVICES	517,310.94	604,742.50	(87,431.56)	-14.46%
* 938700 - COURT TRANSCRIPTS	816,087.45	831,029.47	(14,942.02)	-1.80%
* 938800 - COURT APPOINTED COUNSEL	4,070,225.49	3,847,444.16	222,781.33	5.79%
* 938900 - INVESTIGATIVE SERVICE	13,212.00	9,670.00	3,542.00	36.63%
* 939000 - COURT ORDERED PROFESSION	332,466.80	357,182.64	(24,715.84)	-6.92%
* 939100 - MEDIATORS/ARBITRATORS	300.00	3,000.00	(2,700.00)	-90.00%
* 939400 - LEGAL	82,787.02	-	82,787.02	100.00%
* 939800 - OTHER CONTRACT SERVICES	28,298.10	2,017.65	26,280.45	1302.53%
Expenditures – County Provided Services				
* 942100 - COUNTY-PROVIDED SERVICES	14,651.93	42,758.17	(28,106.24)	-65.73%

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 the Court MOUs with the County to determine whether they are current, comprehensive of all services 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.

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

11. Accounts Payable

Background

The FIN Manual provides courts with 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, within certain maximum limits, incurred while traveling on court business. Courts may also reimburse their judges and employees, or pay vendors, for the actual cost of providing business-related meals when certain rules and limits are met.

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

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Liabilities				
*** Accounts Payable	7,421,775.40	9,055,184.37	(1,633,408.97)	-18.04%
*** Current Liabilities	17,247,229.57	16,328,025.10	919,204.47	5.63%
Reimbursements - Other				
** 860000-REIMBURSEMENTS - OTHER	(223,591.68)	(233,504.73)	9,913.05	4.25%

Expenditures

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
* 920200 - LABORATORY EXPENSE	9,355.50	8,415.00	940.50	11.18%
* 920400 - MOVING & RELOCATION	-	400.00	(400.00)	-100.00%
* 920600 - OFFICE EXPENSE	634,829.04	532,796.45	102,032.59	19.15%
* 920700 - FREIGHT	108.65	-	108.65	100.00%
* 921500 - ADVERTISING	4,631.00	505.00	4,126.00	817.03%
* 921700 - MEETINGS, CONFERENCES, E	16,300.84	5,364.72	10,936.12	203.85%
* 922300 - LIBRARY PURCHASES AND SU	396,546.16	389,054.29	7,491.87	1.93%
* 922500 - PHOTOGRAPHY	559.42	1,096.61	(537.19)	-48.99%
* 922700 - EQUIPMENT RENTAL/LEASE	335,660.49	307,817.31	27,843.18	9.05%
* 922800 - EQUIPMENT MAINTENANCE	34,701.60	22,957.21	11,744.39	51.16%
* 922900 - EQUIPMENT REPAIRS	44,303.25	42,578.79	1,724.46	4.05%
* 923900 - GENERAL EXPENSE - SERVIC	465,540.85	253,870.18	211,670.67	83.38%
* 924500 - PRINTING	657,788.48	659,004.94	(1,216.46)	-0.18%
* 925100 - TELECOMMUNICATIONS	1,659,117.39	1,335,877.28	323,240.11	24.20%
* 926200 - STAMPS, STAMPED ENVELOPE	598,771.21	579,894.85	18,876.36	3.26%
* 928800 - INSURANCE	52,435.50	38,868.77	13,566.73	34.90%
* 929200 - TRAVEL- IN STATE	90,679.32	58,880.08	31,799.24	54.01%
* 931100 - TRAVEL OUT OF STATE	6,816.37	3,893.92	2,922.45	75.05%
* 933100 - TRAINING	30,069.11	21,003.76	9,065.35	43.16%
* 935200 - RENT/LEASE	2,131,771.17	2,136,947.62	(5,176.45)	-0.24%
* 935300 - JANITORIAL	1,080,291.37	1,024,464.56	55,826.81	5.45%
* 935400 - MAINTENANCE AND SUPPLIES	334,005.68	32,793.18	301,212.50	918.52%
* 935500 - EXTERMINATION	3,232.50	5,997.93	(2,765.43)	-46.11%
* 935600 - ALTERATION	738,760.95	328,909.24	409,851.71	124.61%
* 935700 - OTHER FACILITY COSTS - G	8,364.90	4,768.48	3,596.42	75.42%
* 935800 - OTHER FACILITY COSTS - S	4,822.76	4,165.94	656.82	15.77%
* 936000 - UTILITIES	29,817.44	31,104.31	(1,286.87)	-4.14%
* 938100 - CONTRACTED SERVICES	3,190.00	500.00	2,690.00	538.00%
* 938200 - CONSULTING SERVICES - TE	220,707.43	-	220,707.43	100.00%
* 938300 - GENERAL CONSULTANT AND P	1,143,098.46	1,022,486.83	120,611.63	11.80%
* 938500 - COURT INTERPRETER SERVIC	308,234.42	337,074.96	(28,840.54)	-8.56%
* 938600 - COURT REPORTER SERVICES	517,310.94	604,742.50	(87,431.56)	-14.46%
* 938700 - COURT TRANSCRIPTS	816,087.45	831,029.47	(14,942.02)	-1.80%
* 938800 - COURT APPOINTED COUNSEL	4,070,225.49	3,847,444.16	222,781.33	5.79%
* 938900 - INVESTIGATIVE SERVICE	13,212.00	9,670.00	3,542.00	36.63%
* 939000 - COURT ORDERED PROFESSION	332,466.80	357,182.64	(24,715.84)	-6.92%
* 939100 - MEDIATORS/ARBITRATORS	300.00	3,000.00	(2,700.00)	-90.00%
* 939400 - LEGAL	82,787.02	-	82,787.02	100.00%
* 939800 - OTHER CONTRACT SERVICES	28,298.10	2,017.65	26,280.45	1302.53%
* 952000 - UNIFORM ALLOWANCE	6,418.01	6,170.87	247.14	4.00%
* 952300 - VEHICLE OPERATIONS	85,173.90	97,164.56	(11,990.66)	-12.34%
* 965100 - JUROR COSTS	690,324.28	777,001.66	(86,677.38)	-11.16%

We assessed the Court's compliance with the invoice and claim processing requirements specified in the FIN Manual through interviews with fiscal accounts payable staff. We also reviewed selected invoices and claims 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. Further, we reviewed selected travel expense claims and business meal expenses to assess compliance with the *Judicial Council Travel Reimbursement Guidelines* and *Business-Related Meals Reimbursement Guidelines* provided in the FIN Manual.

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

11.1 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 Procedure 8.04, paragraph 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 \$100.00 unless advance approval from the Court Executive Officer is obtained.

In addition, paragraph 6.2 requires the Court Executive Officer to appoint a custodian who is personally responsible for the safekeeping, disbursement, and accounting for petty cash. The petty cash custodian must have no other cash handling responsibilities and must keep the petty cash funds separate from all other monies.

Guidelines for establishing the petty cash fund is addressed in paragraph 6.3, which states that checks be made payable to the custodian of the fund to establish the fund. In addition, the petty cash fund should be kept to the lowest amount that is sufficient to meet the needs of the trial court. The authorized fund shall not exceed \$200, except that funds up to \$750 may be authorized where a fund of lesser size would normally require replenishment more often than once a month and a safe, vault, or money chest adequate to safeguard the petty cash fund is available.

Also, paragraph 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, paragraph 6.6 provides guidelines for replenishing the petty cash fund. Specifically, reimbursements to the petty cash fund are made by check payable to the custodian. To receive reimbursement for petty cash expenditures, the custodian must submit a Reimbursement of Petty

Cash form that is supported by purchase receipts. Reimbursement requests must be approved for payment by the CFO or his or her designee. The trial court accounting department is responsible for reviewing the receipts submitted with reimbursement requests. In addition, trial court executives, managers, and other employees are prohibited from authorizing petty cash reimbursements payable to cash or themselves.

Issues

To determine whether the Court uses and maintains its petty cash fund consistent with the guidelines in the FIN Manual, we interviewed the petty cash custodian at eight Court locations identified by the Court as having a petty cash fund and reviewed purchases reimbursed by the petty cash fund in fiscal year 2013-2014. Our review revealed the following concerns:

1. The assigned petty cash custodian at seven court locations does not have physical custody of the petty cash fund, making it difficult to hold the assigned petty cash custodian personally responsible for the safekeeping, disbursement, and accounting of the petty cash fund.

In addition, court staff having physical custody of the petty cash fund at seven court locations have other cash handling duties, such as having custody of the change fund and cash difference fund as well as preparing the daily bank deposit. Further, the petty cash fund at two of these seven court locations is accessible to other court staff.

2. All eight court locations reviewed used the petty cash fund for purposes other than to purchase low value supplies and services that cannot be purchased by other means. Specifically, the court locations used the petty cash fund to purchase food and supplies for employee recognition events.
3. Petty cash receipts were not always completed when disbursing petty cash funds at two court locations.
4. Petty cash receipts were not always completed with all relevant information at two court locations. Specifically, the petty cash receipts did not always have a supervisor signature approving the purchase or advance, a petty cash custodian signature acknowledging the petty cash disbursement or return of change, or an employee signature acknowledging receipt of the petty cash advance or certifying the purpose of the purchase. In fact, the supervisor at each location approved the disbursement of petty cash funds to herself. Further, at one court location, the petty cash custodian signed the petty cash receipt approving the purchase instead of the supervisor.
5. The petty cash fund disbursements at three court locations do not support the need for a petty cash fund over \$200. We reviewed the petty cash expenditures for calendar year 2014 through August 2014 to determine the highest monthly use of petty cash. After omitting the petty cash transactions for employee recognition, we found that the highest monthly petty cash use for any month at each court location was between \$60 and \$86. Therefore, the Court's use of the petty cash fund does not support the need for a petty cash fund that exceeds \$200.

Recommendations

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. Require petty cash custodians to keep physical custody of the petty cash fund in order to hold the petty cash custodians responsible for the safekeeping, disbursement, and accounting of the petty cash fund as well as ensure that access to the petty cash is restricted to only the petty cash custodian. Also, ensure that the petty cash custodians have no other cash handling duties.
2. Ensure that the petty cash fund is used only for the purchase of low value supplies and services, such as stamps, cab fare, etc., that cannot be purchased by other means.
3. Require petty cash custodians to use a petty cash receipt form to document petty cash disbursements and to attach the original vendor invoice, cash register receipt, or other evidence of the transaction that supports the amount disbursed from the petty cash fund.
4. Ensure that all petty cash receipt forms are completed with all relevant information, including a supervisor signature approving the purchase or advance, the petty cash custodian signature acknowledging the petty cash disbursement or return of change, and the employee's signature acknowledging receipt of the petty cash advance or certifying the purpose of the purchase. When the supervisor is the court employee receiving the petty cash disbursement, require the court manager or another court supervisor approve the purchase or advance.
5. Reduce the petty cash fund to \$200 at those court locations with petty cash funds exceeding \$200.

Superior Court Responses By: Christina M. Volkers Date: February 26, 2015

The Court is in agreement with the Judicial Council's audit findings in Issues memo IM-6, dated January 26, 2015, and the following actions have been taken:

1. The Petty Cash funds will be returned from the district custodians and closed out effective April 1, 2015. In other words, there will be no petty cash funds in the districts or divisions of the Court.
2. The Petty Cash funds will be returned from the district custodians and closed out effective April 1, 2015. In other words, there will be no petty cash funds in the districts or divisions of the Court.
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5. The Petty Cash funds will be returned from the district custodians and closed out effective April 1, 2015. In other words, there will be no petty cash funds in the districts or divisions of the Court.

11.2 The Court Needs to Strengthen Its Business Meal Expense Procedures

Background

The FIN Manual acknowledges that it is necessary for trial court judges and employees to occasionally conduct official court business during a meal. Thus, the FIN Manual, Policy No. FIN 8.05, defines the rules and limits that courts must observe when arranging or claiming reimbursement for meals associated with official court business. Specifically, to be reimbursable, these business meals must have the written advance approval of the presiding judge (PJ) or, if delegated in writing, the Court Executive Officer (CEO) or another judge. FIN 8.05, 6.2, states the following:

All business meal expenditures must be supported by an original receipt, reflecting the actual costs incurred and a completed-approved business-related meal expense form, memo, or e-mail authorizing the expenditure in advance. The business-related meal expense form, memo, or e-mail will include the following information:

- a. Date of the business meal(s).
- b. Scheduled start and end time of the meeting.
- c. Statement explaining the business purpose of the meeting.
- d. Category and duration of business meal. Example: Breakfast 8:00- 8:30 (30 min).
- e. Location/place of the business meal.
- f. Copy of the formal agenda, if applicable.
- g. List of expected attendees, their titles, and affiliations.

Business meal expenses not approved in advance by the PJ or his or her written delegate will be considered a personal expense and will not be reimbursed or paid. In addition, business meal expenses are not authorized for informal meetings or meetings with existing or potential vendors.

FIN 8.05, 6.4, requires all group meals be arranged in accordance with established procurement and contracting guidelines. It also requires a business reason to keep the group together during the meal period. The court project manager or coordinator must explain on the business-related meal expense form why trial court business must be conducted during the meal period and could not be accomplished at any other time.

Allowable business meal expenses vary depending on when, where, and how many people are involved with the meal or function. For further information regarding the specific requirements

for allowable business meal expenses, please refer to the following paragraphs in Policy No. FIN 8.05:

- 6.3, Business Meal Reimbursement via a Travel Expense Claim
- 6.4, Group Business Meals
- 6.5, Authorized Business Meal Timeframes
- 6.6, Authorized Business Meal Rates
- 6.7, Requests for Exceptions to Business Expense Guidelines
- 6.8, Unallowable Business Meal Expenses

Issues

To determine whether the Court followed the business meal expense rules required in the FIN Manual, we interviewed appropriate Court staff regarding its business-related meal expense reimbursement practices. We also reviewed selected business-related meal expense transactions from FY 2013-2014. Our review of six business-related meal expenditures revealed the following:

1. Two business-related meal expenditures were not pre-approved. Instead, these expenditures were approved after the business-related meal took place.

Also, the business-related meal expense form for two other business-related meal expenditures did not contain the required list of attendees. The Court provided a sign-in sheet listing those who attended the business meal after the business-related meal expenditure was approved.

2. The Court could not provide documentation, such as vendor quotes, evidencing that it determined three business-related meal expenditures, each totaling over \$680, were fair and reasonable expenses as outlined in the Judicial Branch Contracting Manual for non-competitively bid procurements under \$5,000.

Recommendations

To ensure its business meal expenses are consistent with the Judicial Council business meals policy and procedures and an appropriate and necessary use of public funds, the Court should consider the following:

1. Require advance written approval by the PJ, or written designee, of all business-related meal expenditures on a business-related meal expense form, memo, or e-mail. Also, ensure that the business-related meal expense form, memo, or e-mail is completed with all pertinent information, including a list of attendees.
2. Document its efforts in determining whether its group meal expenditures are fair and reasonable by obtaining one or more vendor quotes and filing the quotes in its procurement files.

Superior Court Responses By: Christina M. Volkers Date: April 15, 2015

The court is in agreement with the Judicial Council's audit findings in Issues memo IM-8, dated April 1, 2015 and the following actions have been or will be taken.

Audit Services Comment The attachments referenced in the responses below are not included in this report but have been supplied to and reviewed by Audit Services.

1. On June 3, 2015 a memo was sent to the court judicial officers, managers and supervisors, and staff as a reminder to obtain prior approval and to complete the form with required information including providing a list of attendees. Attached to the April 17, 2015 memo will be a revised Business Meal Expense Pre-Approval Form that will highlight instructions to include a list of attendees.
2. On June 3, 2015 a memo was sent to the court judicial officers, managers and supervisors, and staff to inform them of the requirement to document fair and reasonable pricing. Attached to the June 3, 2015 memo is a revised Business Meal Expense Pre-Approval Form that will highlight instructions to include at least one or more quotes to document fair and reasonable pricing.

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 the Court's general ledger account balances that are considered associated with this section.

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Expenditures				
922601 MINOR EQUIP-NON-IT	194,101.13	81,612.75	112,488.38	137.83%
922603 OFFICE FURNITURE - MINOR	13,233.33	4,999.67	8,233.66	164.68%
922606 NON-OFFICE FURNITURE	115,105.52	-	115,105.52	100.00%
922607 CARTS, PALLETS, HAND TRUCKS, ETC.	11,260.05	1,711.72	9,548.33	557.82%
922609 WEAPON SCRNV/HANDWAND	876.83	-	876.83	100.00%
922610 COMPUTER ACCESSORIES	471,008.48	213,666.97	257,341.51	120.44%
922611 COMPUTER	92,386.81	530,269.81	(437,883.00)	-82.58%
922612 PRINTERS	297,638.48	2,846.36	294,792.12	10356.81%
922613 PRINTERS MULTI-FUNCTION DEVICE	1,036.13	-	1,036.13	100.00%
922614 SECURITY SURVEILLANCE - MINOR	-	406.88	(406.88)	-100.00%
922616 CELL PHONES/PAGERS	7,283.17	-	7,283.17	100.00%
922699 MINOR EQUIPMENT - UNDER \$5,000	110,225.10	137,595.86	(27,370.76)	-19.89%
* 922600 - MINOR EQUIPMENT - UNDER	1,314,155.03	973,110.02	341,045.01	35.05%
945204 WEAPON SCREENING X-RAY MACHINE	675.62	203,931.97	(203,256.35)	-99.67%
945205 MAJOR EQUIPMENT-VEHICLE	86,421.06	-	86,421.06	100.00%
945207 SECURITY SURVEILLANCE - MAJOR	277,101.00	-	277,101.00	100.00%
945301 MAJOR EQUIPMENT - NON-IT	89,581.51	-	89,581.51	100.00%
946601 MAJOR EQUIPMENT - IT	523,320.15	115,930.02	407,390.13	351.41%
* 945200 - MAJOR EQUIPMENT	977,099.34	319,861.99	657,237.35	205.48%

Due to other audit planning considerations, we did not review this area.

13. Audits

Background

Many legal requirements and restrictions surround 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 the scrutiny of an audit. During an audit, courts must fully cooperate with the auditors and demonstrate accountability, efficient use of public resources, and compliance with all applicable requirements. Courts should strive to investigate and correct substantiated audit findings in a timely manner.

We reviewed prior audits conducted on the Court to obtain an understanding of the issues identified and to assess during the course of this audit whether the Court appropriately corrected or resolved these issues. Specifically, Audit Services initiated an audit of the Court in October 2007 that included a review of various fiscal and operational processes. Issues from the October 2007 audit that the Court did not appropriately correct or resolve and that resulted in repeat issues may be identified in various sections of this report as “repeat” issues.

There were no significant issues to report to management in this area. Issues that repeat from the prior audit are identified in Appendix A to this report as “repeat” issues.

14. Records Retention

Background

The FIN Manual establishes uniform guidelines for trial courts to follow in retaining financial and accounting records. According to the FIN Manual, it is the policy of trial courts to retain financial and accounting records in compliance with all statutory requirements. Where legal requirements are not established, trial courts shall employ sound business practices that best serve the interests of courts. The trial courts 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 the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	TOTAL FUNDS AS OF JUNE 30		\$ Inc. (Dec)	% Change
	2014	2013		
Expenditures				
935203 STORAGE	437,688.95	386,675.63	51,013.32	13.19%

We assessed the Court's compliance with the record retention requirements provided in statute and in the FIN Manual through our observation and evaluation of the Court's retention of various operational and fiscal records throughout the audit.

There were no issues to report to management in this area.

15. Domestic Violence

Background

In June 2003, the Joint Legislative Audit Committee (JLAC) requested Audit Service 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, Audit Services agreed to test the assessment of fines and fees 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 issue is considered significant enough to bring to management's attention. There were no minor issues in this section.

15.1 The Court Could More Accurately and Consistently Impose the Statutorily Required Domestic Violence Fines and Fees

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. Legislative members expressed concerns 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, the Joint Legislative Audit Committee requested that the Judicial Council, Audit Services, conduct an audit of court-ordered fines and fees in certain DV cases.

As a part of the audit report that Audit Services issued in March 2004, Audit Services 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
Effective January 2013, courts must impose a separate and additional State Restitution Fine of not less than \$280 for a felony conviction and not less than \$140 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 the 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. This additional fine is effective upon the revocation of probation or of a conditional sentence (or parole), and shall not be waived or reduced by the court, absent compelling and extraordinary reasons stated on record.
- PC 1203.097 Domestic Violence Fee
Effective January 2004, if courts grant a person probation for committing a DV crime, courts must include in the terms of probation a minimum period of probation of 36 months and a \$400 DV Fee. The legislation that amended the DV Fee from \$200 to \$400 sunset on January 1, 2010, but a bill enacted on August 13, 2010, amended the fee back to \$400. However, a bill enacted on September 24, 2012, increased the fee to \$500, effective January 1, 2013. 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 Operations Assessment
Effective July 28, 2009, courts must impose a \$30 (\$40 effective October 19, 2010) Court Security Fee on each criminal offense conviction. Effective June 30, 2011, this code section was amended to reflect the change from a court security fee to a court operations assessment.
- Government Code (GC) 70373 Criminal Conviction Assessment
Effective January 1, 2009, courts must impose a \$30 Criminal Conviction Assessment for each misdemeanor or felony conviction, and a \$35 assessment for each infraction conviction.

Issues

Our review of the case files for 30 criminal cases where the defendant was convicted of a DV charge (DV cases) from July 2013 through January 2014 found that the Court did not always impose the correct fines and fees. Specifically, our review noted the following exceptions:

- For four of the 24 DV cases reviewed where probation was ordered, the Court did not order the \$500 DV Fee amount pursuant to PC 1203.097(a)(5).
- For seven of the 20 DV cases where probation was ordered and the Court ordered a DV fee pursuant to PC 1203.097(a)(5), the Court assessed \$400 instead of the \$500 DV Fee in effect at the time of sentencing and did not state a reason on the record explaining why the Court reduced the fee.

- For all 30 DV cases reviewed, the Court ordered a \$30 Court Operations fee per conviction instead of the required \$40 fee per conviction pursuant to PC 1465.8.
- Although authorized by a county Board of Supervisors resolution, the Court did not impose the PC 1463.27 Local DV fee for all 30 DV cases reviewed.

Recommendations

To ensure it consistently imposes the statutorily required minimum fines and fees, as well as fees authorized by the county, on criminal DV cases, the Court should consider the following:

1. Create and distribute a bench schedule of the required minimum and county authorized DV fines and fees as a tool for judicial officers and staff to reference and use when imposing fines and fees during sentencing. The Court should periodically update this schedule to reflect any changes in statute. In addition, it should consider inserting these required minimum and county authorized DV fine and fee amounts on the official order of probation forms.
2. Document in DV case minute orders, and also its case management system, any compelling and extraordinary reasons, waivers, and determinations from financial hearings to support why the Court did not impose the required minimum fines and fees.

Superior Court Responses By: Christina M. Volkers Date: February 2, 2015

The Court is in agreement with the Judicial Council's audit findings in Issues memo IM-1, dated January 7, 2015, and the following actions have been taken.

Audit Services Comment: The attachments referenced in the responses below are not included in this report but have been supplied to and reviewed by Audit Services.

1.
 - a) A memo was sent to all Judges and Commissioners on December 31, 2012, from Pam Nay, Court Financial Officer, regarding the increase in the AB 2094 Domestic Violence Probation Fee from \$400 to \$500.
 - b) All judicial officers have been notified regarding the fines and fees pursuant to PC1203.097 and PC1463.27. Supervising Criminal Judge Pace sent an email to all judicial officers on January 14, 2015, regarding these fines and fees. A reminder memo from Presiding Judge Slough was distributed via email on January 28, 2015.
 - c) A bench guide is being created for the judicial officers and staff to reference. It will be distributed by Pam Nay, Court Financial Officer, upon production by February 27, 2015. A memo from Presiding Judge Slough regarding the fines and fees pursuant to PC1203.097 and PC1463.27 has been distributed to District Attorney, Public Defender, Conflict Panel Attorneys, and Probation via email on January 28, 2015.

- d) PC 1465.8 Court Operations Fee – The Court has distributed notices to all judicial officers, managers, and supervisors and staff on December 19, 2014, via email from Pam Nay, Court Financial Officer, of the increase in the Court Operations Fee from \$30 to \$40 per conviction.

2.

- a) New minute codes have been created in the case management system to support the findings when the Court waives or reduces the fines and fees pursuant to PC1203.097 and PC1463.27. Email and job aid sent by Bernadette Hawkins, District Manager, on January 23, 2015.
- b) All judicial assistants will be trained on these minute codes and requirements to reflect the Court's findings pursuant to PC1203.097 and PC1463.27. This training will be conducted in each district no later than February 27, 2015. Each District Manager shall document the training and submit that documentation to Bernadette Hawkins, District Manager, no later than March 13, 2015. Copies of this documentation will be provided to Pam Nay, Court Financial Officer.
- c) The Judicial Assistant's procedures manual has been updated on pages 180 and 184. These updates were distributed to all judicial assistants, managers, and supervisors via email by Bernadette Hawkins, District Manager, on January 23, 2015.

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.

To ensure the consistent and appropriate handling of exhibits, some trial courts establish written exhibit room procedures manuals. 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 as proof of facts in a criminal or civil case. While some exhibits have little monetary 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. 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 Court 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 the exhibit storage areas.

Due to the Court only storing paper exhibits for its current criminal caseload, no further review of the Court’s exhibits was performed.

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 the individual be held in custody until trial, unless the individual 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 Agents" licensed by the State of California specialize in underwriting and issuing bail bonds and act as the appointed representatives of licensed surety insurance companies.

California Rules of Court (CRC) 3.1130(a) indicate that 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 understand 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 were no issues to report to management in this area.

APPENDIX A

**Superior Court of California,
County of San Bernardino**

Issue Control Log

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 include an Estimated Completion Date.

Audit Services will periodically contact the Court to follow-up on the status of the corrective efforts indicated by the Court.

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
1	Court Administration							
		Log	The Court is not validating each judge's manually-prepared list of matters under submission for accuracy and to ensure there are no matters under submission for more than 90 days. REPEAT		C	The Court has corrected the inaccuracies in the case files. Operations has since modified all of the procedures regarding the tracking of under submitted matters county-wide to ensure that they are monitored.	Kim Greve	November 14, 2014
2	Fiscal Management and Budgets							
		Log	The Court could not provide pre-approval for overtime worked for the 12 employees reviewed who were compensated for overtime worked.		C	The Court has a requirement that all OT must be preapproved. Due to this audit issue, on 11/10/14, Kim Greve reminded the Executive Team, who subsequently reminded managers regarding the process for authorizing overtime. All requests are routed to Executive level for pre-approvals.	Kim Greve	November 10, 2014
3	Fund Accounting		No issues to report.					
4	Accounting Principles and Practices							
	4.1		The Court Needs to Improve Its Financial Accounting and Reporting Practices					
		7	The Court did not record several legally restricted revenue in special revenue funds. Specifically, legally restricted revenue recorded in general ledger accounts 812151 TCTF-program 45.10-custody /visitation mediation, 812158 TCTF-program 45.10-custody/visitation-family law facilitator, and 821170 GC 26840.3 marriage license conciliation were recorded in the Trial Court Trust Fund instead of in a special revenue fund.		C	The Revenue Chart of Accounts identifying special revenue accounts was updated by the Judicial Council of California in May 2014, toward at the end of FY 2013-14. Our court implemented these requisite changes to our classification of these revenues in FY 2014-2015. The court has reclassified the revenue sources identified by the audit into special revenue funds designated for specific revenue sources and has identified related expenditures and is in the process of reclassifying expenses to match related revenue sources. Unique account codes have been assigned for specific revenue sources and will be used to match expenditures with revenues.	Christina Volkens	May 29, 2015
		7	The Court did not record two sources of non-fee local revenue in a special revenue fund. Specifically, revenue recorded in general ledger accounts 822107 Non-Fee Rev 7 (judges' benefits reimbursement) and 822109 Non-Fee Rev 9 (witness fees) were recorded in the Trial Court Trust Fund. Although not legally restricted, these monies are for a specific purpose; therefore, the Court should have recorded these monies in Fund 120021 Special Revenue-Other and tracked with a unique accounting system code.		C	See above response.	Christina Volkens	May 29, 2015
		7	The Court did not include the lease of a county building in its Fiscal Year 2013-14 CAFR.		C	The Court failed to include a short-term facility lease in the CAFR. The facility is no longer occupied by the Court and the lease terminated as of 6/30/2014. The Court will review the CAFR preparation process with staff.	Christina Volkens	May 29, 2015
		7	The Court included software, software upgrade, and software consulting expenses, as well as warranty costs, as part of the fixed assets it reported in its FY 2013-14 CAFR.		C	The Court recorded the costs related to software incorrectly on the CAFR which should have been included on the line for intangible assets. The Court will review the CAFR preparation process with staff.	Christina Volkens	May 29, 2015
		Log	Our review of court employees' SAP user roles revealed eight court employees who are capable of parking accounts receivable invoices and credit memos as well as the incompatible activity of posting accounts receivable invoices and credit memos.		C	The Court immediately removed parking capability for accounts receivable invoices and credit memos for the eight court employees.	Aileen Yan	December 22, 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Of the five Miscellaneous Revenue samples reviewed, one sample related to a reimbursement for electronic toothbrushes should have been recorded in general ledger account 861011 Reimbursements-Miscellaneous rather than in general ledger account 823001 Miscellaneous Revenue.		C	The Court agrees that the \$648 reimbursement should not have been recorded in Miscellaneous Revenue account. This was an error made by an employee in fiscal. However, as a further precaution, we will be training Financial Services staff on the proper coding and the account descriptions available on the list of the Chart of Accounts.	Pam Nay	May 19, 2015
		Log	The Court could not provide proof that it provided the required notification to the Judicial Council Human Resources Office of its intent to prefund other post employment benefits (OPEB).		C	The Court agrees and a notice was sent to HRSO on 4/21/15.	Pam Nay	April 21, 2015
5	Cash Collections							
	5.1		The Court Needs to Strengthen Its Cash Handling Procedures					
		3	Cash Collections – Cashier change bags are not verified in front of a supervisor at the beginning of the day at three court locations. Further, at one of these three locations, cashier change bags are not verified in front of a supervisor at the end of the day.		C	Require supervisors verify cashier change bags at the beginning and the end of the business day. Also, require supervisors to sign and initial the beginning cash verification log to document verification of cashier change bags.	Christina Volkers	May 29, 2015
		3	In addition, the beginning cash verification log is not signed or initialed by court staff witnessing the beginning cash verification.		C	See response above.	Christina Volkers	May 29, 2015
		3	Void Transactions – Our review of selected void transactions at two court locations, five at one location and four at the second location, revealed that one void transaction at each location was processed by a supervisor who also processed the original transaction. REPEAT		C	Configure the Court’s CMS so that supervisors and accounting clerks cannot void their own transactions. If this is not possible, develop a policy or procedure requiring supervisors and accounting clerks to obtain supervisory approval prior to voiding their own transactions.	Christina Volkers	May 29, 2015
		3	Similarly, our review of eight void transactions at the Court’s automated mail payment processing location revealed that three void transactions were processed by the same accounting clerk who processed the original transaction.		C	See response above.	Christina Volkers	May 29, 2015
		3	Daily Closeout Process					
		3	Cashier end-of-day closeout is not verified by a supervisor or manager at six court locations. Instead, the fiscal clerk verifies the closeout and also performs the incompatible activity of preparing the daily deposit.		C	Require supervisors or managers to verify cashier end-of-day closeout. This includes physically verifying cash and check totals to the CMS cash and check totals and ensuring that checks have been endorsed. Also, ensure that court staff verifying cashier end-of-day closeout does not prepare the daily deposit on the same day.	Christina Volkers	May 29, 2015
		3	a. At two other court locations, the supervisor verifying cashier end-of-day closeout does not physically verify cashier collections to the CMS. Instead, the supervisor verifies the collection totals noted on the daily reconciliation sheet to the CMS.		C	See response above.	Christina Volkers	May 29, 2015
		3	b. In fact, at one of these two locations, the supervisor does not verify cash collection totals at all, only check totals.		C	See response above.	Christina Volkers	May 29, 2015
		3	Further, our review at this same location revealed that cashiers did not always endorse checks received immediately upon receipt.		C	See response above.	Christina Volkers	May 29, 2015
		3	Mail Payments				Christina Volkers	May 29, 2015
		3	a. Of the eight court locations reviewed, a payments receipt log is not utilized at one court location to record and track all mail payments it received. The remaining seven court locations only log cash received through the mail.		C	It will be emphasized that all Court locations are required to immediately log and deposit cash received immediately.	Christina Volkers	June 1, 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		3	b. In addition, LPAs at two court locations open mail and drop box payments and perform the incompatible function of processing the mail and drop box payments in the CMS.		C	The Court is editing the District Fiscal Procedures manual and updating Cash Control Training for cashier staff to address the procedures to comply with in FIN 10.02, paragraph 6.3.10. See attached pages 11 and 14 of the draft District Fiscal Procedures manual. See 6/1/15 memo attached and sent to district managers and supervisors to remind them of this requirement. Procedures will require the daily cash out to be done only by supervisors or managers and verified against the CMS directly by type of payment.	Christina Volkers	June 1, 2015
		3	Further, checks received through the mail were not always endorsed immediately upon receipt at two court locations, and mail payments were not always processed by the next business day at two other court locations.		C	See response above.	Christina Volkers	June 1, 2015
		3	Bank Deposits – Deposits at three court locations are not verified by a supervisor or manager.		C	The Court has edited the Court District Fiscal Procedures Manual to include procedures requiring supervisors to sign/initial deposit slips as the verifier. See attached page 12 of the draft Court District Fiscal Procedures Manual. A memo was sent 6/1/15 to notify district managers and supervisors of the requirement. Training will be provided in the Cash Control Training and to those staff to support FIN 13.01, paragraph 6.3, subsection 4.c.	Christina Volkers	June 1, 2015
		3	Surprise Cash Counts – The Court does not conduct surprise cash counts as required by the FIN Manual at two Court locations.		C	The Court's District Fiscal Procedures includes a section on Surprise Cash Audits and, in order to document said occurrences, a Surprise Cash Count log. See pages 9 and 31 of the District Fiscal Procedures manual. The Cash Control Training for cashier staff was also updated to include this requirement and to address the procedures supplied in FIN 10.02, paragraph 6.3.12. Procedures in place require surprise cash counts as the normal course of duties for supervisors.	Christina Volkers	May 29, 2015
	5.2		The Court Needs to Improve Its Control and Oversight over Handwritten Receipts					
		2	One location does not log handwritten receipt books in a handwritten receipt book log when issuing the books for use and another location does not consistently log handwritten receipt books in its handwritten receipt book log when issuing the books for use.		C	On March 25, 2015, a memo was sent to managers and supervisors to remind them of the Manual Receipt Books internal controls and to advise them of their role in control and oversight over handwritten receipts.	Christina Volkers	March 25, 2015
		2	Also, at a third location, issued handwritten receipt books were not returned to the supervisor until the following business day.		C	See above response.	Christina Volkers	March 25, 2015
		2	Further, the Court's Financial Services department cannot account for all handwritten receipt books issued to the eight Court cash processing locations reviewed.		C	See above response.	Christina Volkers	March 25, 2015
		2	Handwritten receipt books at one location are not kept under supervisory control when not in use. Instead, the location's fiscal clerk has custody of the receipt books and also performs the incompatible activities of verifying cashier end-of-day collections and preparing the daily deposit.		C	On March 25, 2015, a memo was sent to managers and supervisors to remind them of the Manual Receipt Books internal controls and to advise them of their role in control and oversight over handwritten receipts.	Christina Volkers	March 25, 2015
		2	Two locations each had one handwritten receipt book that contained missing receipts that the locations could not account for. Specifically, one location had 22 missing receipts and the other location had one missing receipt		C	See above response.	Christina Volkers	March 25, 2015
		2	Finally, our review found that two of the Court's locations used handwritten receipts for reasons other than for when the CMS is down. Specifically, both locations issue handwritten receipts for payments made on civil filings that are subsequently deposited with the County as interest bearing trust deposits.		C	Effective June 1, 2015 the court has implemented procedures to automate the civil trust deposit transaction into the case management system by depositing the money in an interest bearing trust account with the JCC rather than in an interest bearing trust account with the County.	Christina Volkers	June 1, 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		2	The Court asserts that since the CMS does not have an accounting function for its civil cases, issuing handwritten receipts is the only way to provide a receipt to the paying party. However, the Court could not provide an alternative procedure approved by the Judicial Council.	I		Court is investigating how to provide receipts to civil customers using its CMS without having to use handwritten receipts.	Christina Volkers	July 1, 2015
	5.3		The Court Needs to Strengthen the Oversight of Its Change Funds					
		4	The Court assigns custody of each court location's change fund to that location's District Manager. However, the District Manager does not have physical custody of the change fund.		C	On June 2, 2015, a memo will be sent to the managers and supervisors to remind them of the change fund internal controls and to assign the Change Fund to a custodian that has no other cash handling duties. Before signing the Change Fund Custodian form, the new custodian will receive a copy of Policy # 10.02 Cash Handling of the Trial Court Policies and Procedures Manual.	Christina Volkers	June 2, 2015
		4	Instead, the court location's fiscal clerk has custody of the change fund and has other cash handling duties, such as having custody of the petty cash and cash difference funds as well as preparing the daily bank deposit.		C	On June 2, 2015, a memo will be sent to managers and supervisors to remind them of the change fund internal controls and their role in the control and oversight of the change fund.	Christina Volkers	June 2, 2015
		4	At four of the eight court locations reviewed, the change fund is not verified and reconciled at the end of the day in the presence of a manager or supervisor.		C	See above responses.	Christina Volkers	June 2, 2015
		4	Specifically, at three of the four court locations, the fiscal clerk verifies and reconciles the change fund in the presence of either another fiscal clerk or a non-supervisory court employee.		C	See above responses.	Christina Volkers	June 2, 2015
		4	At the fourth location, the fiscal clerk verifies the change fund at the beginning of the day by herself and does not verify and reconcile the change fund at the end of the day.		C	See above responses.	Christina Volkers	June 2, 2015
		4	In addition, the change funds at four of the eight court locations reviewed are not counted by a court employee other than the change fund custodian.		C	See above responses.	Christina Volkers	June 2, 2015
	5.4		Closer Oversight Is Needed Over Civil Filing Fee Payment Plans					
		5	Our review of nine civil cases in which the Court established a payment plan for the required civil filing fees found that the Court does not always fully collect the required civil filing fees.	I		The Court formed a Fee Waiver Sub-Committee with the objectives of developing procedures that will keep track of funds that are due in regard to payments plans for all cases and to inform Judicial Officers of the non-payment of civil filing fees. The committee met for the first time on March 17, 2015, and again May 11, 2015. They will also meet in June. See email and minutes attached.	Christina Volkers	July 1, 2015
		5	However, of the nine civil cases reviewed where an installment payment plan had been established, seven civil cases had become delinquent but the Compliance Unit had not sent a delinquent notice.		C	The Court mailed demand of payment letters to non-current payment plan parties on Friday, March 6th giving the parties ten (10) days to respond and pay. The court is in the process of running a query on the payments received on these cases.	Christina Volkers	May 29, 2015
		Log	The Court does not provide counterfeit training on an annual basis.	I		The Court does provide, as a mitigating internal control procedure, all bills, \$20 and larger, must go through a counterfeit bill detector machine prior to acceptance. The Court's training manager is searching out training video on this subject and reaching out to other courts and once found, will require every cashier to complete once a year.	Gina Wilson	September 30, 2015
		Log	Of the 10 criminal and traffic cases reviewed where a payment plan was established, one case did not have an FTP notice issued when the case became delinquent.		C	This was a clerical error. The Barstow District corrected the case as part of the Trial in Absensia process.	Kerry Johnson	December 31, 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Of the 10 criminal and traffic cases reviewed where a payment plan was established, two misdemeanor cases did not have FTP notices issued even though the cases were at least 126 days delinquent at the time of our review. The Court asserts that for misdemeanor cases, it reserves the right to issue a bench warrant rather than an FTP. However, the Court had not issued a bench warrant for either case at the time of our review.	I		The cases are 614777KT and 3356266RF. The defendants were placed on probation. The Court does not apply FTP on probation cases but as indicated should do bench warrants or a FTP assessment and will comply with policy and procedures going forward.	Pam Nay	June 1, 2015
		Log	Two court locations did not complete a Change of Change Fund Custodian form when it changed custodians.		C	The San Bernardino Civil and the San Bernardino Criminal locations have completed Change of Change Fund Custodian forms.	Pam Nay	December 31, 2014
		Log	One court location could not provide a detailed accounting of change fund transactions.	I		The Court agrees and will request an alternative procedure. The CFO and purchasing looked into automated system of accounting for detailed transactions (like auto dispense machines) but they are cost prohibitive.	Pam Nay	September 30, 2015
		Log	One court location's civil division uses its cashier bags as a change fund.		C	The Court may have used a cashier bag at the time of the audit, however, a lock box is in place now and is being utilized in the Victorville district for the change fund.	Kerry Johnson	December 12, 2014
		Log	The deposit slip at one court location is not signed by the person preparing the deposit.		C	This was a clerical error. The Fontana district confirmed that procedures are in place require the person preparing the deposit and the reviewer sign the deposit slip and that is the current practice.	Trina Edwards	December 12, 2014
		Log	Completely used manual receipt books at three court locations were not returned to Financial Services.		C	The Court agrees. Policy and procedure calls for the receipt books to be returned to financial services. The used manual receipt books found in this audit were returned to Financial Services before May 15, 2015 and are being logged to be completed by 5/31/15	Kathy O'Brien	May 15, 2015
		Log	For a sample of void transactions reviewed, the void receipt was not always attached to the cashiers' end-of-day reconciliation sheet to support the void transaction.		C	The Court agrees and the Rancho district sent out notice to remind clerical staff to attach the void receipt to the cashier's end-of-day reconciliation.	Trina Edwards	December 12, 2014
		Log	For a sample of void transactions reviewed, the re-ring was not always processed correctly.		C	For the debit card payment transaction that was recorded as a credit card payment in the Case Management System the supervisor reviewed the entry with the clerk responsible. Also, for all transactions that need to be voided, a supervisor or other authorized person needs to void the transaction. The clerk who rang the original transaction needs to do the re-ring. This procedure was reiterated to all districts during the week of May 11, 2015, in writing, and sent to all supervisors.	Cyrstal Damico	September 12, 2014
		Log	Of the 15 infraction and misdemeanor cases reviewed, the Court, at the time of our review, had not submitted an FTA hold release to DMV for one case even though the defendant had made an appearance.		C	The Court released the FTA hold and subsequently placed a FTP hold on this case	Kerry Johnson	December 26, 2014
		Log	At the time of our review, the Court had not developed policies and procedures for the discharge of accountability of cases deemed to be uncollectible. The Court asserts that it is in the process of developing such policies and procedures.	I		The Court has developed policy and procedures that are currently under review by the executive team. The proposed policy has been vetted and drafted by staff.	Eileen Stutson	August 1, 2015
6	Information Systems							
		Log	The Court's Continuity of Government Plan (COG) is not current. The COG was last updated in February 2011. There have been court location closures as well as a court district reorganization since the COG was last updated.	I		The Court is currently updating the COOP plan and although it has been drafted, it is being reviewed by mid-level management now. It will be complete and posted by 9/30/15.	Dennis Smith	September 30, 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Court management does not perform periodic review of network or CMS user accounts to ensure that access rights are commensurate with job responsibilities.	I		The Court respectfully disagrees. We do periodically review network and CMS user accounts to ensure the business need continues to exist for the account (e.g., person still on staff, etc.). We have an account review process that confirms if the account is still needed. However, the current review does not cross-check the account's access rights against the currently needed access. For example, we would learn that account 12345 is still valid and the account holder is still a court employee (or not). But we would not detect that the person had moved from criminal to family law and no longer needs access to ring money in traffic. The court will put a procedure in place to ensure that the access is reviewed at the time of the move going forward.	Daniel Melendrez	September 1, 2015
		Log	The Court's IT policies and procedures do not address network or CMS privileged user account issues.	I		The court agrees. We have an old "...Use..." Policy which requires updating. The Court will survey surrounding Courts and develop an updated policy and procedures to address network and CMS privileged accounts in a manner consistent with our surrounding courts.	Daniel Melendrez	December 31, 2015
		Log	The Court's IT policies and procedures do not address network remote access issues.	I		The Court agrees and will survey surrounding Courts and develop an appropriate policy/procedure to address network remote access issues in a manner consistent with our surrounding courts.	Daniel Melendrez	December 31, 2015
		Log	The Court does not have written standards in place that cover the assignment and use of temporary or generic user accounts.	I		The Court agrees. As such, we will survey surrounding Courts and develop an appropriate policy/procedure to address the assignment and use of temporary or generic user accounts in a manner consistent with our surrounding courts.	Daniel Melendrez	December 31, 2015
		Log	The Court has not developed and implemented procedures to ensure court employees with DMV access annually sign their DMV Form INF 1128 Information Security Statement. The Court took immediate action to develop and implement procedures once it was made aware of the issue.		C	As noted, the Court took immediate action to develop and implement procedures.	Alan Crouse	May 30, 2015
		Log	Of the 20 DMV Form INF 1128 Information Security Statements (INF 1128) reviewed, 11 were not signed within the past 12 months as required by the DMV. Also, another five INF 1128 forms were not dated; therefore, Audit Services could not determine whether these forms had been signed within the past 12 months.		C	This was addressed in the policy developed for DMV annual renewals referenced above. A first renewal cycle was completed on March 6, 2015.	Alan Crouse	May 30, 2015
		Log	Of the 20 DMV Form INF 1128 Information Security Statements reviewed (INF 1128), five INF 1128 forms were incomplete. Specifically, these five INF 1128 forms were not signed by a supervisor. Further, two of the five INF 1128 forms did not indicate the employee's Court location.		C	This was addressed in the policy developed for DMV annual renewals referenced above. A first renewal cycle was completed on March 6, 2015.	Alan Crouse	May 30, 2015
		Log	Of the 20 DMV Form INF 1128 Information Security Statements (INF 1128) reviewed, two INF 1128 forms used were not the current version of the INF 1128 form.		C	This was addressed in the policy developed for DMV annual renewals referenced above. A first renewal cycle was completed on March 6, 2015.	Alan Crouse	May 30, 2015
		Log	Our review of 20 sample court employees listed as having DMV access revealed that two court employees no longer needed DMV access and a third court employee was no longer employed by the Court. The Court took immediate action to remove DMV access from the two court employees who no longer needed it and to remove the separated court employee from its list of court employees that have DMV access.		C	The audit followed the move of more than 400 court employees under the Valley Court Reorganization project by only months. As noted, the two employees who no longer needed access were immediately removed. The separated employee had been removed from DMV access, but had been left on the internal tracking sheet. This issue was addressed in the policy developed for DMV annual renewals referenced above. A first renewal cycle was completed on March 6, 2015.	Alan Crouse	May 30, 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court does not monitor DMV query and transaction activity to ensure that court employees with DMV access are accessing the DMV database for legitimate business reasons.	I		The Court will survey surrounding Counties and develop an appropriate procedure to monitor DMV query and transaction activity in a manner consistent with our surrounding courts.	Daniel Melendrez	December 31, 2015
7	Banking and Treasury							
	7.1		Civil Trust Earnings Not Remitted Along with Principal Amounts When Judicial Orders Do Not Specify Earnings as Part of the Order					
		10	The Court has civil trust accounts in the county treasury totaling over \$1.3 million in solely interest where the associated civil cases have been disposed and the principal amount deposited has been disbursed.	I		The Court is in agreement with the issue. In September 2014 the Court started a plan for a remediation program as part of its efforts to establish a local excheatment policy and procedure. A multi-discipline court team has been working on researching these case as part of this effort with a specific judge being granted full authority to review each case when presented.	Christina Volkens	August 1, 2016
		Log	The Court did not complete A. Schedule D – Notification to Close Bank Account for two bank accounts closed in 2012 and two bank accounts closed in 2013.		C	The Court will complete a Schedule D for the four bank accounts closed.	Pam Nay	September 1, 2015
		Log	The Court is not earning interest on its petty cash, emergency payroll, or jury fund bank accounts.	I		The Court will close the petty cash checking account as of 6/30/16 (soonest possible due to current court/county MOU). The Court will be closing the emergency payroll (old name) once the Court implements the Tyler Oydessey Case Management System AND terminates the County Treasury Services. The Court will also research moving the Jury Fund Imprest account to an interest bearing account.	Pam Nay	July 1, 2016
		Log	The Court does not have a list of all individuals who are authorized to sign court checks from a local bank account along with their signature limits.		C	The Court lists authorized signers in the yearly Schedule C. The Court will modify this list to include any signature limits, if any.	Pam Nay	June 30, 2015
8	Court Security							
			Sensitive issue - redacted if still incomplete at issuance of report					
			Sensitive issue - redacted if still incomplete at issuance of report					
			Sensitive issue - redacted if still incomplete at issuance of report					
		Log	At the time of our review, a building evacuation drill had not been conducted at one court location within the previous 12 months. (REPEAT)	I		Dates are listed below of when building evacuations have taken place - Juvenile: to be conducted on October 23, 2015	Dennis Smith	October 30, 2015
		Log	The Court could not provide proof of registration with the California Department of Public Health for the security screening equipment at four of the six court locations reviewed.	I		We are working with Public Health to provide proof of registration for the security screening equipment.	Nathan Lemley	September 30, 2015
		Log	The Court could not provide evidence of routine servicing and calibrating of the security screening equipment at three of the six court locations reviewed.		C	Servicing and calibration reports attached for all Districts, except SBJC. SBJC was installed in 2014. Documentation kept on shared drive (z drive) at Court	Nathan Lemley	Complete
		Log	The Court and Sheriff have not updated the security levels in the court security MOU to reflect recent court closures as well as the opening of the new San Bernardino Justice Center.	I		The Court and the Sheriff are negotiating a new MOU and it is currently under review.	Alan Crouse	August 31, 2015
9	Procurement							

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	According to the Court, the CEO and CFO have the authority to approve hard-copy purchase requisitions as well as approve hard-copy invoices for the same purchases, which are incompatible duties.		C	The Court has revised the Authorization Matrix to exclude incompatible duty of approving procurement and approving invoices relating to the same procurement. If CEO or CFO are Project Manager, and thus, invoice approver, an alternate approver will be required on the procurement document. Delegation signed and updated 5/22/15	Jeremy Starkey	May 1, 2015
		Log	Although the Court's authorization matrix lists court staff authorized to approve hard-copy invoices and their approval limits, the authorization matrix does not list court staff authorized to approve hard-copy purchase requisitions and their limits.		C	The Court's authorization matrix includes authorized levels of procurement. The Court revised the Authorization Matrix on 5/22/15 to include specific procurement documents such as a purchase requisition.	Jeremy Starkey	May 1, 2015
		Log	The Court's Local Purchasing Manual does not reconcile with the Phoenix-FI SAP user list of employees authorized to approve purchase requisitions. The Court stated it would revise its Local Purchasing Manual to correct the issue.	I		The Court will revise its Local Purchasing Manual to include current list Phoenix FI SAP users authorized to approve purchase requisitions.	Dennis Rowe	July 1, 2015
		Log	The Court has not identified the allowable uses of its court purchase cards and shared this information with its court purchase card users.		C	All users have been given Credit Card Use guidelines when issued the card.	Pam Nay	June 1, 2015
		Log	For the two purchase card transactions we reviewed for lodging expenses, an agenda or registration form for the conferences attended were not included in the supporting documentation to substantiate paying for lodging rates that exceeded Judicial Council-approved lodging rates.		C	The Court follows very strict internal procedures and guidelines for approving higher than allowed lodging rates. However, the Court agrees that we haven't been including the agenda always and have modified the travel pre-approval form to highlight this requirement.	Pam Nay	Complete
		Log	For one of 12 purchase card transactions reviewed, the transaction was over the \$1,500 per transaction limit and was not pre-approved by authorized court staff as required by its Local Purchasing Manual.	I		The Court will reissue a memo to remind card custodians that they must get pre-approval prior to going over the \$1,500 per transaction limit.	Pam Nay	July 1, 2015
		Log	For one of two purchase card transactions reviewed for airfare, a receipt showing the amount of airfare paid was not included in the supporting documentation provided.		C	The Clerk has obtained a copy of the airfare receipt and placed it in the payment file.	Stacy Keene	April 30, 2015
		Log	Of the 19 procurements reviewed, the Court did not prepare a purchase requisition for eight procurements.	I		Note that four out of the eight procurements referenced are contracts and in accordance with the Court's Local Purchasing Manual and Local Contract Manual a Contract Entry Request Form (CERF) is utilized by Purchasing to issue PO's to enter multi-year contract information into SAP in lieu of a purchase requisition. The Court will research the requisition process for ordering on-line office supplies and has also notified vendors not to accept orders from any division/department other than purchasing. In summary, the court will issue the blanket PO's for those noted and the Court will update policy manuals accordingly.	Dennis Rowe	August 31, 2015
		Log	Of the 11 procurements reviewed where a purchase requisition was prepared, two purchase requisitions were not signed approved.		C	This was a clerical error. We found the ones not signed and had them signed posthaste.	Dennis Rowe	June 1, 2015
		Log	Of the 19 procurements reviewed, the Court did not encumber funds for six procurements by preparing a purchase order in Phoenix-FI.	I		Note: Gebbie & Friedman contract #K13-0020. This is an expired contract and was encumbered under PO 43-3123. The new contract #K14-0023 is encumbered under PO 43-3843. The other five procurements were direct pay. However, a purchase order is being issued and the policy manuals updated with this direction.	Sharon Sundy and Dennis Rowe	August 31, 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Of the 19 procurements reviewed, the Court could not provide procurement documents, such as a purchase requisition, purchase order, or contract, for 3 procurements. Therefore, we could not determine whether the Court followed the procurement requirements outlined in the Judicial Branch Contracting Manual.	I		The Office Depot requirements are direct pay, office supplies are ordered directly from Office Depot's website and do not go through the procurement process (Ref RFP 13-59). The subject Doctors are court appointed psychiatrists who have completed the necessary documentation to be placed on the list of doctors and are willing to accept the Court's designated fees and reimbursements. The court will issue blanket POs and update policy manuals accordingly	Dennis Rowe	August 31, 2015
		Log	Of the 12 procurements reviewed for non-IT goods and services, nine procurements did not a signed Darfur Contracting Act Certification in its procurement files.	I		Purchasing maintains vendor files on all of those that does business with and was able to locate Darfur Certifications for Home Depot, Michelle Laurent, Gebbie & Friedman, IEDA and Riverside Rubber Stamp; purchasing created a file for Office Depot. Purchasing does not control the appointment of Court Appointed Psychiatrists and therefore has no files set up for these appointments.	Dennis Rowe	August 31, 2015
		Log	Of the five procurements where a Request for Proposal was issued, a Notice of Intent to Award was not in the procurement file for one procurement. The Court stated that it rebuilt its website after the notice was issued and could not retrieve it.		C	The Court agrees with this finding and could not retrieve the proof of the electronic posting of the the notice. The Court will in the future place all documents necessary in file.	Dennis Rowe	April 9, 2015
		Log	Of the three procurements valued over \$1 million, two procurements did not contain written notification to the California State Auditor in its procurement files.		C	Notice to the State Auditor is taken care of by the Court's Contract Administrator (Contracts) per our Local Contracting Manual within 10 court days of contract execution. Olympic Security contract K13-0029 has such notice in the file. No notice was located for MCO contract K11-0036 executed April 2011.	Sharon Sundry	April 9, 2015
		Log	Of the nine procurements valued over \$5,000 and not made using a leveraged procurement agreement, two procurements did not go through the competitive solicitation process.		C	Daisy Wheel Ribbon Co. PO #4500071949 was issued as the result of competition. Home Depot, PO#4500071279 and #45002071280 were issued as the result of competition the same quotes were used for both procurements for a total of (15) refrigerators. The documentation was located.	Dennis Rowe	April 9, 2015
10 Contracts								
		Log	Although the one legal services contract reviewed contained a provision requiring the contractor to submit to legal bill audits, the provision does not require the contractor to submit to law firm audits. Also, the legal services contract did not contain a provision requiring the contractor to adhere to the Court's legal cost and billing guidelines and legal budget.		C	The Court agrees and this has been corrected in new contract #K14-0023.	Sharon Sundry	January 26, 2015
		Log	The contract files for all five contracts reviewed did not contain evidence of contract monitoring, such as by periodic written reviews. As a result, the Court could not provide supporting documentation that contractors are complying with certification requirements for two contracts that require certain certifications.		C	Currently, it is not the court's policy to conduct periodic written reviews of contracts; however, compliance with contract terms is required. The Court could not find in Gebbie & Friedman contract where Certification of Competency is required.	Sharon Sundry	January 26, 2015
		Log	The insurance certificates contained in all five contract files reviewed do not specify that notice of cancellation or modification of the insurance policy will be given at least 15 days in advance.		C	The Court agrees and is revising procedures to include required insurance terms.	Sharon Sundry	July 1, 2015
		Log	The insurance certificates in one of the five contract files reviewed did not list automobile insurance as required by the contract.	I		The Court agrees and is revising procedures to include required insurance terms.	Sharon Sundry	July 1, 2015
		Log	Other than for fleet management services, the Court-County MOU does not contain a provision stating that costs charged to the Court may not exceed the costs of providing similar services to county departments or special districts.		C	The Court agrees and a new Court-County MOU has been drafted and is under review.	Sharon Sundry	July 1, 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court-County MOU does not contain a provision allowing the Judicial Council or its delegate to audit county records to ensure compliance with Government Code 77212.	I		The Court agrees and a new Court-County MOU has been drafted and is under review.	Sharon Sundry	July 1, 2015
		Log	Our review of five county invoices revealed that two county invoices were not date stamped by the Court's accounts payable staff.		C	The Court agrees and reminded accounts payable and mail distribution staff to date stamp all invoices when received.	Pam Nay	May 26, 2015
		Log	Our review of five county invoices revealed that the payment remittance address on one invoice did not match the address contained in the SAP vendor file.	I		The remittance address for the Law and Justice Group will be verified and the system updated.	Diane Patterson	July 1, 2015
11	Accounts Payable							
	11.1		The Court Should Strengthen Its Petty Cash Procedures					
		6	The assigned petty cash custodian at seven court locations does not have physical custody of the petty cash fund.		C	The Petty Cash funds will be returned from the district custodians and closed out effective April 1, 2015. In other words, there will be no petty cash funds in the districts or divisions of the Court.	Pam Ney	April 2015
		6	The person who has custody of the petty cash fund at seven court locations has other cash handling duties.		C	See response above.	Pam Ney	April 2015
		6	The petty cash fund at two court locations is accessible to other court staff.		C	See response above.	Pam Ney	April 2015
		6	Not all petty cash transactions reviewed at one court location were approved by the petty cash custodian.		C	See response above.	Pam Ney	April 2015
		6	All eight court locations inappropriately used the petty cash fund for purposes other than to purchase low value supplies and services that cannot be purchased by other means.		C	See response above.	Pam Ney	April 2015
		6	The petty cash fund at three court locations exceeds \$200. A fund of lesser size would not require replenishment more than once a month. REPEAT		C	See response above.	Pam Ney	April 2015
		6	Two court locations did not always complete a petty cash voucher when disbursing petty cash funds.		C	See response above.	Pam Ney	April 2015
		6	Petty cash vouchers at one court location were not always complete with a supervisor signature approving the purchase or advance and the fund custodian signature acknowledging the petty cash disbursement or the return of change.		C	See response above.	Pam Ney	April 2015
		6	Petty cash vouchers at one court location were not always complete with the employee's signature acknowledging receipt of the petty cash advance or certifying the purpose of the purchase.		C	See response above.	Pam Ney	April 2015
		6	The petty cash custodian at one court location signed one petty cash voucher approving the purchase rather than the employee's supervisor.		C	See response above.	Pam Ney	April 2015
		6	A supervisor at one court location initialed the petty cash voucher approving the disbursement of a petty cash advance to herself.		C	See response above.	Pam Ney	April 2015
	11.2		Court Needs to Strengthen Its Business Meal Expense Procedures					

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		8	Two business-related meal expenditures were not pre-approved. Instead, these expenditures were approved after the business-related meal took place.		C	On June 3, 2015 a memo was sent to the court judicial officers, managers and supervisors, and staff as a reminder to obtain prior approval and to complete the form with required information including providing a list of attendees. Attached to the April 17, 2015 memo will be a revised Business Meal Expense Pre-Approval Form that will highlight instructions to include a list of attendees.	Christina Volkers	June 3, 2015
		8	Also, the business-related meal expense form for two other business-related meal expenditures did not contain the required list of attendees. The Court provided a sign-in sheet listing those who attended the business meal after the business-related meal expenditure was approved.		C	See response above.	Christina Volkers	June 3, 2015
		8	The Court could not provide documentation, such as vendor quotes, evidencing that it determined three business-related meal expenditures, each totaling over \$680, were fair and reasonable expenses as outlined in the Judicial Branch Contracting Manual for non-competitively bid procurements under \$5,000.		C	On June 3, 2015 a memo was sent to the court judicial officers, managers and supervisors, and staff to inform them of the requirement to document fair and reasonable pricing. Attached to the April 17, 2015 memo will be a revised Business Meal Expense Pre-Approval Form that will highlight instructions to include at least one or more quotes to document fair and reasonable pricing.	Christina Volkers	June 3, 2015
		Log	The Reimbursement of Petty Cash form provided by one court location was not signed by the CFO.		C	The Petty Cash funds were returned from the district custodians and closed out effective April 1, 2015. In other words, there will be no petty cash funds in the districts or divisions of the Court.	Pam Nay	April 1, 2015
		Log	Petty cash disbursements at one court location were not always supported by a receipt. Specifically, one out of seven petty cash disbursements reviewed at this particular court location was not supported by a vendor receipt.		C	The Petty Cash funds were returned from the district custodians and closed out effective April 1, 2015. In other words, there will be no petty cash funds in the districts or divisions of the Court.	Pam Nay	April 1, 2015
		Log	The petty cash fund at one of eight court locations with petty cash funds is not counted in front of a supervisor, manager, or other court staff. Instead, the person having physical custody of the petty cash fund counts it by herself.		C	The Petty Cash funds will be returned from the district custodians and closed out effective April 1, 2015. In other words, there will be no petty cash funds in the districts or divisions of the Court.	Pam Nay	April 1, 2015
		Log	The petty cash fund at two of the eight court locations with petty cash funds has not been consistently counted by the Court's Financial Services Unit based on the frequency required by the FIN Manual. Specifically, one court location with a \$375 petty cash fund had not been counted quarterly during calendar year 2014 as of September 2014. Also, although the petty cash fund at the second location was established in June 2014, Financial Services could not count the petty cash fund because the petty cash custodian was not available to open the cash box containing the petty cash fund.		C	The Petty Cash funds were returned from the district custodians and closed out effective April 1, 2015. In other words, there will be no petty cash funds in the districts or divisions of the Court.	Pam Nay	April 1, 2015
		Log	Although the petty cash custodian at one court location has changed since the last audit, the Petty Cash Change of Custodian form was not completed. The Court asserts that custody of the petty cash fund is tied to a position, not to a specific person. Therefore, the Court does not require that the Petty Cash Change of Custodian form be completed.		C	The Petty Cash funds were returned from the district custodians and closed out effective April 1, 2015. In other words, there will be no petty cash funds in the districts or divisions of the Court.	Pam Nay	April 1, 2015
		Log	A court commissioner's TEC was not reviewed and approved by an appropriate-level supervisor, in this case the Presiding Judge.	I		When the Presiding Judge is out of town, the CEO will approve TEC for the Commissioners. The Court will document this delegation	Pam Nay	July 1, 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Of the ten travel expense claims reviewed, one travel expense claim did not contain a cost comparison of mileage versus airfare to substantiate mileage claimed for reimbursement. Further, the claimant did not claim mileage that was the lesser of home or court to destination resulting in excess mileage reimbursed totaling over \$35.	I		The Court will instruct travel coordinator to obtain cost comparison to justify pre-approval of mileage in lieu of airfare and remind accounts payable staff on mileage reimbursement rules.	Pam Nay	July 1, 2015
		Log	Of the ten travel expense claims reviewed, four were not fully completed with all necessary information. Specifically, three travel expense claims did not contain the private vehicle license number and two of these three did not state the normal work hours of the claimant. Further another travel expense claim did not contain travel start and stop times needed to determine whether meal reimbursements claimed were appropriate.	I		The Court will train accounts payable staff to return incomplete claim forms.	Pam Nay	July 1, 2015
		Log	Of the six business-related meal expenses reviewed, two exceeded the \$10 per person lunch reimbursement rate. For one the two meal expenses, the Court's CFO reimbursed the Court for the total amount that caused the per person lunch rate to exceed \$10 once we made her aware of the issue.		C	The Court provided documentation that one of the business meals exceeded the \$10 per person lunch reimbursement rate. The CFO reimbursed the Court \$6 to comply with \$10 per person lunch reimbursement rate.	Pam Nay	March 4, 2015
		Log	Of 38 invoices and claims reviewed, 16 were not date stamped when received by the Court's accounts payable staff.	I		The Court will remind accounts payable and mail staff to date stamp the receipt date on all document and to place the stamp on the face page of the document.	Pam Nay	July 1, 2015
		Log	Of the 38 invoices and claims reviewed, two did not contain a vendor address and the address on a third invoice/claim did not match the address in the vendor file in Phoenix-FI.		C	The Court allows the Court Reporters to use "address on file" on their claim forms. The vendor address in Phoenix has been updated.	Diane Patterson	July 1, 2015
		Log	Of the 38 invoices and claims reviewed, a three-point match was not performed for nine invoices and claims because the Court did not execute necessary procurement documents for these nine invoices and claims.	I		The Court agrees that there was no purchase order issued for these procurements as they were direct pay orders. The Court is researching issuing blanket purchase orders.	Dennis Rowe	July 1, 2015
		Log	Of the 38 invoices and claims reviewed, the Court could not provide proof of goods or services received needed to complete a three-point match for one invoice.		C	The Court has reviewed this one document with accounts payable staff.	Pam Nay	April 20, 2015
		Log	Of the 28 invoices and claims where a three-point match was performed, the paid amounts on two invoices and claims did not reconcile with related procurement documents.		C	The Court has reviewed this one document with accounts payable staff for future error prevention.	Pam Nay	April 20, 2015
		Log	Of the 38 invoices and claims, one invoice was not approved for payment by court staff with an appropriate approval level. Specifically, one invoice for laboratory services totally over \$7,000 was approved by the CFO, who has an approval level of up to \$5,000.	I		The CFO has an approval level up to \$10,000. The Accounting Manager who has an approval level up to \$5,000 mistakenly approved the document. The Court will review, again, the authority matrix with accounts payable staff.	Pam Nay	July 1, 2015
		Log	One invoice reviewed was paid even though the details did not match related procurement documents. Specifically, contractor employee titles detailed on the invoice did not match the contractor employee titles detailed in the procurement documents.		C	The Contractor submitted revised/corrected invoice for the file.	Dennis Rowe	Complete
		Log	One invoice reviewed was for expenses considered unallowable per Rules of Court 10.810. Specifically, the invoice was for t-shirts for employees participating in the Court's ride share program which is not a reasonable and allowable business expense in support of court operations.	I		The Court agrees and will notify the HR department regarding unallowable expenses. The Purchasing department has notified vendors that all procurements will be originated from the purchasing department.	Pam Nay and Dennis Rowe	July 1, 2015
		Log	One invoice reviewed totaling \$16 was paid using the Court's petty cash fund rather than its operations fund.		C	The Court agrees that this was an error. As noted above, all petty cash accounts were closed on 4/1/15.	Pam Nay	April 1, 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Of the seven vendor claims reviewed, one did not list the required case numbers and names.		C	The Court agrees that this Court Reporter Per Diem claim didn't contain a case number and name reference.	Pam Nay	April 1, 2015
		Log	Of the seven vendor claims reviewed, the Court overpaid for mileage by \$10. The Court asserted that since this was a reimbursement claim, it does not verify mileage originally paid by the claimant.	I		The Court will analyze the cost/benefit of a software enhancement to calculate mileage based on actual miles driven rather than current system of a zip code to zip code table which calculates mileage as an average possible distance within and between zip codes.	Pam Nay	July 1, 2015
		Log	The Court is not reimbursing juror mileage based on the juror's home address to the court location. According to the Court, its jury system uses a "zip code to zip code" method to determine mileage. As a result, the Court overpaid one of ten juror mileage reimbursement reviewed by over \$11. The jury system based the mileage reimbursement on six miles driven when the actual distance between the juror's home and the court location was four-tenths of a mile.	I		The Court will analyze the cost/benefit of a software enhancement to calculate mileage based on actual miles driven rather than current system of a zip code to zip code table which calculates mileage as an average possible distance within and between zip codes.	Pam Nay	July 1, 2015
12	Fixed Assets Management		Not Reviewed.					
13	Audits		No issues to report.					
14	Records Retention		No issues to report.					
15	Domestic Violence	15.1	The Court Could More Accurately and Consistently Impose the Statutorily Required Domestic Violence Fines and Fees					
		1	The Court did not assess the correct PC 1465.8 Court Operations Fee for all 30 cases reviewed. Specifically, the Court assessed \$30 per conviction instead of the required \$40 per conviction.		C	PC 1465.8 Court Operations Fee - The Court has distributed notices to all judicial officers, managers and supervisors and staff on December 19, 2014, via email from Pam Nay, Court Financial Officer, of the increase in the Court Operations Fee from \$30 to \$40 per conviction.	Pam Nay, Court Financial Officer	December 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		I	The Court did not assess the correct PC 1203.097(a)(5) Domestic Violence Probation Fee for seven of the 30 criminal DV cases reviewed. Specifically, the Court assessed a \$400 fee instead of the required \$500 fee. (REPEAT) Further, the Court did not assess the PC 1203.097(a)(5) Domestic Violence Probation Fee in another four criminal DV cases. (REPEAT=)		C	A memo was sent to all Judges and Commissioners on December 31, 2012, regarding the increase in the AB 2094 Domestic Violence Probation Fee from \$400 to \$500. All judicial officers have been notified regarding the fines and fees pursuant to PC1203.097 and PC1463.27. Supervising Criminal Judge Pace sent an email to all judicial officers on January 14, 2015, regarding these fines and fees. A reminder memo from P J Slough was distributed via email on January 28, 2015. A bench guide is being created for the judicial officers and staff to reference. It will be distributed by Pam Nay, Court Financial Officer, upon production by February 27, 2015. A memo from Presiding Judge Slough regarding the fines and fees pursuant to PC1203.097 and PC1463.27 has been distributed to District Attorney, Public Defender, Conflict Panel Attorneys, and Probation via email on January 28, 2015. New minute codes have been created in the case management system to support the findings when the Court waives or reduces the fines and fees pursuant to PC1203.097 and PC1463.27. All judicial assistants will be trained on these minute codes and requirements to reflect the Court's findings pursuant to PC1203.097 and PC1463.27. This training will be conducted in each district no later than February 27, 2015. Each District Manager shall document the training and submit that documentation to Bernadette Hawkins, District Manager, no later than March 13, 2015.	Pam Nay, Court Financial Officer	February 2015
						[Response continued] Copies of this documentation will be provided to Pam Nay, Court Financial Officer. The Judicial Assistant's procedures manual has been updated on pages 180 and 184. These updates were distributed to all judicial assistants, managers, and supervisors via email by Bernadette Hawkins, District Manager, on January 23, 2015.	Court District Managers	February 2015
		I	Although authorized by a county Board of Supervisors resolution, the Court did not impose the PC 1463.27 Local DV fee for all 30 criminal DV cases reviewed.		C	See response above.	Pam Nay, Court Financial Officer; Court District Managers	February 1, 2015
16	Exhibits		Not Reviewed.					
17	Bail		No issues to report.					