

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

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JANUARY 2011

Prepared by:



On Behalf Of:



ADMINISTRATIVE OFFICE  
OF THE COURTS

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FINANCE DIVISION  
INTERNAL AUDIT SERVICES

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<b>Superior Court of California, County of Shasta</b>
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## MANAGEMENT SUMMARY

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

With 10 judges, two commissioners, one part-time retired judge, and the Court Executive Officer overseeing Fiscal Year 2008-2009 expenditures of over \$16.6 million, the Shasta County Superior Court is considered a moderate size court. Over the course of the audit, SEC found the Shasta Superior Court to be a well-run organization with dedicated and knowledgeable professionals throughout. Court executive management has set a positive "tone at the top" that encourages and promotes processes and procedures that comply with the FIN Manual and CRC, which was evidenced throughout our review in the multitude of instances where the Court appropriately segregated incompatible functions, rigorously monitored and managed budgets and expenditures, and emphasized the importance of adherence to rules and regulations. For example, our review revealed:

- Judges and applicable staff file statement of economic interest forms that are updated annually;
- Cost containment measures have bolstered the Court's fund balance and reserves;
- Trust funds were reconciled to the case management system on a monthly basis;
- Procurement and accounts payable functions were appropriately segregated;
- Submitted cases are tracked and monitored by the presiding judge; and,
- Cash receipts are safeguarded through the immediate endorsement of checks upon receipt, investigation of cashiering shortages and overages, review of daily void/reversal reports, and periodic reconciliation of fee/fine reductions and waivers to minute orders.

Although the Court's prudent fiscal practices have allowed the Court to accumulate reserves for emergency purposes over time, various factors outside the Court's control have caused cash flow problems for the Court in recent years. For instance, in late 2008, state budget constraints delayed the processing of the Court's AB1058 grant reimbursement requests, nearly causing the Court to not make payroll and default on vendor payments. While the problem was resolved at the last minute, the Court ultimately had to cancel some grant funded programs due to the continuous strain of the reimbursement-based grants on the Court's financial health. Moreover, the Court has experienced difficulties with AOC approving and returning grant agreements to the Court in a timely manner; this, in turn, delayed the Court's ability to negotiate with vendors for the provision of services paid for by the grant.

Despite these challenges, we found Court management and staff to be dedicated and conscientious in carrying out their fiduciary responsibilities and providing the public with efficient and effective access to court services. Throughout the audit, Court management was supportive of recommendations for improving court operations. In fact, many of our preliminary concerns were immediately addressed while audit fieldwork was on-going. Moreover, we did not identify any issues or concerns as “critical” during the audit; the secondary items highlighted below should only require a minimal amount of effort to correct issues and address our recommendations.

- ***DMV Access Was Not Suspended for Some Staff Who No Longer Required Access***

Court staff with access to the Department of Motor Vehicles (DMV) is required to sign a DMV security agreement and Court supervisory staff reviews monthly DMV access activity reports to mitigate the risks of inappropriate system use. We noted that a number of Court staff with access to the DMV did not appear to require DMV access, even for backup purposes, to fulfill their daily functions. When we informed the Court of this situation, their access was immediately disabled.

- ***Exhibit Change of Custody Process is Vulnerable to Loss or Theft***

Although majority of the Court’s exhibits are non-sensitive in nature and include poster boards, clothing items or miscellaneous documents, there are occasions where the Court has to secure firearms or cash. While most of the processes surrounding the handling of exhibits left in the Court’s custody were adequate and written exhibit policies and procedures were available to guide staff in receiving, recording, storing, and disposing of exhibits, we found a disconnect in the exhibit exchange of custody between the exhibit coordinator and archives clerk. Specifically, although final custody of exhibits resides with the archives clerk, the archives clerk is not required to attest to the completeness of the exhibit files he or she receives from the exhibit coordinator—rather, the exhibit receipt is completed by the exhibit coordinator only and submitted to the archives clerk without a formal hand-off whereby the receipt is checked by both parties against actual exhibit items.

With only a few issues to be addressed by the Court as the result of this audit, we highlight the associated recommendations below. Specifically, the Court should consider the following:

- Generate the DMV user listing report on a regular basis and remove access for inactive or employees who have transferred to other positions that no longer require DMV access.
- Conduct an exhibit inventory by tracing actual exhibit items to the original court exhibit record and vice versa. On a go-forward basis, require both the exhibit coordinator and exhibit clerk to verify exhibits before signing the exhibit receipt.

## STATISTICS

The Court maintains three court locations—the main courthouse and juvenile justice center in Redding and a satellite court in Burney. With a Fiscal Year 2008-2009 budget of nearly \$16.7 million, the Court’s judges, commissioners, and staff handle a caseload of nearly 60,000 case filings annually and serve a county population of more than 184,000 residents. The table below contains general court statistical information.

*Table 1. General Court Statistics*

	<b>Total</b>
Number of Courtrooms	13
Number of Authorized Judgeships as of July 1, 2009 (10 FTE judges and 1 full-time assigned judge)	11
Number of Authorized Subordinate Judicial Officers as of July 1, 2009	2
Number of Full Time Equivalent Employees as of Pay Period Ending June 30, 2009	168
Total Authorized Positions (FTE) as of June 30, 2009 (Schedule 7A Fiscal Year 2008-2009)	178
Number of Temporary Employees as of June 30, 2009 (Schedule 7A Fiscal Year 2008-2009)	18
Total Salaries for Temporary Employees (Fiscal Year 2008-2009, Figures are for Part-Time Extra Help Staff)	\$316,284
Daily Average Revenues Collected (Fiscal Year 2008-2009)	\$45,394
County Population (1/1/10 Estimate per California Department of Finance)	184,247
Number of Case Filings in Fiscal Year 2008-2009	
Criminal Filings:	
• Felonies	2,354
• Non-Traffic Misdemeanors	4,424
• Non-Traffic Infractions	2,532
• Traffic Misdemeanors	3,792
• Traffic Infractions	36,314
Civil Filings:	
• Civil Unlimited	1,152
• Civil Limited	3,245
• Family Law – Marital	1,128
• Family Law – Petitions	2,094
• Probate	371
• Small Claims	1,094
Juvenile Filings:	
• Juvenile Delinquency – Original	409
• Juvenile Dependency – Original	342
• Juvenile Dependency – Subsequent	26
• Juvenile Delinquency – Subsequent	448

*Source: Case Filing statistics reported by the Court and compiled in the JBSIS 2010 Court Statistics Report.*

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## PURPOSE, SCOPE, AND METHODOLOGY

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

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

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

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

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

The scope of audit work at the Shasta County Superior Court included reviews of the Court's major functional areas including: court administration, fiscal management, accounting practices, cash collections, information systems, banking and treasury, court security, procurement, contracts, accounts payable, fixed asset management, audits, records retention, domestic violence, exhibits, and appeals. Coverage of each area is based on initial scope coverage decisions. The period of our audit primarily focused on the period between Fiscal Years 2005-2006 and 2009-2010. Fiscal Year-end 2009-2010 and 2008-2009 financial statements and associated data are presented in the report and Appendices A and B as they were the primary focus of our financial statement review.

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

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

- Observed current physical security in place during a security walk-through of the courthouse with the Court's Marshal as well as reviewed operational and logical security over the Court's exhibit rooms and computer rooms.
- Inquired about, reviewed, and evaluated the Court's procurement and contracting practices to determine compliance with FIN Manual requirements as well as sound business practices.
- Tested a sample of expenditures related to services and supplies purchases, county-provided service payments, court interpreters, court reporters, expert witnesses, and travel to determine if court procedural controls were administered and if transactions were properly recorded, reconciled, reviewed and approved.
- Obtained, reviewed, analyzed, and tested key documents, if available, including:
  - Purchase requisitions, purchase orders, vendor invoices, payable documents, and credit card statements; and,
  - Memorandums of understanding and personal service agreements.
- Reviewed a sample of contracts maintained to determine whether major contract elements such as cost, schedule, scope of work and terms and conditions were present and that contracts were appropriately executed by either the CEO or PJ.
- Evaluated policies and procedures in place to safeguard and account for exhibits including whether regular inspections and/or annual inventories were conducted timely, stale or unneeded exhibits were disposed or destroyed once a case is closed, and case exhibits were securely stored and maintained.
- For a sample of higher risk exhibits, such as cash, weapons, and jewelry, we verified that exhibits were properly located as recorded/accounted for on tracking documents.
- Reviewed a small sample of domestic violence cases to determine if Domestic Violence Fees and Restitution Fines were assessed as required by statute.
- Identified and reviewed the civil and criminal appeals process employed at the Court to assess whether practices in place were reasonable and compliant with California Rules of Court as well as evaluated activities over tracking initial filings and key milestones, systems used to monitor dates, and types of reports used to manage timelines and certify records.
- Additionally, we performed procedures such as identifying corrective action on prior audit findings and recommendations, assessing payroll processes and internal controls, evaluating fixed assets listings and management practices, and understanding compliance with record retention policies from the FIN Manual.

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



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## TIMING AND REVIEWS WITH MANAGEMENT

The entrance meeting was held with the Court on May 4, 2010 with audit fieldwork commencing on that same day. Although fieldwork was formally completed in September 2010, preliminary results were discussed with court management during the course of the review at several intervals in between May and October 2010. Feedback and perspectives from responsible court officials were obtained throughout the course of this audit and were incorporated into this report.

A final review of audit results was held on December 2, 2010 with:

- Melissa Fowler-Bradley, Court Executive Officer
- John Zeis, Assistant Court Executive Officer
- Ray Tickner, Chief Financial Officer

Management responses to our recommended actions were received on January 7, 2011 and can be found in Appendix D of this report.

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## ISSUES AND MANAGEMENT RESPONSES

### 1. Court Administration

Considered a moderate size court, the Shasta County Superior Court maintains three court locations in a county with over 184,000 residents. With nearly 60,000 case filings annually, court expenditures in Fiscal Year 2008-2009 were over \$16.6 million. The Court's 168 employees are overseen by a Presiding Judge (PJ), Assistant Presiding Judge (APJ) as well as a Court Executive Officer (CEO) and Assistant Court Executive Officer (ACEO).

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

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

Overall, we found that under the direction of a dedicated executive management team, the Court has set a "tone at the top" that encourages and promotes processes and procedures that comply with the FIN Manual and CRC, as it also continues its commitment to provide "equal access to justice in expeditious and timely manner" despite increased budgetary constraints.

Throughout the course of this audit, Court management emphasized the importance of appropriate segregation of duties, and safeguarding of court assets, as well as being proactive in rectifying preliminary audit issues. Further, the presiding judge has formally delegated the authority over court administrative matters to the CEO, pertinent court staff and judges are required to file a statement of economic interest Form 700, job descriptions for key positions contained minimum qualification requirements, and appropriate processes are in place to ensure compliance with CRC administrative rules related to submitted cases and management of court calendars when judicial officers take time off.

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## 2. Fiscal Management

As detailed in Appendix B, the Court expended nearly \$12.75 million in salaries and benefits during Fiscal Year 2008-2009, encompassing over half of the Court's approximate \$16.6 million budget. Under the direction of the CFO, a staff of five fiscal employees is responsible for all aspects of the Court's fiscal and procurement operations, including recording financial transactions, reporting fiscal activities and balances, processing vendor payment and trust reimbursements, performing monthly bank reconciliations, preparing daily fees, fines, forfeitures deposits, and handling certain payroll activities. Moreover, all court expenses, regardless of dollar value, must go through a final review and approval by the CEO.

Overall, we found that the Court exercised strong fiscal oversight and employed sound practices over budgeting, financial recording, and managing limited resources. Fiscal staff demonstrated an appropriate understanding of standard accounting procedures as well as followed the FIN Manual for all its fiscal operations.

When the Court transitioned to Phoenix-FI in July 2006, it began recording and reporting all of its financial transactions and activities in Phoenix-FI, except for activities associated with its criminal and traffic trust monies which are still held at the County Treasury. Those bail deposits are recorded by the County in its Bi-Tech fiscal system developed by Sungard to which the Court has view only access. On a monthly basis, court fiscal staff reconciles the trust deposits and disbursements to its case management system and records the trust balance in Phoenix-FI Fund 320001. Similarly, the Court also maintains an "old" operations account in the County Treasury—Fund 952, which mainly holds the Court's share of collection revenue, fees, fines, forfeitures as well as reimbursements by the County for inmate transportation provided by Court marshals. At June 30, 2009, the fund had a balance of \$175, 256.42, which was recorded in Phoenix-FI as well, in Fund 120001 and General Ledger account 120001: Cash with County.

Additionally, the AOC has created a separate proprietary fund specifically for the Court to account for revenues and expenses related to the maintenance of its case management system (CMS) as Shasta County Superior Court bills a variety of county departments such as Probation, District Attorney, and Public Defender that utilize CMS data through the Integrated Justice System (IJS) interface maintained by the Court. Related financial transactions are recorded in Phoenix-FI Fund 130001: "Internal Services", and revenues collected are mainly used to reimburse court costs for IT staff, computer and software purchases, and other telecommunication expenses.

Although court funds are held in separate treasuries and a variety of funds and accounts are used to record transactions, fiscal staff ensures that all activity is reconciled and balances reported in Phoenix-FI are supported by underlying financial records and documentation. As such we have no concerns to report in this area.

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### 3. Fund Accounting

At the end of Fiscal Year 2008-2009, the Court had combined balances from all its funds totaling \$2,327,016 as recorded in Phoenix-FI as shown in Table A. The Court, in accordance with the AOC approved fund balance policy, designated its fund balance as follows:

- Operating and Emergency: \$1,425,000 was designated as reserve for two payroll cycles and general court operations costs, which meets the minimum policy requirements for this designation category.
- Retire healthcare benefits: \$359,120.
- One-time employee compensation: \$290,000 for worker’s compensation liability, and \$159,648 to pay out vacation and sick balances.
- IT-related upgrades and maintenance: \$93,248.

The Court did not identify any contractual or statutory commitments and therefore there were no amounts identified in fund balance for these two categories.

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

G/L Account	Description	Account
553001	FUND BALANCE – UNRESTRICTED	\$ (1,395,801.40)
	FUND BALANCES TOTAL	\$ (1,395,801.40)
	NET SOURCES & USES	\$ (931,214.27)
	<b>ADJUSTED ENDING FUND BALANCE</b>	<b>\$ (2,327,015.67)</b>

Through our review, we found that the Court’s fiscal activity is accurately recorded and tracked through segregated funds and accounts as well as supported by underlying financial records and documentation. Further, the Court demonstrated strong fiscal oversight and exercised prudent practices over budgeting and expenditure controls. It reserved approximately \$1.4 million of its fund balance for operating and emergency reserve—more than twice the amount prescribed in the Judicial Council’s Fund Balance Reserve Policy. Thus, we have no concerns to report related to the Court’s fund accounting practices.

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#### 4. Accounting Principles and Practices

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

Our review revealed the Court had adequate processes in place to record and report financial activity—including accruals and grants. For instance, our testing of a sample of revenue and expenditure accruals for Fiscal Year 2008-2009 revealed that the revenues were recorded in the proper period and properly accrued as required by FIN Manual 5.02. Moreover, the Court had appropriate processes in place to apply, track, manage, and report on grant funds, although we noted that in recent years, grant expenses increasingly outweigh grant reimbursements—thus, often creating additional burden on the Court’s budget.

For instance, as shown in Table B, over the past three fiscal years, one of the Court’s largest grant—AB1058 Child Support Commissioner and Family Law Facilitator—cost the Court \$2.45 million to operate, while grant reimbursements only covered \$2.24 million of the total cost, leaving the Court to absorb the difference of \$209,005 or approximately 9 percent of program costs with court general or operational funds. This is typical of many courts.

*Table B. AB1058 Grant Expenses and Revenues Fiscal Years 2006-2007 to 2008-2009*

<b>Fiscal Year</b>	<b>Reimbursement</b>	<b>Expense</b>	<b>Operating Transfers In</b>
2008-2009	\$735,465	\$827,542	\$92,077
2007-2008	\$719,389	\$836,318	\$116,928
2006-2007	\$787,600	\$787,600	\$0
<b>Totals:</b>	<b>\$2,242,454</b>	<b>\$2,451,460</b>	<b>\$209,005</b>

*Source: Court’s Phoenix-FI Trial Balances Fiscal Years 2006-2007 to 2008-2009*

While grants allow the courts to offer various innovative programs in support of the community, the Court’s subsidies of these grant programs places additional strain on the Court’s already tight operational budget. As a result, in November 2008, the Court was nearly unable to make payroll and meet its vendor obligations due to a delay in AB1058 grant reimbursements. While the cash shortfall was resolved at the last minute by an AOC advance against the grant, these problems forced the Court to make some difficult decisions such as discontinuing the DUI Court program in Fiscal Year 2009-2010.

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## 5. Cash Collections

Shasta County Superior Court operates two clerk's offices—one in Redding and one in Burney to collect court-ordered payments of fees and fines. Court clerks rely on one shared case management system—JALAN—to process and account for all cases types. On average, the Court processes nearly 60,000 case filings annually and according to the Court collects approximately \$45,400 per day in fees and fines, not including trust deposits.

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

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

Overall, we found the Court generally employed the necessary controls to safeguard fees, fines, and forfeiture collections such as endorsing checks immediately upon receipt, reviewing daily void/reversal reports, investigating cashiering overages and shortages, and reconciling fee/fine reductions and waivers to minute orders and case files on a quarterly basis.

However, we also noted an area for improvement surrounding the storage of manual receipts and access to the safe in the civil department. Court policy stipulates that manual receipt books are to be kept by the Finance Department and only released to department supervisors or managers in the event of a power outage or other CMS malfunction to ensure continuity in processing customer payments. Yet, during our cashiering walk-through in the traffic Department, we noted a manual receipt book on the traffic counter that, although not in use, was not returned to Finance or securely locked away with a supervisor. Although manual receipts are sequentially numbered and entered into the CMS once the system returns to full functionality, leaving the manual receipt book unattended increases the risk of manual receipts being issued fraudulently.

Moreover, we also learned that while access to departmental (civil, criminal, traffic) safes is adequately restricted to supervisors and managers only, the combination to the civil safe has not been changed since at least 1999 when the safe was transferred from the Burney location to the main courthouse. Since the safe contains the cashiers' drawers and change funds, the Court should consider changing the combination periodically, based on evaluated risk and cost considerations.

When we brought these items to the Court's attention, the Court immediately rectified these issues by securing the manual receipt book and changing the safe combination as well as reiterating to its staff the importance of adhering to court manual receipt book policies as well as procedures restricting access to contents of the Civil Department's safe. While we encourage the Court to continue periodic changes to safe combinations and awareness of the location of all manual receipt books issued to departments, we have no other items or recommendations to make in this area.

## 6. Information Systems

The Court has an in-house information technology department that handles all aspects of the Court's information system needs including system or program installations and security updates. In addition, the Court and the County collaborate on providing CMS Help Desk services as well as a county-wide Integrated Justice System (IJS) which allows justice partners to access and exchange defendant data. During Fiscal Year 2008-2009, the Court's technology related expenses totaled \$324,534, as detailed by Table 8 in Appendix B.

Aside from its case management system, JALAN, the Court employs a variety of other automated systems to serve its needs, including JSI (jury management system) and Phoenix-FI (fiscal system). As part of our audit, we analyzed various automated controls and processes as well as limited system programming, including:

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

Overall, the Court had many controls in place over its systems including unique login and password profiles, adequate physical security over access to servers, and effective system backup procedures. Yet, we found one minor issue related to managing staff access to the DMV system.

### 6.1 DMV Access Was Not Suspended for Some Staff Who No Longer Required Access

When processing criminal and traffic violations, court clerks are required to access the DMV system for viewing, verifying, or updating various case-related information including the number of prior violations and holds or suspensions of drivers' licenses. Although all court staff have the same level of access to the DMV to view and update driver records, the Court mitigates the risk of inappropriate updates to the system (such as an unauthorized release on a driver license hold) by department managers reviewing a monthly "Access Activity Report" detailing all entries, inquiries, and updates made to DMV records for unusual activities.

Moreover, staff is required to sign a DMV security agreement to further discourage misuse of the DMV system. Nonetheless, our review of the current DMV user listing revealed some employees with access that did not appear necessary to fulfill their job responsibilities. These employees included judicial secretaries, the family law facilitator, probate/family law court services processors, and appeals mail/archives staff.

When we informed the Court, the Court acknowledged that the access was no longer necessary for the employees identified and expeditiously removed their access.

### **Recommendation**

To ensure access to sensitive information residing in the DMV system is limited to only staff requiring access, the Court should:

1. On a periodic basis generate the DMV user listing and remove access for inactive or employees who have transferred to other responsibilities that no longer require DMV access.

### **Superior Court Response**

1. A new procedure has been implemented requiring a monthly DMV user listing which will be reviewed by management staff. Any employee that no longer has a business need for DMV access will be removed.

## 7. Banking and Treasury

Government Code 77009 authorizes the Judicial Council to establish bank accounts for trial courts to deposit trial court operations funds and other funds under the Court's control. The Shasta County Superior Court maintains a total of five bank accounts—four AOC established accounts with Bank of America including a distribution account, operating account, trust account, and uniform civil filing fee account, as well as one local revolving account with North Valley Bank used for termination payouts and occasional emergency purchases. In addition, the AOC manages an investment fund with the California State Treasurer's Office on behalf of the Court.

As with other courts, the TCAS staff provides financial support and banking services for the Bank of America accounts, which includes conducting monthly bank statement to Phoenix-FI reconciliations as well as providing daily cash reports to the Court. By contrast, individual courts are responsible for reconciling any bank accounts outside of the AOC Treasury and ensuring appropriate month- and year-end cash balances are accurately recorded in Phoenix-FI and the "*Schedule C – Annual Report of Trial Court Bank Accounts.*" As described above, the Court's only external bank account with North Valley Bank has been reconciled on a monthly basis and the statement balance as of June 30, 2009 agreed without exception to the amount reported to the AOC on the Schedule C. As such, we have no issues or concerns to report related to the Court's banking and treasury responsibilities.

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## 8. Court Security

Unlike most other counties in the State, court security services for Shasta County Superior Court are provided by marshals who are employees of the Court. The marshals are responsible for entrance weapons screening, bailiff-related functions when court is in session, and perimeter security. In addition to the salaries and benefits for the marshals, the Court spent slightly more than \$54,000 during Fiscal Year 2008-2009 on security related expenses such as weapons and weapons screening equipment as shown in Table 11 and Table 12 in Appendix B.

Overall, we found that the Court had many good security measures in place. Panic alarms were located throughout the clerk's offices and courtrooms and are tested monthly to ensure proper functioning in case of duress. In addition, the Court updated its surveillance system in 2009 whereby all security cameras are connected via a Closed Circuit Television System (CCTS) that is monitored by two marshals. In accordance with its Evacuation and Emergency Plan, a full evacuation drill is administered by the Marshal's Office every two years.

Lastly, the main courthouse was built in the 1950s and its layout is outdated for the Court's current security needs such as providing restricted passageways for prisoner movement, the Marshal is aware of the risks and accordingly coordinates security personnel to protect the public whenever prisoners have to be escorted through public hallways for access to courtrooms. Moreover, the AOC's Office of Emergency Response and Security is aware of the Court's security challenges and since its visit in June 2009 has been closely working with the Marshal to rectify security concerns.

However, since the Court is in the process of building a new courthouse (estimated completion by Fiscal Year 2013-2014) no major changes to existing security measures at the current courthouse will be made.

As such, we have no issues or concerns to report related to the Court's security practices.

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## 9. Procurement

Shasta County Superior Court handles all of its procurement activities with minimal involvement from TCAS staff. As shown in Table 11 in Appendix B, the Court procured over \$1.7 million in contracted services in Fiscal Year 2008-2009 to cover services such as court appointed counsel, court reporters, interpreters, janitorial, and facility operations.

Overall, the Court had many controls and appropriate segregation of duties in place over its purchasing processes and, for the most part, follows the FIN Manual Section 6 guidelines for purchase authorization levels and competitive procurement requirements. For instance, all purchases exceeding the \$50,000 threshold required the approval of either the Presiding Judge, Assistant Presiding Judge, CEO, Assistant CEO, CFO, or Court Administrative Manager.

However, while the Court in accordance with the FIN Manual obtains at least three quotes for purchases up to \$25,000, we noted two large service agreements where the procurement file lacked evidence of a formal competitive procurement process. Open competition not only ensures the Court receives the best price and value for the services needed, but also promotes greater transparency in governmental purchasing. Nevertheless, the FIN Manual acknowledges that there are occasions where a competitive process is impossible or impractical due to special reasons such as geographical constraints, emergency or service is only available from one source. In both our examples, the Court was able to provide its reasoning for selecting vendors without formal competition. In one instance, the Court sole-sourced a contract for telecommunication maintenance to AT&T because AT&T was the only service provider for the area. Similarly, the other sole-source contract was for extra storage of court records, which is required to be close to the courthouse for easy access.

Yet, without formally documenting the Court's deliberation, an independent reviewer would not know whether competitive procurement was intentionally circumvented or whether sole sourcing was the only viable option. As such, the Court should ensure that all sole-sourced purchases over \$25,000 are clearly documented and justified.

### Recommendations

To ensure court purchases are made under fair and open competition and all exceptions to the competitive process are justified and documented, the Court should:

2. Implement a process whereby any sole-sourced purchases exceeding the competitive bid threshold of \$25,000 are justified in writing and a copy of the justification is kept with the contract file.

### Superior Court Response

2. A procedure has now been adopted whereby General Counsel, upon reviewing proposed contracts, will prepare justification for any sole source contract and include the documentation in the Court's contract file.

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## 10. Contracts

As of April 2010, the Shasta County Superior Court had nine general consultant and professional services contracts in place for:

- payroll;
- dependency counsel;
- transcription;
- small claims advisory; and
- in addition to several other service agreements related to copy machines and storage space rental.

In addition, the Court had a memorandum of understanding (MOU) with its County for janitorial services, which it uses instead of a contracted vendor, auditor-controller, self-insurance premiums for fire and property insurance, treasurer/tax collector, and limited information technology services. County-provided services totaled \$237,293 in Fiscal Year 2008-2009.

Our review of a sample of court contracts and associated payments did not identify any issues with the Court's contracting processes. As such, the Court complied with the FIN Manual Section 7.01 and its guidelines for preparing, negotiating, reviewing, and entering into contractual agreements with vendors for professional or technical services. We found the Court's agreements were detailed in specifying the services or goods to be provided and the terms and conditions ensuring the Court's needs were met and interests protected. Moreover, all contracts were appropriately signed by either the CEO or the Presiding Judge.

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## 11. Accounts Payable

During Fiscal Year 2008-2009, the Court expended nearly \$16.7 million on court operational activities. Aside from \$12.7 million in personnel salaries and benefits, the Court's largest operating expenses related to categories such as contracted services for general consultants, interpreters, reporters, and court-appointed counsel totaling nearly \$1.7 million.

Overall, we found that the Court has appropriate accounts payable procedures and practices in place that are compliant with the FIN Manual such as appropriate segregation of duties and thorough reviews of invoices and claims. All Court obligations are processed by a fiscal staff of six employees who, under the oversight of the CFO, is responsible for all aspects of the accounts payable process including performing a "3-point match" between purchase requisition or purchase order, good or service received record and invoice, and recording the transactions in Phoenix-FI. Moreover, the Court has instituted an additional control whereby after the Procurement Officer conducts an initial 3-point match and attaches an invoice coding strip, the entire payment package is forwarded to the CEO or Assistant CEO for review and approval of all court expenditures regardless of the payment amount. Once approved by the CEO, the payment package is returned to the Fiscal Department where staff would park and either the CFO or Accounting Manager would post the payment in Phoenix-FI.

Additionally, while our review of 33 expenditure transactions covering a cross-section of vendor invoices, in-court services, and travel reimbursement claims revealed consistent review and approval of the expenses, there were some minor inconsistencies in the documentation of the good or services received as well as in-court service claim records, which we verbally discussed with the Court. As such, we have no other issues or concerns to report related to the Court's accounts payable practices.

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## 12. Fixed Assets Management

According to its Consolidated Annual Financial Report (CAFR) worksheets for Fiscal Year 2008-2009, the Court reported a June 30, 2009 fixed asset balance of \$1,198,582.

Our review of the Court's fixed asset management and inventory practices did not reveal FIN Manual compliance issues or any other problems with the tracking and safeguarding of fixed asset items. Specifically, the Court has a system in place whereby fixed asset purchases—typically encompassing items exceeding a \$5,000 threshold—are assigned a sequentially numbered asset inventory tag and recorded in an asset listing maintained by the Procurement Officer. The fixed asset balance reported on the CAFR included \$97,732 in new equipment purchases that agreed without exception to the Court's subsidiary fixed asset listing. Moreover, the Court conducts an annual fixed asset inventory. Thus, we have no issues or concerns to report in this area.

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### 13. Audits

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

In November and December 2005, the AOC's Internal Audit Services (IAS) issued two reports to the Shasta County Superior Court—an Operational Review and a CARS (now, Phoenix-FI) Readiness Review. These reports focused on the Court's operational and financial readiness to transition onto the statewide Phoenix-FI system. The reviews covered areas such as:

- Court Administration
- Fiscal Management
- Cash Collections/Banking
- Information Systems
- Procurement and Contracting
- Accounts Payable
- Fixed Assets
- Security

As a result of these reviews, several observations were presented to the Court that required management attention and correction. Based on follow-up procedures performed during our current audit, we found the Court was very proactive and addressed each finding.

Further, as we identified issues during the course of this audit and discussed our concerns with the Court, the Court was responsive and took immediate corrective action to address the newly found issues. For example, when we informed the Court that several staff had access to the DMV system whose job responsibilities did not appear to require such access, the Court immediately researched and removed their access. Also, during our cashiering walk-through, we noted that the manual receipt book in the traffic division was not secured when not in use—again, the Court immediately locked the manual receipt book in the supervisor's desk and the CFO reiterated the importance of securing the blank manual receipts with the supervisors.

Thus, as the Court has been very responsive and open to address any audit issues brought to its attention before waiting for the formal report to be written, we have no issues or concerns to report in this area.

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#### 14. Records Retention

The FIN Manual 12.01, Section 3.0 states:

*“It is the policy of the trial courts to retain financial and accounting records in compliance with all statutory requirements. Where legal requirements are not established, the trial court shall employ sound business practices that best serve the interests of the court.”*

Moreover, the Courts are required to apply efficient and economical management methods regarding the creation, utilization, maintenance, retention, preservation, and disposal of court financial and accounting records. This policy applies to all trial court officials and employees who create, handle, file, and reproduce accounting and financial records in the course of their official responsibilities.

The Shasta Court retains financial documents on-site at the main courthouse for one year before moving the files to its secured leased off-site storage. Since the Court complies with FIN Manual 12.01 and keeps financial and business records for at least five years and case files for an indefinite period of time, we have no issues or concerns to report in this area.

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## 15. Domestic Violence

In June 2003, the California Legislature requested IAS to audit court-ordered fines and fees in specified domestic violence cases in California. Associated with misdemeanor or felony domestic violence convictions are a number of fees and fines dictated by Penal Code (PC). Specifically, PC 1202.4 (b) requires a mandatory state restitution fine of a minimum \$100 to be assessed on misdemeanor convictions and \$200 on felony convictions. Additionally, if the defendant was granted formal probation, the Court is required to assess a domestic violence fee of \$400 pursuant to PC 1203.097. As part of this effort, IAS also agreed to test the assessment of fees and fines in domestic violence cases on an on-going basis. However, IAS does not evaluate judicial discretion.

Toward that end, we selected a sample of 15 domestic violence cases from a universe of 96 cases disposed of between Fiscal Year 2007-2008 and 2008-2009 to determine whether mandated fees and fines were properly assessed by analyzing corresponding JALAN case management system and case file information. Based on our review, we found the Court properly assessed domestic violence fees and victim restitution fines in all of our sample cases.

However, for one item, the assessed \$400 was not entered into the case management system and, thus, never charged to the defendant. Specifically, we found that case sentencing records appropriately indicated that a \$400 domestic violence fee should be assessed since the defendant was granted formal probation. Yet, when a clerk entered the case fees and fines into the Court's CMS to generate the total fine amount to be paid, the \$400 fee was inadvertently overlooked. To help detect clerical data entry errors in the future, the Court should enhance existing review processes conducted on fee/fine reductions and waivers by adding tasks comparing a sample of domestic violence case files to CMS records to ensure all fees and fines assessed by the Judge were correctly recorded in the CMS. These reviews should be conducted on a regular, periodic basis.

### Recommendation

To ensure the domestic violence fees and fines ordered in the courtroom are correctly entered into the CMS, the Court should:

3. Periodically pull a sample of closed domestic violence cases and compare the fee and fine amounts per minute orders to the amounts recorded in the CMS as well as work with clerical staff to minimize data entry errors and re-emphasize the importance of accurately processing court-ordered assessments.

### Superior Court Response

3. Each month we are sampling domestic violence cases, comparing fee and fine amounts ordered by the Court with the data entry into the CMS to ensure accuracy with court orders and to minimize data entry errors.

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## 16. Exhibits

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

For the most part, we found the Shasta County Superior Court has established a framework where many controls are in place to safeguard exhibits. For example, a set of written exhibit policies and procedures guides courtroom clerks in the handling of exhibits received during trial as well as provides information on how to store exhibits. In addition, the Court also created an exhibit life-cycle document, which illustrates the responsibilities of the courtroom clerk, exhibit coordinator, and archives clerk. However, our review identified one practice that could be further strengthened.

### 16.1 Exhibit Change of Custody Process Requires More Thorough Documentation

Once a case is adjudicated, most exhibits are returned to the parties while the Sheriff secures the majority of sensitive exhibits, such as drugs. Exhibit items that remain in the Court's custody are first inventoried by the courtroom clerk and then transferred to the exhibit coordinator. While we found adequate controls surrounding the exchange of custody between the courtroom clerk and the exhibit coordinator including an in-person transfer and inspection of exhibits on-hand as well as an exhibit receipt signed by both parties acknowledging the exchange, there was a breakdown in the chain of custody when exhibits were transferred from the exhibit coordinator to the archives clerk for permanent storage.

Specifically, the exhibit coordinator would arrange for an archives clerk to pick-up the exhibit box or envelope and record the name of the archives clerk on the exhibit receipt; yet, the archives clerk is not required to confirm the items or attest to the completeness of the exhibit file received by signing the exhibit receipt. Thus, if an exhibit cannot be located at a later point, the Court has no means of identifying whether the exhibit was misplaced or stolen while in the custody of the exhibit coordinator or while in the custody of the archives clerk. However, the Court could easily rectify this weakness by requiring the archive clerk to count and confirm items to be transferred in the presence of the exhibit coordinator, and by adding an additional certification statement for the archives clerk on the existing exhibit receipt—similar to what is used for the exchange between the courtroom clerk and exhibit coordinator.

We also learned that exhibit items too large to be transported to archives are kept unsecured by the exhibit coordinator's desk for an indefinite time—increasing the risk of exhibits being compromised. Combined with the lack of a recent inventory and no formal

documented exchange of exhibits between the exhibit coordinator and archives clerk, the Court is at greater risk of exhibits being compromised, lost, or stolen.

### **Recommendations**

To increase the transparency and security over the exhibit exchange of custody, the Court should:

4. Require both the exhibit coordinator and archives clerk to jointly count and verify the exhibit items to be transferred, and require both parties to sign/date the exhibit receipt before filing the document.
5. Conduct an inventory of the exhibits. Starting with the original “court exhibit record” created by the courtroom clerk, compare the exhibits items listed to the actual content of the exhibit box or envelope and vice versa—any missing items should be traceable to the exhibit activity log or an exhibit destruction order.

### **Superior Court Response**

4. The evidence procedure has been modified to include a process by which all evidence is inventoried at the time the archives clerk takes possession from the exhibit coordinator. The exhibit receipt form has been revised to include a signature line for the archives clerk to sign at the time the evidence is transferred to his/her control.
5. A sampling of cases will be inventoried comparing the exhibits listed on the court exhibit record with the exhibits in storage.

A comprehensive inventory of all evidence in the Court’s possession is not feasible until such time as funding becomes available to hire additional staff.

### 17. Facilities

The Trial Court Facilities Act of 2002 (SB 1732) established the governance structure and procedures for transferring responsibilities over trial court facilities from counties to the State. Currently, the Shasta County Superior Court has three court locations in Shasta—the Main Courthouse, Juvenile Justice Center in Redding, and Burney Courthouse. According to the AOC’s Office of Court Construction and Management’s “*Completed Transfer Agreements report as of December 29, 2009,*” all Shasta County Superior Court facilities transferred responsibility on December 16, 2008.

As shown in Table C below, the Court spent nearly \$627,000 on facility operations during Fiscal Year 2008-2009 per Phoenix-FI records; however, many of these expenses related to janitorial services, rent/lease for storage and a new non-court owned courtroom trailer. As described in the “Contracts” section of this report, the County provides janitorial services in lieu of a private contracted vendor. Other facilities costs included facility management services such as property insurance, mailroom, and preventative maintenance which the Court contracted through the County.

Our high-level review of facility expenses revealed no reportable issues.

*Table C. Fiscal Year 2008-2009 Facility-Related Expenses*

G/L Account	Description	Account Balance
935200	RENT/LEASE	\$ 169,831.56
935300	JANITORIAL	\$ 211,094.56
935400	MAINTENANCE AND SUPPLIES	\$ 4,172.53
935700	OTHER FACILITIES COSTS - GOODS	\$ 62,187.41
935800	OTHER FACILITIES COSTS - SERVICES	\$ 179,709.09
	<i>TOTAL FACILITY COSTS</i>	<i>\$ 626,995.15</i>

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## 18. Appeals

California Rules of Court (CRC) specify various guidelines and requirements related to handling appeals, including provisions related to processes for tracking, filing, and monitoring notice of appeals to ensure appropriate records are certified and submitted to the California Courts of Appeal in accordance with mandated timelines. At the time of our review, Shasta County Superior Court's Appeals Unit had 299 active appeals filed between September 2006 and October 2009. From these, we reviewed five cases to assess whether the Court had an appropriate process in place to appropriately track appeal notices and certify records in a timely manner.

Overall, we found that the appeals staff is diligent and conscientious about the sensitive nature of appeals filed and, as such, our testing did not reveal any records that were submitted late; rather, appeals were processed expeditiously and within the timeframes set forth by CRC. While there were no timeliness issues, minimal improvement to certain practices can further strengthen the Court's monitoring and tracking of appeals.

### 18.1 More Formalized Appeals Processing and Monitoring Procedures Can Bolster the Court's Already Strong Appeals Practices

In following CRC, the Court ensures the appeal filing requirements are met; yet, the Court does not have formalized procedures in place to guide staff in the day-to-day appeal processing activities. Appeals staff uses informal checklists for each case type to track and refer to filing dates, due dates, and CRCs among other information. While helpful in reminding both experienced and new staff about appeal milestones and rules, practices relying on those checklists alone to train new staff and ensure consistency and continuity with the Court's currently successful appeals processing practices could be improved.

In addition, we also learned that while the Court's case management system (CMS) is used to track certain milestones such as notice of appeal filed and certified record sent to the District Court of Appeals and manual logs containing similar information are maintained by supervisory staff, neither the CMS or the manual logs are utilized as a formal tool to monitor the status of appeals filed. Since the appeals process can be complicated and procedures vary by case type, the Court should consider using the logs or ticklers from the CMS to ensure appropriate progress is made and no deadlines are accidentally overlooked.

### Recommendations

To better enable the Court to track and monitor its appeals and related deadlines as well as to assist with the transfer of knowledge necessary with staff turnover, the Court should:

6. Consider developing more formal written appeals processing policies and procedures to ensure the continuous timely submission of records of appeals.
7. Establish a process whereby appeals are monitored by supervisory staff on a periodic basis to ensure prescribed milestones are being met.

**Superior Court Response**

6. The Court is developing formal procedures that spell out the duties and deadlines in order to submit appeals in a timely fashion.
7. Regular monitoring of appeals by supervisory staff will be conducted to ensure adherence to the procedures.

## **Appendix A: Financial Statements**

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

### **Focus on Accountability**

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

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

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

### **Shasta County Superior Court Financial Statements**

To assist in the fiscal accountability requirements of the branch, the statewide fiscal infrastructure system, Phoenix-FI, was established and implemented at the Court in 2006 with fiscal data processed through the Trial Court Administrative Services (TCAS) in Sacramento. The fiscal data on the following pages are from this system and present the comparative and un-audited Fiscal Year 2008-2009 financial statements of the Trial Court Operations Fund for the Court. Specifically, the three financial statement schedules are as follows:

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

While the Fiscal Year 2008-2009 information is summarized into a total funds column that does not include individual fund detail, total columns for each year are provided only for “information purposes” as the consolidation of funds are not meaningful numbers. Additionally, the financial information is un-audited, but is presumed to be presented, as required, on a modified accrual basis of accounting, recognizing increases and decreases in financial resources only to the extent that they reflect near-term inflows or outflows of cash. The three basic fund categories generally utilized by courts are Government, Proprietary, and Fiduciary. The Shasta County Superior Court uses the following fund classifications and fund types with account detail also provided.

### **Governmental Funds**

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

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

#### **Special Revenue**

1. Small Claims Advisor (120003)
2. Grand Jury (120005)
3. Enhanced Collections (120007)

#### **Grants**

1. 1058 Family Law Facilitator Program (1910581)
2. 1058 Child Support Commissioner Program (1910591)
3. Substance Abuse Focus Program (1910601)
4. Access to Visitation (1910611)
5. DUI Court Expansion (1910681)

### **Proprietary Funds**

A proprietary fund is used to account for a government’s activities that are similar to activities that may be performed by a commercial enterprise. The purpose of a proprietary fund is to provide a service or product at a reasonable cost. There are two types of proprietary fund types—enterprise funds and internal service funds.

**Internal Service** – Used to account for the financing of goods or services provided by one department or agency to other departments or agencies or the governmental unit, or to other governmental units on a cost-reimbursement basis. Specifically, the Shasta County Superior Court operates one internal service fund—Fund 130001—to capture costs and reimbursements related to case management system services provided to a variety of county departments. There is only one other court with an internal service fund.

## **Fiduciary Funds**

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

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

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

Sometimes, a government entity such as the Shasta County Superior Court will hold escheat resources on behalf of another government. In that case, the use of an agency fund would be appropriate. The Court uses two agency funds—the Civil Filing Fees Fund (450000) and the Distribution Fund (400000).

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

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

Shasta Superior Court Trial Court Operations Fund Balance Sheet (Unaudited)								
For the month ended June 30, 2009								
Fiscal Year 2009/10								2008/09
	Governmental Funds				Proprietary Funds	Fiduciary Funds	Total Funds (Info. Purposes Only)	Total Funds (Info. Purposes Only)
	General	Special Revenue		Capital Project				
		Non-Grant	Grant					
<b>ASSETS</b>								
Operations	105,167	-1,385	0		135,279	0	239,061	89,646
Payroll	0	0			0		0	-307
Jury								
Revolving	25,000		0				25,000	26,399
Other							0	0
Distribution						0	0	0
Civil Filing Fees						406,606	406,606	368,983
Trust						311,515	311,515	265,615
Credit Card								
Cash on Hand	2,585	650					3,235	3,335
Cash with County	118,796					513,093	631,889	919,025
<b>Total Cash</b>	<b>251,548</b>	<b>-735</b>	<b>0</b>		<b>135,279</b>	<b>1,231,214</b>	<b>1,617,305</b>	<b>1,672,697</b>
Short Term Investment	2,644,171	735			1,249		2,646,155	2,013,819
Investment in Financial Institution								
<b>Total Investments</b>	<b>2,644,171</b>	<b>735</b>			<b>1,249</b>		<b>2,646,155</b>	<b>2,013,819</b>
Accrued Revenue	926	2,535	0		168	1	3,630	6,385
Accounts Receivable - General			0				0	0
Dishonored Checks								
Due From Employee								
Civil Jury Fees								
Trust								
Due From Other Funds	310,096	0				0	310,096	360,853
Due From Other Governments	3,989	39,820			0		43,808	49,652
Due From Other Courts								0
Due From State	119,860	0	301,337		0		421,197	518,676
Trust Due To/From								
Distribution Due To/From								
Civil Filing Fee Due To/From								
General Due To/From	0						0	
<b>Total Receivables</b>	<b>434,871</b>	<b>42,355</b>	<b>301,337</b>		<b>168</b>	<b>1</b>	<b>778,730</b>	<b>935,565</b>
Prepaid Expenses - General	0						0	55,252
Salary and Travel Advances	0						0	0
Counties								
<b>Total Prepaid Expenses</b>	<b>0</b>						<b>0</b>	<b>55,252</b>
Other Assets								
<b>Total Other Assets</b>								
<b>Total Assets</b>	<b>3,330,590</b>	<b>42,355</b>	<b>301,337</b>		<b>136,696</b>	<b>1,231,214</b>	<b>5,042,191</b>	<b>4,677,332</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Accrued Liabilities	59,845	4,610	5,027		3,639		73,121	224,967
Accounts Payable - General	859	518	0		0	0	1,377	15
Due to Other Funds	0	7,563	296,309		0	6,223	310,096	360,853
Due to Other Courts		0	0				0	19,543
Due to State	0						0	9,073
TC145 Liability							405,551	368,983
Due to Other Governments	3,180		0				3,180	6,707
AB145 Due to Other Government Agency								
Due to Other Public Agencies								
Sales and Use Tax	84	59			39		182	386
Interest						0	0	0
Miscellaneous Accts. Pay. and Accrued Liab.								
<b>Total Accounts Payable and Accrued Liab.</b>	<b>63,968</b>	<b>12,749</b>	<b>301,337</b>		<b>3,678</b>	<b>411,774</b>	<b>793,506</b>	<b>990,528</b>
Civil								
Criminal							272,982	249,692
Unreconciled - Civil and Criminal								
Trust Held Outside of the AOC							513,093	743,769
Trust Interest Payable							7,379	6,913
Miscellaneous Trust								
<b>Total Trust Deposits</b>						<b>793,454</b>	<b>793,454</b>	<b>1,000,375</b>
Accrued Payroll	311,098	29,606			14,151		354,854	305,376
Benefits Payable	12,371						12,371	-14,571
Deferred Compensation Payable	0						0	0
Deductions Payable	0						0	147
Payroll Clearing	-3,320						-3,320	
<b>Total Payroll Liabilities</b>	<b>320,149</b>	<b>29,606</b>			<b>14,151</b>		<b>363,906</b>	<b>290,951</b>
Revenue Collected in Advance	0						0	55,252
Liabilities For Deposits	4,407						3	4,410
Jury Fees - Non-Interest							13,880	8,462
Fees - Partial Payment & Overpayment							12,103	5,50
Uncleared Collections	0						0	-200
Other Miscellaneous Liabilities								0
<b>Total Other Liabilities</b>	<b>4,407</b>					<b>25,986</b>	<b>30,393</b>	<b>68,464</b>
<b>Total Liabilities</b>	<b>388,524</b>	<b>42,355</b>	<b>301,337</b>		<b>17,829</b>	<b>1,231,214</b>	<b>1,981,258</b>	<b>2,350,316</b>
Fund Balance - Restricted								
Fund Balance - Unrestricted								
Designated	2,233,767	0			93,248		2,327,016	1,395,801
Undesignated	0	0	0		0		0	0
CY Excess (Deficit) of Rev. Over Expenses	708,299	0	0		25,618		733,917	931,214
<b>Total Fund Balance</b>	<b>2,942,066</b>	<b>0</b>	<b>0</b>		<b>118,867</b>		<b>3,060,933</b>	<b>2,327,016</b>
<b>Total Liabilities and Fund Balance</b>	<b>3,330,590</b>	<b>42,355</b>	<b>301,337</b>		<b>136,696</b>	<b>1,231,214</b>	<b>5,042,191</b>	<b>4,677,332</b>

Source: Phoenix Financial System and 4<sup>th</sup> Quarter Financial Statements

Shasta Superior Court Trial Court Operations Fund Statement of Revenues, Expenditures and Changes in Fund Balances (Unaudited)										
For the month ended June 30, 2009										
Fiscal Year 2009/10										
	Governmental Funds						Total Funds (Info. Purposes Only)	Current Budget (Annual)	2008/09	
	General	Special Revenue		Capital Projects	Proprietary Funds	Fiduciary Funds			Total Funds (Info. Purposes Only)	Final Budget (Annual)
		Non-Grant	Grant							
<b>REVENUES</b>										
State Financing Sources										
Trial Court Trust Fund	11,360,550						11,360,550	11,466,470	12,500,083	12,149,514
Trial Court Improvement Fund	40,765						40,765	32,206	44,505	12,206
Judicial Administration Efficiency & Mod Fund										
Judges' Compensation (45.25)	144,984						144,984	145,492	134,604	144,984
Court Interpreter (45.45)	249,468						249,468	238,000	254,801	234,041
Civil Coordination Reimbursement (45.55)										
MOU Reimbursements (45.10 and General)	734,042						734,042	737,582	888,804	961,821
Other Miscellaneous									84,800	84,800
	12,529,808						12,529,808	12,619,750	13,907,597	13,587,366
Grants										
AB 1058 Commissioner/Facilitator			701,285				701,285	752,597	735,465	752,598
Other AOC Grants			222,238				222,238	216,056	324,595	389,009
Non-AOC Grants										
			923,523				923,523	968,653	1,060,059	1,141,607
Other Financing Sources										
Interest Income	12,176	3,270			1,419		16,865	20,300	27,551	49,000
Investment Income										
Donations										
Local Fees	279,766						279,766	283,050	283,035	289,465
Non-Fee Revenues	4,086	0			0		4,086	1,350	1,873	11,260
Enhanced Collections	0	1,810,461					1,810,461	1,500,000	1,701,860	1,735,000
Escheatment	5,745						5,745	1,500	31,358	
Prior Year Revenue	-20,978						-20,978			
County Program - Restricted	88,002	7,181			308,948		404,131	388,940	479,503	470,769
Reimbursement Other	132,127				13,857		145,984	55,500	73,884	24,259
Sale of Fixed Assets										
Other Miscellaneous	3,159						3,159		1,567	
	504,083	1,820,913			324,223		2,649,219	2,250,640	2,600,632	2,579,753
<b>Total Revenues</b>	<b>13,033,891</b>	<b>1,820,913</b>	<b>923,523</b>		<b>324,223</b>		<b>16,102,550</b>	<b>15,839,043</b>	<b>17,568,288</b>	<b>17,308,726</b>
<b>EXPENDITURES</b>										
Personal Services										
Salaries - Permanent	6,687,793	659,505	433,208		334,064		8,114,570	8,583,666	8,599,803	9,010,922
Temp Help	294,486	26,595					321,081		316,284	
Overtime	23,745	11					23,756		30,637	
Staff Benefits	3,080,957	316,823	178,180		129,415		3,705,375	3,348,813	3,800,929	3,849,495
	10,086,981	1,002,934	611,388		463,478		12,164,782	11,932,479	12,747,653	12,860,417
Operating Expenses and Equipment										
General Expense	300,541	74,369	23,679		1,274		399,864	608,288	521,477	585,446
Printing	37,450	3,444					40,894	51,469	46,274	25,229
Telecommunications	132,854	8,549	7,545		1,885		150,833	142,346	166,381	130,301
Postage	114,722	38,964	429				154,115	209,266	211,903	241,205
Insurance	2,086						2,086	2,317	2,327	2,875
In-State Travel	15,438	1,065	3,141				19,644	42,357	33,778	45,033
Out-of-State Travel	459						459	1,225	1,872	
Training	1,485	1,749	3,311		1,181		7,726	12,580	11,896	18,356
Security Services	1,280						1,280	1,367	1,367	3,284
Facility Operations	397,728	34,142	42,402		6,992		481,263	606,551	627,145	431,993
Utilities	2,183	131	0		28		2,342	6,523	6,526	3,492
Contracted Services	1,311,959	156,806	184,254		703		1,653,721	1,675,822	1,681,266	1,718,558
Consulting and Professional Services	17,790				22,642		40,432	39,900	34,954	68,164
Information Technology	38,225	1,600			100,268		140,094	305,129	324,534	278,078
Major Equipment	986						986		131,899	4,386
Other Items of Expense	11,480	25					11,505	9,157	9,252	15,110
	2,386,665	320,843	264,761		134,973		3,107,241	3,714,297	3,812,851	3,571,510
Special Items of Expense										
Grand Jury		104					104	425	423	482
Jury Costs	107,911						107,911	89,500	95,868	114,552
Judgements, Settlements and Claims									95	33
Debt Service										
Other										
Internal Cost Recovery	-111,971	37,083	129,592		-54,704		0		0	139,133
Prior Year Expense Adjustment	-11,405		0				-11,405		-19,816	
	-15,465	37,187	129,592		-54,704		96,610	89,925	76,570	254,200
<b>Total Expenditures</b>	<b>12,458,181</b>	<b>1,360,965</b>	<b>1,005,740</b>		<b>543,747</b>		<b>15,368,633</b>	<b>15,736,701</b>	<b>16,637,074</b>	<b>16,686,127</b>
Excess (Deficit) of Revenues Over Expenditures	575,710	459,948	-82,217		-219,524		733,917	102,342	931,214	622,599
Operating Transfers In (Out)	-132,589	459,948	-82,217		-245,142		0	0	0	-1,661,386
Fund Balance (Deficit)										
Beginning Balance (Deficit)	2,233,767	0	0		93,248		2,327,016	2,327,016	1,395,801	1,395,801
Ending Balance (Deficit)	2,942,066	0	0		118,867		3,060,933	2,429,358	2,327,016	3,679,786

Source: Phoenix Financial System and 4<sup>th</sup> Quarter Financial Statements

Shasta Superior Court Trial Court Operations Fund Statement of Program Expenditures (Unaudited)									
For the month ended June 30, 2009									
Fiscal Year 2009/10							2008/09		
	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)
<b>PROGRAM EXPENDITURES:</b>									
Judges & Courtroom Support	2,678,139	729,943		33	0	3,408,115	3,365,421	3,640,934	3,247,443
Traffic & Other Infractions	395,787	105,839				501,626	541,340	571,244	594,577
Other Criminal Cases	770,034	95,632		55		865,722	1,019,604	1,085,625	1,392,626
Civil	550,502	106,064		1,464	100	658,130	727,351	730,220	655,102
Family & Children Services	909,737	189,914		16,068	0	1,115,720	1,300,134	1,174,990	1,421,845
Probate, Guardianship & Mental Health Services	379,078	19,364				398,442	419,831	454,303	552,561
Juvenile Dependency Services	78,895	595,194				674,089	599,290	640,676	613,309
Juvenile Delinquency Services	89,125	2,935				92,060	82,920	89,837	38,412
Other Court Operations	370,410	21,593				392,003	285,990	397,754	375,929
Court Interpreters	66,628	167,427				234,055	322,508	324,395	276,646
Jury Services	128,475	93,594	107,911			329,980	313,846	321,714	333,226
Security	2,567,740	113,093				2,680,832	2,591,918	2,831,376	2,759,319
<b>Trial Court Operations Program</b>	<b>8,984,551</b>	<b>2,240,591</b>	<b>107,911</b>	<b>17,621</b>	<b>100</b>	<b>11,350,774</b>	<b>11,570,153</b>	<b>12,263,067</b>	<b>12,260,995</b>
Enhanced Collections	1,002,866	302,555		37,083		1,342,505	1,258,218	1,357,611	1,341,890
Other Non-Court Operations	463,546	153,261	104	-54,704		562,207	731,355	660,590	738,815
<b>Non-Court Operations Program</b>	<b>1,466,413</b>	<b>455,816</b>	<b>104</b>	<b>-17,621</b>		<b>1,904,712</b>	<b>1,989,573</b>	<b>2,018,202</b>	<b>2,080,705</b>
Executive Office	508,757	48,021				556,778	652,641	773,517	754,691
Fiscal Services	553,465	230,353				783,819	712,119	711,016	717,930
Human Resources	316,380	20,011				336,391	277,220	292,976	296,394
Business & Facilities Services	0	5,895				5,895	5,210	5,357	2,974
Information Technology	335,215	106,555			-11,505	430,265	529,785	592,755	572,438
<b>Court Administration Program</b>	<b>1,713,818</b>	<b>410,834</b>			<b>-11,505</b>	<b>2,113,147</b>	<b>2,176,975</b>	<b>2,375,622</b>	<b>2,344,427</b>
Prior Year Adjustments					0	0		-19,816	
<b>Total</b>	<b>12,164,782</b>	<b>3,107,241</b>	<b>108,015</b>	<b>0</b>	<b>-11,405</b>	<b>15,368,633</b>	<b>15,736,701</b>	<b>16,637,074</b>	<b>16,686,127</b>

Source: Phoenix Financial System and the 4<sup>th</sup> Quarter Quarterly Financial Statements

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

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

Trial courts are subject to rules and policies established by the Judicial Council to promote efficiency and uniformity within a system of trial court management. Guidelines and requirements concerning court governance are specified in California Rules of Court (CRC) and the *Trial Court Financial Policies and Procedures Manual* (FIN Manual), as established under Government Code Section 77009(i) and proceduralized under CRC 10.707. Yet, within the boundaries established by the Judicial Council, each trial court has the authority and is responsible for managing its own operations. All employees are expected to fulfill at least the minimum requirements of their positions and to conduct themselves with honesty, integrity, and professionalism. All employees shall also operate within the specific levels of authority that may be established by the trial court for their positions.

Table 1 reflects the Court’s Fiscal Year 2008-2009 expenditures primarily reviewed in this section of the audit IAS considers these accounts primarily related with the Court’s administrative decisions and governance responsibilities and associated with this section of the report.

*Table 1. Court Administration*

G/L Account	Description	Sub-Account	Account Balance
<b>Revenues</b>			
833010	PROGRAM 45.25 – JUDGES SALARIES	<b>\$ (134,604.00)</b>	
833000	<b>PROGRAM 45.25 - REIMBURSEMENT</b>		<b>\$ (134,604.00)</b>
<b>Expenditures</b>			
906303	SALARIES – COMMISSIONERS	\$ 310,136.76	
906311	SALARIES – SUPERIOR COURT	68,196.42	
<b>906300</b>	<b>SALARIES - JUDICIAL OFFICERS</b>		<b>\$ 378,333.18</b>
920501	DUES & MEMBERSHIPS-JUDICIAL	\$ 737.80	
920502	DUES & MEMBERSHIPS-LEGAL	1,990.00	
920503	DUES & MEMBERSHIPS-OTHER	3,490.00	
920599	DUES & MEMBERSHIP	406.13	
<b>920500</b>	<b>DUES AND MEMBERSHIPS</b>		<b>\$ 6,623.93</b>
933101	TRAINING	\$ 4,315.00	
933102	TUITION REIMBURSEMENT	89.10	
933103	REGISTRATION FEES	3,472.00	
933104	TUITION & REGISTRATION	2,746.25	
933108	TRAINING SUPPLIES	1,273.72	
<b>933100</b>	<b>TRAINING</b>		<b>\$ 11,896.07</b>

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

Trial courts must employ sound business, financial, and accounting practices to conduct its fiscal operations. To operate within the limitations of the funding approved and appropriated in the State Budget Act, courts should establish budgetary controls to monitor its budget on an ongoing basis to assure that actual expenditures do not exceed budgeted amounts. As personnel services costs generally account for approximately 75% or more of many trial courts' budgets, courts must establish a position management system that includes, at a minimum, a current and updated position roster, a process for abolishing vacant positions, and procedures for requesting, evaluating, and approving new and reclassified positions. In Tables 2 and 3 below are Fiscal Year 2008-2009 balances from the Court's general ledger that IAS considers primarily associated with fiscal management and reporting section of the audit report.

*Table 2. Salary and Benefit Liabilities*

G/L Account	Description	Amount Balance
122001	PAYROLL CLEARING ACCOUNT	(306.82)
374603	UNION DUES	(146.50)
374701	HEALTH BENEFITS PAYABLE EE	(2,828.28)
374702	BENEFITS PAYABLE-MEDICAL EE	27,253.89
374703	BENEFITS PAYABLE-DENTAL EE	(9,421.11)
374704	BENEFITS PAYABLE-VISION EE	(3,546.05)
374705	BENEFITS PAYABLE-LIFE EE	(863.80)
374706	BENEFITS PAYABLE-FLEX SPENDING	(2,249.18)
375001	ACCRUED PAYROLL	(305,375.57)
<b>TOTAL</b>		<b>\$ (297,483.42)</b>

*Table 3. Salary and Benefit Expenditures*

G/L Account	Description	Sub-Account	Account Balance
<b>900300</b>	<b>SALARIES - PERMANENT</b>		<b>\$ 8,221,469.52</b>
<b>903300</b>	<b>TEMPORARY HELP</b>		<b>\$ 316,283.65</b>
906303	SALARIES - COMMISSIONERS	\$ 310,136.76	
906311	SALARIES - SUPERIOR COURT	68,196.42	
<b>906300</b>	<b>SALARIES - JUDICIAL OFFICERS</b>		<b>\$ 378,333.18</b>
<b>908300</b>	<b>OVERTIME</b>		<b>\$ 30,637.00</b>
	<b>SALARIES</b>		<b>\$ 8,946,723.35</b>
910301	SOCIAL SECURITY INS & MED	\$ 427,380.62	
910302	MEDICARE TAX	121,937.42	
<b>910300</b>	<b>TAX</b>		<b>\$ 549,318.04</b>
910401	DENTAL INSURANCE	\$ 59,626.57	
910501	HEALTH INSURANCE	1,075,405.54	

G/L Account	Description	Sub-Account	Account Balance
910502	FLEXIBLE BENEFITS	33,304.45	
910503	RETIREE BENEFIT	172,034.22	
<b>910400</b>	<b>HEALTH INSURANCE</b>		<b>\$ 1,340,370.78</b>
910601	RETIREMENT (NON-JUDICIAL)	\$ 1,577,864.99	
912301	RETIREMENT (SUBORDINATE & JUDICIAL OFFICERS)	55,121.13	
<b>910600</b>	<b>RETIREMENT</b>		<b>\$ 1,632,986.12</b>
912402	DEFERRED COMPENSATION – 4	\$ 51,302.31	
<b>912400</b>	<b>DEFERRED COMPENSATION</b>		<b>\$ 51,302.31</b>
<b>912500</b>	<b>WORKERS' COMPENSATION</b>		<b>\$ 183,949.00</b>
913301	UNEMPLOYMENT INSURANCE	\$ 2,383.47	
913501	LIFE INSURANCE	10,837.93	
913502	LONG-TERM DISABILITY	2,793.35	
913601	VISION CARE INSURANCE	26,988.32	
<b>912700</b>	<b>OTHER INSURANCE</b>		<b>\$ 43,003.07</b>
	<b>STAFF BENEFITS TOTAL</b>		<b>\$ 3,800,929.32</b>
	<b>PERSONAL SERVICES TOTAL</b>		<b>\$ 12,747,652.67</b>

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

According to FIN Manual 3.01, Section 3.0, trial courts shall establish and maintain separate funds to segregate their financial resources and allow for the detailed accounting and accurate reporting of the Court’s financial operations. Section 6.1.1 defines a “fund” as a complete set of accounting records designed to segregate various financial resources and maintain separate accountability for resources designated for specific uses, so as to ensure that public monies are only spent for approved and legitimate purposes. A set of governmental, fiduciary, and proprietary funds has been set up in Phoenix-FI to serve this purpose. Furthermore, the Judicial Council has approved a fund balance policy to ensure that courts are able to identify resources to meet statutory and contractual obligations, maintain a minimum level of operating and emergency funds, and provide uniform standards for fund balance reporting. Table 4 below, reflects the Court’s Fiscal Year 2008-2009 fund balances—additionally, there were no transfers in or out recorded in the system.

*Table 4. Fund Balances and Operating Transfers*

G/L Account	Description	Sub-Account	Account Balance *
553001	FUND BALANCE – UNRESTRICTED	\$ (1,395,801.40)	
	<b>FUND BALANCES</b>		<b>\$ (1,395,801.40)</b>

\* Fund Balances shown are post-close/ending fund balance with FY 2008-2009 revenues and expenditures

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

Trial courts must accurately account for use of public funds and demonstrate their accountability by producing financial reports that are understandable, reliable, relevant, timely, consistent, and comparable. To assist courts in meeting these objectives, the FIN Manual provides uniform accounting guidelines for trial courts to follow when recording revenues and expenditures associated with court operations. Trial courts are required to prepare and submit various financial reports using these accounting guidelines to the AOC and appropriate counties, as well as internal reports for monitoring purposes.

In Tables 5 and 6 are Fiscal Year 2008-2009 balances from the Court’s general ledger that IAS has primarily associated with accounting principles and practices section of the audit report.

*Table 5. Court Accounts Receivables, Payables, and Other Current Liabilities*

G/L Account	Description	Account Balance
130001	A/R - ACCRUED REVENUE	\$ 6,384.72
140001	A/R - DUE FROM OTHER FUNDS	360,852.96
150001	A/R - DUE FROM OTHER GOVERNMENTS	49,651.84
152000	A/R - DUE FROM STATE	518,675.63
<b>Total Accounts Receivables</b>		<b>\$ 935,565.15</b>
301001	A/P – GENERAL	(15.20)
311401	A/P - DUE TO OTHER FUNDS	(360,852.96)
321001	A/P – DUE TO COURTS	(19,543.05)
321501	A/P – DUE TO STATE	(9,073.00)
321600	A/P - TC145 LIABILITY	(368,983.45)
322001	A/P – DUE TO OTHER GOVERNMENTS	(6,707.00)
323001	A/P – SALES & USE TAX	(385.54)
330001	A/P - ACCRUED LIABILITIES	(224,967.31)
<b>Total Accounts Payables</b>		<b>\$ (990,527.51)</b>
341001	REVENUE COLLECTED IN ADVANCE	\$ (55,251.66)
353090	FUNDS HELD OUTSIDE OF THE AOC	(743,768.87)
<b>Other Liabilities</b>		<b>\$ (799,020.53)</b>

*Table 6. Court Revenue Sources and Prior Year Adjustments*

G/L Account	Description	Sub-Account	Account Balance
812110	TCTF-PROGRAM 45.10 – OPERATIONS	\$(12,359,543.34)	
812140	TCTF-PROGRAM 45.10 – SMALL CLAIMS – SERVICE BY MAIL	(3,507.15)	
812141	TCTF-PROGRAM 45.10 – ADMIN CHRG RETURNED CHECK	(627.00)	
812142	TCTF-PROGRAM 45.10 – ADMIN CHRG PARTIAL	(166.00)	

G/L Account	Description	Sub-Account	Account Balance
	PAYMENT		
812144	TCTF-PROGRAM 45.10 – CLERKS TRANSCRIPT ON APPEAL	(10,127.00)	
812146	TCTF-PROGRAM 45.10 – COPY PREPARATION	(22,417.21)	
812148	TCTF-PROGRAM 45.10 – MANUAL SEARCH OF RECORDS	(15.00)	
812149	TCIF –PROGRAM 45.10 – REIMBURSEMENT OF OTHER COSTS	(18,598.62)	
812151	TCTF-PROGRAM 45.10-CUSTODY/VISITATION – MEDIATION	(2,002.50)	
812152	TCTF –PROGRAM 45.10 – RETURN CHECK	(90.00)	
812153	TCTF-PROGRAM 45.10 –GUARDIANSHIP INVESTIGATION	(16,507.68)	
812154	TCTF –PROGRAM 45.10 – INFO PACKAGE FOR CONSERVATORS	(1,008.46)	
812155	TCTF-PROGRAM 45.10 – CONSERVATORSHIP INVESTIGATION	(31,178.00)	
812158	TCTF-PROGRAM 45,10-CUSTODY/VISITATION – FAMILY LAW FACILITATORS	(1,335.00)	
812159	TCTF –PROGRAM 45.10-CIVIL ASSESSMENT	(20,977.77)	
812160	TCTF-PROGRAM 45.10-MICROGRAPHICS	(5,839.00)	
812163	TCTF –PROGRAM 45.10-COURT	(2,143.50)	
812166	TCTF –PROGRAM 45.10-ADMIN	(4,000.00)	
<b>812100</b>	<b>TCTF - PGM 10 OPERATIONS</b>		<b>\$(12,500,083.23)</b>
<b>816000</b>	<b>OTHER STATE RECEIPTS</b>		<b>\$ (84,800.00)</b>
821121	LOCAL FEE 1	\$ (14,622.13)	
821122	LOCAL FEE 2	(18,691.57)	
821123	LOCAL FEE 3	(26.00)	
821162	FC3153 CAC-CHILD	(8,078.59)	
821181	PC1205d INSTALLMENT FEE	(133,937.95)	
821183	PC1463.22A INSURANCE CONVICTION	(8,788.31)	
821192	VC40611 PROOF OF CORRECTION	(98,890.11)	
<b>821000</b>	<b>LOCAL FEES REVENUE</b>		<b>\$ (283,034.66)</b>
<b>821200</b>	<b>ENHANCED COLLECTIONS - REVENUE</b>		<b>\$ (1,701,859.99)</b>
<b>822000</b>	<b>LOCAL NON-FEE REVENUE/CRC3.670F COURT CALL</b>		<b>\$ (1,873.27)</b>
<b>823000</b>	<b>OTHER - REVENUE</b>		<b>\$ (32,925.48)</b>
<b>825000</b>	<b>INTEREST INCOME</b>		<b>\$ (27,551.28)</b>
<b><i>SUB-TOTAL TRIAL COURTS REVENUE SOURCES</i></b>			<b><i>\$(14,632,127.91)</i></b>
<b>831000</b>	<b>GENERAL FUND - MOU/REIMBURSEMENTS</b>		<b>\$ (10,050.00)</b>
832010	TCTF GENERAL MOU REIMBURSEMENTS	\$ (115,699.65)	
832011	TCTF-PGM 45.10- JURY	(90,805.84)	

G/L Account	Description	Sub-Account	Account Balance
832012	TCTF-PGM 45.10- CAC	(562,309.97)	
832013	TCTF-PGM 45.10-ELDER ABUSE	(2,590.00)	
832014	TCTF-PGM 45.10 – OTHER	(107,349.00)	
<b>832000</b>	<b>PROGRAM 45.10 - MOU/REIMBURSEMENTS</b>		<b>\$ (878,754.46)</b>
<b>833000</b>	<b>PROGRAM 45.25 – JUDGES SALARIES REIMBURSEMENTS</b>		<b>\$ (134,604.00)</b>
<b>834000</b>	<b>PROGRAM 45.45 – COURT INTERPRETER REIMBURSEMENTS</b>		<b>\$ (254,800.73)</b>
<b>837000</b>	<b>IMPROVEMENT FUND – REIMBURSEMENTS</b>		<b>\$ (44,505.00)</b>
838010	AB1058 GRANTS	\$ (735,464.55)	
838020	OTHER STATE GRANTS	(324,594.57)	
<b>838000</b>	<b>STATE GRANTS – REIMBURSEMENTS</b>		<b>\$ (1,060,059.12)</b>
<b>840000</b>	<b>COUNTY PROG – RESTR/SMALL CLAIMS ADVISORY</b>		<b>\$ (479,502.98)</b>
<b>860000</b>	<b>REIMBURSEMENTS – OTHER</b>		<b>\$ (73,884.15)</b>
	<b>SUB-TOTAL TRIAL COURTS REIMBURSEMENTS</b>		<b>\$ (2,936,160.44)</b>
	<b>REVENUE TOTAL</b>		<b>\$(17,568,288.35)</b>
<b>999900</b>	<b>PRIOR YEAR EXPENSE ADJUSTMENTS</b>		<b>\$ (19,816.48)</b>
	<b>PRIOR YEAR EXPENSE ADJUSTMENT TOTAL</b>		<b>\$ (19,816.48)</b>

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

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

In Table 7 below, are balances from the Court’s general ledger for Fiscal Year 2008-2009 that IAS considers to be primarily associated with this audit report section.

*Table 7. Cash Collections Accounts*

G/L Account	Description	Account Balance
111000	CASH-OPERATIONS ACCOUNT	\$ 346,031.80
111100	CASH-OPERATIONS CLEARING	(256,385.94)
114000	CASH-REVOLVING	26,398.60
117500	CASH CIVIL FILING FEES	356,928.95
117502	CASH CIVIL FILING FEES IN-TRANSIT	12,054.50
118000	CASH-TRUST ACCOUNT	284,812.04

118100	CASH-TRUST CLEARING	(19,196.78)
119001	CASH ON HAND	3,335.00
120001	CASH WITH COUNTY	919,025.29
120050	SHORT TERM INVESTMENTS-LA	2,013,818.50
<b>Cash and Cash Equivalents</b>		<b>\$ 3,686,821.96</b>

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

Information systems used by the Court include the JALAN Case Management System (CMS) that has an integrated cashiering module, Jury Plus for jury attendance and payroll, and Phoenix-FI and Bi-Tech for the recording of financial transactions. In Table 8 are balances from the Court’s general ledger that IAS considers to be primarily associated with the information systems section of the audit report.

*Table 8. Information Technology General Ledger Line Items*

G/L Account	Description	Sub-Account	Account Balance
<b>943200</b>	<b>IT MAINTENANCE</b>		<b>\$ 14,013.84</b>
<b>943300</b>	<b>IT COMMERCIAL CONTRACTS</b>		<b>\$ 167,739.45</b>
<b>943400</b>	<b>IT INTER-JURISDICTIONAL</b>		<b>\$ 785.49</b>
943501	IT REPAIRS & SUPPLIES	\$ 6,781.00	
943502	IT SOFTWARE & LICENSING FEES	61,057.27	
943503	COMPUTER SOFTWARE	2,400.00	
943506	SECURITY SOFTWARE	109.80	
943507	MAINFRAME OPERATING SOFTWARE	71,646.78	
<b>943500</b>	<b>IT REPAIRS/SUPPLIES/LICENCES</b>		<b>\$ 141,994.85</b>
<b>INFORMATION TECHNOLOGY (IT) TOTAL</b>			<b>\$ 324,533.63</b>

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

GC 77009 authorizes the Judicial Council to establish bank accounts for trial courts to deposit trial court operations funds and other funds under the Courts’ control. FIN 13.01 establishes the conditions and operational controls under which trial courts may open these bank accounts and maintain funds. Trial courts may earn interest income on all court funds wherever located. Currently, the Court deposits its operating funds in an AOC-established account as well as most of its daily collections and AB 145 monies collected. While the Court’s civil trust is deposited with the AOC, its criminal trust is still deposited into the County Treasury.

Table 9. Banking and Treasury General Ledger Line Items

G/L Account	Description	Account Balance
111000	CASH-OPERATIONS ACCOUNT	\$ 346,031.80
111100	CASH-OPERATIONS CLEARING	(256,385.94)
114000	CASH-REVOLVING	26,398.60
117500	CASH-CIVIL FILING FEES	356,928.95
117502	CASH-CIVIL FILING FEES IN-TRANSIT	12,054.50
118000	CASH-TRUST ACCOUNT	284,812.04
118100	CASH-TRUST CLEARING	(19,196.78)
119001	CASH ON HAND	3,335.00
120001	CASH WITH COUNTY	919,025.29
120050	SHORT TERM INVESTMENTS –LA	2,013,818.50
122001	PAYROLL CLEARING	(306.82)
<b>Cash and Cash Equivalents</b>		<b>\$ 3,686,515.14</b>
825000	INTEREST INCOME	\$ (27,551.28)
<b>Revenues</b>		<b>\$ (27,551.28)</b>
920302	BANK FEES	\$ 12,354.13
<b>Expenditures</b>		<b>\$ 12,354.13</b>

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

Appropriate law enforcement services are essential to trial court operations and public safety. At the Shasta Court, Court marshals provide security services at all courthouse locations, including security staff for courtrooms, entrance and perimeter screening, monitoring security cameras, and monitoring holding cell areas. Table 10 presents balances from the Court’s general ledger that IAS considers to be associated with this section.

Table 10. Court Security General Ledger Line Items

G/L Account	Description	Sub-Account	Account Balance
934512	ALARM SERVICE	\$ 1,367.04	
<b>934500</b>	<b>SECURITY</b>		<b>\$ 1,367.04</b>
<b>941100</b>	<b>SHERIFF – REIMBURSEMENTS</b>		<b>\$ 10,050.00</b>
<b>TOTAL SECURITY</b>			<b>\$ 11,417.04</b>

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

The FIN Manual provides uniform guidelines for trial courts to use in procuring necessary goods and services and documenting procurement practices. Trial courts must demonstrate that purchases of goods and services are conducted economically and expeditiously, under

fair and open competition, and in accordance with sound procurement practice. Typically, a purchase requisition is used to initiate all procurement actions and documents approval by an authorized individual. Depending on the type, cost, and frequency of the good or service to be purchased, trial court employees may need to perform varying degrees of comparison research to generate an appropriate level of competition to obtain the best value. Court employees may also need to enter into purchase orders, service agreements, or contracts to document the terms and conditions of its purchases.

Policy Number FIN 7.01 establishes uniform guidelines for the trial court to follow in preparing, reviewing, negotiating, and entering into contractual agreements with qualified vendors as well as Memorandums of Understanding with other government entities. Not only should trial courts issue a contract when entering into agreements for services or complex procurements of goods, but also it is the responsibility of every court employee authorized to commit trial court resources to apply contract principles and procedures that protect the interests of the Court.

All trial court vendor, supplier, consultant, and contractor invoices and claims shall be routed to the trial court accounts payable department for processing. The accounts payable staff shall process the invoices and claims in a timely fashion and in accordance with the terms and conditions of the purchase agreements. All invoices and claims must be matched to the proper supporting documentation and must be approved for payment by authorized court personnel acting within the scope of their authority.

Table 11 provides balances from the Court’s general ledger that IAS considers to be primarily associated with procurement, contracting, and payable activity of the audit report sections.

*Table 11. Procurement, Contracts, and Accounts Payable General Ledger Line Items*

G/L Account	Description	Sub-Account	Account Balance
920601	MISCELLANEOUS OFFICE SUPPLIES	\$ 69,538.68	
920602	PAPER PRODUCTS	420.75	
920603	FIRST AID/SAFETY SUPPLIES	1,074.30	
920606	TONER - PRINTER	940.32	
920607	TONER - FAX	103.90	
920608	TONER	247.13	
920611	CRTRM MICROPHONE & HEARING	103.44	
920612	STENO PAPER FOR COURT REPORTER	577.50	
920613	RUBBER STAMP	2,147.86	
920614	BATTERIES	1,188.92	
920615	BOTTLED WATER	212.45	
920616	DESK ACCESSORIES	92.54	
920620	COLOR PAPER	6,445.66	

G/L Account	Description	Sub-Account	Account Balance
920622	COPY PAPER	252.19	
920628	BADGES/ID CARDS SUPPLY	145.62	
920630	T-SHIRT/EMBROIDERED	155.62	
920631	PROMOTIONAL MATERIALS	70.36	
920632	AWARDS (SERVICE RECOGNITION)	1,282.46	
920699	OFFICE EXPENSE	3,702.34	
<b>920600</b>	<b>OFFICE EXPENSE</b>		<b>\$ 88,702.04</b>
<b>920700</b>	<b>FREIGHT AND DRAYAGE</b>		<b>\$ 609.96</b>
<b>921500</b>	<b>ADVERTISING</b>		<b>\$ 5,271.07</b>
<b>921700</b>	<b>MEETINGS, CONFERENCES, EXHIBITS</b>		<b>\$ 2,457.38</b>
<b>922300</b>	<b>LIBRARY PURCHASES AND SUPPLIES</b>		<b>\$ 68,441.20</b>
<b>922500</b>	<b>PHOTOGRAPHY</b>		<b>\$ 368.03</b>
922601	MINOR OFFICE EQUIPMENT	\$ 6,241.53	
922603	OFFICE FURNITURE – MINOR	29,070.13	
922606	NON-OFFICE FURNITURE	3,064.75	
922607	CARTS, PALLETS, HAND TRUCK	680.82	
922608	WEAPON SCREENING EQUIPMENT	3,538.48	
922610	COMPUTER ACCESSORIES	26,556.53	
922611	COMPUTER	8,762.64	
922612	PRINTERS	5,353.17	
922614	SECURITY SURVEILLANCE	1,232.94	
922615	WEAPONS	2,108.07	
922616	CELL PHONES/PAGERS	32.17	
912699	MINOR EQUIPMENT – UNDER \$5,000	511.17	
<b>922600</b>	<b>MINOR EQUIPMENT – UNDER \$5,000</b>		<b>\$ 87,152.40</b>
922702	COPIERS-RENTAL-LEASE	\$ 83,255.00	
<b>922700</b>	<b>EQUIPMENT RENTAL/LEASE</b>		<b>\$ 83,255.00</b>
<b>922800</b>	<b>EQUIPMENT MAINTENANCE</b>		<b>\$ 22,772.55</b>
<b>922900</b>	<b>EQUIPMENT-COPIERS REPAIRS</b>		<b>\$ 6,914.21</b>
<b>923900</b>	<b>GENERAL EXPENSE - SERVICE</b>		<b>\$ 30,486.22</b>
<b>924500</b>	<b>PRINTING TOTAL</b>		<b>\$ 46,273.57</b>
<b>925100</b>	<b>TELECOMMUNICATIONS TOTAL</b>		<b>\$ 166,381.14</b>
<b>926100</b>	<b>POSTAGE TOTAL</b>		<b>\$ 211,903.10</b>
<b>928800</b>	<b>INSURANCE</b>		<b>\$ 2,326.67</b>
<b>929200</b>	<b>TRAVEL IN-STATE</b>		<b>\$ 33,777.80</b>
<b>931100</b>	<b>TRAVEL OUT-OF-STATE</b>		<b>\$ 1,872.00</b>

G/L Account	Description	Sub-Account	Account Balance
<b>933100</b>	<b>TRAINING TOTAL</b>		<b>\$ 11,896.07</b>
<b>935200</b>	<b>RENT/STORAGE</b>		<b>\$ 169,831.56</b>
935301	JANITORIAL SERVICES	\$ 211,094.56	
<b>935300</b>	<b>JANITORIAL TOTAL</b>		<b>\$ 211,094.56</b>
<b>935400</b>	<b>MAINTENANCE AND SUPPLIES TOTAL</b>		<b>\$ 4,172.53</b>
<b>935500</b>	<b>GROUNDS</b>		<b>\$ 150.00</b>
<b>935700</b>	<b>OTHER FACILITY COSTS - GOODS</b>		<b>\$ 62,187.41</b>
<b>935800</b>	<b>OTHER FACILITY COSTS - SERVICES</b>		<b>\$ 179,709.09</b>
	<b>FACILITY OPERATION TOTAL</b>		<b>\$ 627,145.15</b>
<b>936100</b>	<b>UTILITIES TOTAL</b>		<b>\$ 6,526.17</b>
938301	ACCOUNTING SERVICES	\$ 26,428.45	
938401	GENERAL CONSULTANTS & PROFESSIONALS	351,860.74	
938403	PAYROLL SERVICE	5,052.04	
938404	ADMINISTRATIVE SERVICE	102,805.00	
938408	LABORATORY SERVICES FORENSIC	264.00	
<b>938300</b>	<b>GENERAL CONSULTANT &amp; PROFESSIONALS</b>		<b>\$ 486,410.23</b>
938502	COURT INTERPRETER TRAVEL	\$ 64,713.89	
938503	COURT INTERPRETERS - REGISTERED	10,464.96	
938504	COURT INTERPRETER – CERTIFIED	47,847.40	
938505	COURT INTERPRETERS – NON-REGISTERED	832.23	
938506	COURT INTERPRETERS – NON-CERTIFIED	14,628.50	
938507	COURT INTERPRETERS – AMERICAN SIGN LANGUAGE	49,178.11	
938509	COURT INTERPRETER - MILEAGE	62,908.20	
938510	COURT INTERPRETER - MEALS	2,672.00	
938511	COURT INTERPRETER - LODGING	1,555.44	
<b>938500</b>	<b>COURT INTERPRETER SERVICES</b>		<b>\$ 254,800.73</b>
<b>938600</b>	<b>COURT REPORTER SERVICES</b>		<b>\$ 40,815.00</b>
<b>938700</b>	<b>COURT TRANSCRIPTS</b>		<b>\$ 146,422.36</b>
938801	DEPENDENCY COUNSEL CHARGES FOR CHILDREN	\$ 204,548.65	
938802	DEPENDENCY COUNSEL CHARGES FOR PARENTS	357,761.32	
938803	COURT-APPOINTED COUNSEL CHARGES –	4,520.12	

G/L Account	Description	Sub-Account	Account Balance
	FAMILY CODE SECTION 3150		
938899	COURT APPOINTED COUNSEL CHARGES	660.00	
<b>938800</b>	<b>COURT APPOINTED COUNSEL</b>		<b>\$ 567,490.09</b>
<b>938900</b>	<b>INVESTIGATIVE SERVICES</b>		<b>\$ 159.42</b>
<b>939000</b>	<b>COURT ORDERED PROFESSIONAL SERVICES</b>		<b>\$ 96,368.00</b>
<b>939100</b>	<b>MEDIATORS/ARBITRATORS</b>		<b>\$ 2,215.50</b>
<b>939200</b>	<b>COLLECTION SERVICES</b>		<b>\$ 85,533.10</b>
<b>939400</b>	<b>LEGAL SERVICES</b>		<b>\$ 585.00</b>
<b>939700</b>	<b>BANKING AND INVESTMENTS</b>		<b>\$ 467.04</b>
	<b>CONTRACTED SERVICES TOTAL</b>		<b>\$ 1,681,266.47</b>
<b>952300</b>	<b>VEHICLE OPERATIONS</b>		<b>\$ 5,552.90</b>
965101	JURORS - FEES	\$ 74,813.16	
965102	JURORS - MILEAGE	21,054.84	
<b>965100</b>	<b>JURY COSTS TOTAL</b>		<b>\$ 95,868.00</b>

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

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

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

On the following page, Table 12 provides balances from the Court's general ledger that IAS considers to be primarily associated with fixed assets audit report section.

*Table 12. Fixed Assets Management General Ledger Line Items*

G/L Account	Description	Sub-Account	Account Balance
922601	MINOR OFFICE EQUIPMENT/MACHINES	\$ 6,241.53	
922603	OFFICE FURNITURE – MINOR	29,070.13	
922606	NON-OFFICE FURNITURE	3,064.75	
922607	CARTS, PALLETS, HAND TRUCKS, ETC.	680.82	
922608	WEAPON SCREENING EQUIPMENT: MAGNETOMETERS	3,538.48	
922610	COMPUTER ACCESSORIES	26,556.53	

922611	COMPUTER	8,762.64	
922612	PRINTERS	5,353.17	
922614	SECURITY SURVEILLANCE	1,232.94	
922615	WEAPONS	2,108.07	
922616	CELL PHONES/PAGERS	32.17	
912699	MINOR EQUIPMENT – UNDER \$5,000	511.17	
<b>922600</b>	<b>MINOR EQUIPMENT – UNDER \$5,000</b>		<b>\$ 87,152.40</b>
945203	MAJOR EQUIPMENT - FURNITURE	\$ 498.71	
945204	WEAPONS SCREENING X-RAY MACHINE	36,007.03	
945205	MAJOR EWUIPMENT - VEHICLE	14,000.00	
945301	MAJOR EQUIPMENT – NON-IT	11,366.65	
946601	MAJOR EQUIPMENT – IT	70,026.99	
<b>945200</b>	<b>MAJOR EQUIPMENT – OVER \$5,000</b>		<b>\$ 131,899.38</b>
<b>TOTAL EQUIPMENT</b>			<b>\$ 219,051.78</b>

**Appendix C: Issues Control Log**

**Appendix C**

**Superior Court of California,  
County of Shasta**

**Issue Control Log**

**Note:**

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

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

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

January 2011

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
1	Court Administration							
			No Issues identified warranting a response.					
2	Fiscal Management and Reporting							
			No issues identified warranting a response.					
3	Fund Accounting							
			No issues identified warranting a response.					
4	Accounting Principles and Practices							
			No issues identified warranting a response.					
5	Cash Collections							
			No issues identified warranting a response.					
6	Information Systems	6.1	<b>DMV Access Was Not Suspended for Some Staff Who No Longer Required Access</b>					
			The Court did not remove DMV access for some staff that no longer required the access.		C	A new procedure has been implemented requiring a monthly DMV user listing which will be reviewed by management staff. Any employee that no longer has a business need for DMV access will be removed.	Ray Tickner, CFO	Not Applicable.
7	Banking and Treasury							
			No issues identified warranting a response.					
8	Court Security							
			No issues identified warranting a response.					
9	Procurement							
			Sole-sourced purchases were not clearly documented and justified.		C	A procedure has now been adopted whereby General Counsel, upon reviewing proposed contracts, will prepare justification for any sole source contract and include the documentation in the Court's contract file.	Ray Tickner, CFO	Not Applicable.
10	Contracts							

FUNCTION	RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE	
					No issues identified warranting a response.			
<b>11</b>	<b>Accounts Payable</b>							
					No issues identified warranting a response.			
<b>12</b>	<b>Fixed Assets Management</b>							
					No issues identified warranting a response.			
<b>13</b>	<b>Audits</b>							
					No issues identified warranting a response.			
<b>14</b>	<b>Records Retention</b>							
					No issues identified warranting a response.			
<b>15</b>	<b>Domestic Violence</b>							
					While physical case file records showed that the Court correctly assessed all applicable domestic violence fees and fines, we found one instance where a domestic violence fee was not entered into the CMS due to a clerical error.			
						<b>C</b>		
					Each month we are sampling domestic violence cases, comparing fee and fine amounts ordered by the Court with the data entry into the CMS to ensure accuracy with court orders and to minimize data entry errors.	Ray Tickner, CFO	Not Applicable.	
<b>16</b>	<b>Exhibits</b>	<b>16.1</b>	<b>Exhibit Change of Custody Process Requires More Thorough Documentation</b>					
					When exhibits are turned over from the exhibit coordinator to the archives clerk, there is no physical count of the exhibits to be transferred.			
						<b>C</b>		
					The evidence procedure has been modified to include a process by which all evidence is inventoried at the time the archives clerk takes possession from the exhibit coordinator. The exhibit receipt form has been revised to include a signature line for the archives clerk to sign at the time the evidence is transferred to his/her control.	Ray Tickner, CFO	Not Applicable.	
					Conduct periodic exhibit inventories in accordance with policy.			
						<b>I</b>		
					A comprehensive inventory of all evidence in the Court's possession is not feasible until such time as funding becomes available to hire additional staff.	Ray Tickner, CFO	Not Identified.	
<b>17</b>	<b>Facilities</b>							

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
			No issues identified warranting a response.					
<b>18</b>	<b>Appeals</b>	<b>18.1</b>	<b>More Formalized Appeals Processing and Monitoring Procedures Can Bolster the Court's Already Strong Appeals Practices</b>					
			Develop more formal written appeals processing policies and procedures.	I		The Court is developing formal procedures that spell out the duties and deadlines in order to submit appeals in a timely fashion.	Ray Tickner, CFO	Not Identified.
			Establish a process for supervisory staff to monitor appeals.		C	Regular monitoring of appeals by supervisory staff will be conducted to ensure adherence to the procedures.	Ray Tickner, CFO	Not identified.

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

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

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

**AUDIT OF THE  
SUPERIOR COURT OF CALIFORNIA,  
COUNTY OF SHASTA**

**DECEMBER 2010**

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Responses made by Shasta Superior Court to the internal audit recommendations.

### **Section: 6.1 DMV Access Page 11**

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

A new procedure has been implemented requiring a monthly DMV user listing which will be reviewed by management staff. Any employee that no longer has a business need for DMV access will be removed.

### **Section: 9 Procurement Page 17**

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

A procedure has now been adopted whereby General Counsel, upon reviewing proposed contracts, will prepare justification for any sole source contract and include the documentation in the court's contract file.

### **Section: 15 Domestic Violence Page 29**

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

Each month we are sampling domestic violence cases, comparing fee and fine amounts ordered by the court with the data entry into the CMS to ensure accuracy with court orders and to minimize data entry errors.

### **Section: 16.1 Exhibit Change of Custody Process Page 35**

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

The evidence procedure has been modified to include a process by which all evidence is inventoried at the time the archives clerk takes possession from the exhibit coordinator. The exhibit receipt form has been revised to include a signature line for the archives clerk to sign at the time the evidence is transferred to his/her control.

A sampling of cases will be inventoried comparing the exhibits listed on the court exhibit record with the exhibits in storage.

A comprehensive inventory of all evidence in the court's possession is not feasible until such time as funding becomes available to hire additional staff.

**Section: 18.1 More Formalized Appeals Processing** **Page 29**

**Superior Court Response:**

The Court is developing formal procedures that spell out the duties and deadlines in order to submit appeals in a timely fashion.

Regular monitoring of appeals by supervisory staff will be conducted to ensure adherence to the procedures.