



Judicial Council of California · Administrative Office of the Courts

455 Golden Gate Avenue · San Francisco, California 94102-3688

www.courts.ca.gov

REPORT TO THE JUDICIAL COUNCIL

For business meeting on: February 20, 2014

Title

Judicial Branch Administration: California
State Auditor Audit Report on Procurement
Practices, Review of Information Systems,
and Semiannual Contract Reporting

Agenda Item Type

Action Required

Date of Report

February 11, 2014

Submitted by

Advisory Committee on Financial
Accountability and Efficiency for the
Judicial Branch
Hon. Richard D. Huffman, Chair

Contact

John A. Judnick, 415-865-7450
John.Judnick@jud.ca.gov

Administrative Office of the Courts

John A. Judnick, Senior Manager

Internal Audit Services

Judicial Council and Court Leadership

Services Division

Executive Summary

In December 2013 the California State Auditor released a report, *Judicial Branch Procurement: Semiannual Reports to the Legislature Are of Limited Usefulness, Information Systems Have Weak Controls, and Certain Improvements in Procurement Practices Are Needed*, that is required to be performed to assess the implementation of the Judicial Branch Contract Law by the Supreme Court, Courts of Appeal, the Administrative Office of the Courts, and the Habeas Corpus Resource Center. The California State Auditor reported that although these entities are generally complying with the law's requirements and with the provisions of the Judicial Branch Contracting Manual, they need to improve certain practices. The California State Auditor also reviewed the controls of the information systems utilized in the procurement process to determine data reliability and identified pervasive deficiencies that led to an assessment of the data reliability as "not sufficiently reliable."

Recommendation

At its February 11, 2014 meeting, the Advisory Committee on Financial Accountability and Efficiency for the Judicial Branch (A&E) discussed the audit and recommended that the California State Auditor's audit report, *Judicial Branch Procurement: Semiannual Reports to the Legislature Are of Limited Usefulness, Information Systems Have Weak Controls, and Certain Improvements in Procurement Practices Are Needed*, and the report on recommendations and responses be sent to the Judicial Council for discussion and acceptance.

Previous Council Action

The judicial council has previously approved the *Judicial Branch Contracting Manual* (Manual) and multiple amendments. The initial approval was with an October 1, 2011 effective date. The last amendment was approved by the judicial council in December 2013 with an effective date of January 1, 2014.

In March 2013 the California State Auditor (State Auditor) issued its audit report, *Judicial Branch Procurement: Six Superior Courts Generally Complied With the Judicial Branch Contracting Law, but They Could Improve Some Policies and Practices*. This audit was required under Public Contract Code, Section 19210, and was presented to the judicial council at its April 2013 meeting.

Methodology and Process

Public Contract Code, Section 19210, in effect until January 1, 2014, required the California State Auditor "to perform an audit of the Administrative Office of the Courts, the Habeas Corpus Resource Center, and the appellate courts" on or before December 15, 2013. As required by the California Judicial Branch Contract Law enacted in 2011, the Administrative Office of the Courts (AOC) maintains the *Judicial Branch Contracting Manual* which outlines procedures for judicial branch personnel to use when procuring goods and services. The State Auditor used the Manual to assess implementation of the Judicial Branch Contract Law (judicial contract law) by the identified judicial branch entities. Further, the AOC has been issuing a semiannual report to the Joint Legislative Budget Committee and the California State Auditor, using procurement data from the Oracle Financial System and Phoenix Financial Systems.

The AOC and the eight other judicial entities reviewed use the Oracle Financial System to issue purchase orders and record certain procurement activity. The AOC uses procurement data from the Oracle Financial System to generate the semiannual reports. The State Auditor tested selected information system general controls that the AOC had implemented over the Oracle Financial System and the Phoenix Financial System. The superior courts generally use the Phoenix Financial System to issue purchase orders and record certain procurement activity. The general controls are the policies and procedures that apply to all or a large segment of the AOC's information systems and help ensure their proper operation. The areas covered by general controls are security management, access controls, configuration management, segregation of duties, and contingency planning.

The State Auditor also tested business process application controls for the two systems. Business process application controls relate to specific applications and help ensure that transactions are complete, accurate, valid, available, and protected from unauthorized access.

Summary of Findings and Recommendations

The State Auditor reported that in reviewing the implementation of the judicial contract law the AOC as well as the eight other judicial branch entities generally complied with the law's requirements and with the provisions of the *Judicial Branch Contracting Manual*. It was also indicated that the entities need to improve certain procurement practices and ensure that staff dealing with procurements are trained in the proper procedures and documentation process.

With respect to the State Auditor's review of systems, the State Auditor reported that pervasive deficiencies were found in the review of selected information system controls. The weaknesses found "could compromise the security and availability of the AOC's and superior courts' information systems, which contain sensitive information such as court case management records and human resources data." Consequently, the State Auditor determined that an "unacceptably high risk exists that data the AOC and the superior courts use for their day-to-day operations could lead to an incorrect or improper conclusion." The rating of "not sufficiently reliable" is the middle rating between "data of undetermined reliability" and "sufficiently reliable data," and is defined as:

Based on audit work, an auditor can conclude that results indicate significant errors or incompleteness in some or all the key data elements, and that using the data would probably lead to an incorrect or unintentional message, given the research question and the intended use of the data.

The State Auditor reported that the semiannual report prepared had limited usefulness to decision makers and other users due to its size and an electronic format that does not allow for users to quickly and effectively locate certain information. Additionally, the State Auditor believes that the AOC should include additional information in the semiannual reports.

Finally, the State Auditor reported that state law requires that policies and procedures in the judicial contracting manual are required to be consistent with Public Contract Code and substantial similar to the provisions contained in the *State Administrative Manual* and the *State Contracting Manual*, and that was found to generally be the case. Additionally, the AOC's and the judicial entities' local contracting manuals generally include information that the judicial contracting manual states that the local manual must or should address.

Attachment 2 includes all of the recommendations and responses to the recommendations of this audit. In summary, there were twenty-six recommendations split evenly between the AOC and the other eight judicial branch entities. The other judicial branch entities have reported completion or implementation of all of the recommendations. The AOC reported eight of the 13 completed, 1 pending potential statutory changes, and four incomplete. The four recommendations considered incomplete are:

- Two (recommendations 3 and 4) that require significant funding to implement;
- One (recommendation 5) that requires policy and procedure development and then an implementation time through the end of calendar year 2014; and

- One (recommendation 12) that involves additional training to be held during the year.

Attachments

Due to its size, attachment 1 is located at <http://www.bsa.ca.gov/pdfs/reports/2013-302and2013-303.pdf>.

1. *Judicial Branch Procurement: Semiannual Reports to the Legislature Are of Limited Usefulness, Information Systems Have Weak Controls, and Certain Improvements in Procurement Practices Are Needed.*
2. Recommendations and Responses to the California State Auditor Audit Report on Judicial Branch Procurement and Contracts.

**JUDICIAL COUNCIL OF CALIFORNIA / ADMINISTRATIVE OFFICE OF THE COURTS
RECOMMENDATIONS AND RESPONSES TO THE
CALIFORNIA STATE AUDITOR AUDIT REPORT ON JUDICIAL BRANCH PROCUREMENT AND CONTRACTS
ISSUED DECEMBER 19, 2013**

#	Recommendations and Issues Identified	Response	Completed or Incomplete	Target Date
---	---------------------------------------	----------	-------------------------------	-------------

STATUS SUMMARY				
			Number of Recommendations	Recommendation No.
		AOC		
	8	Completed	8	2,6,11,13,17, 20,25,26
	4	Incomplete	4	3,4,5,12
	1	Not applicable at this time	1	1
	13	AOC Total	13	
		OTHER JUDICIAL BRANCH ENTITIES:		
		Supreme Court	2	7,22
		1st District Court of Appeal	3	8,14,18
		2nd District Court of Appeal	1	9
		3rd District Court of Appeal	0	
		4th District Court of Appeal	2	10,23
		5th District Court of Appeal	3	15,19,24
		6th District Court of Appeal	1	16
		HCRC	1	21
		OTHER JUDICIAL BRANCH ENTITIES	13	
	13	Completed		
	0	Incomplete		
	13	OTHER JBE's Total		
	26	Total Recommendations	26	

**JUDICIAL COUNCIL OF CALIFORNIA / ADMINISTRATIVE OFFICE OF THE COURTS
RECOMMENDATIONS AND RESPONSES TO THE
CALIFORNIA STATE AUDITOR AUDIT REPORT ON JUDICIAL BRANCH PROCUREMENT AND CONTRACTS
ISSUED DECEMBER 19, 2013**

#	Recommendations and Issues Identified	Response	Completed or Incomplete	Target Date
<i>#'s in the left hand column match the numbers assigned by CSA for responding into their automated response system.</i>				
1	To improve the usefulness of the Judicial Council's semiannual reports, the Legislature should amend the Judicial Branch Contract Law to require the Judicial Council to:	This is a request to the Legislature and does not require a formal AOC response in the CSA response system.	n/a	Pending statutory change and funding
	<ul style="list-style-type: none"> a. Make the semiannual reports available in an electronic format that can be read by common database and spreadsheet software products that allow users to readily sort and filter the data. b. Include new contracts and the complete history of contracts amended during the reporting period in its semiannual reports, including the date of the original contract; the original contract amount and duration; all subsequent contract amendments; and the date amount, and duration of each such amendment. c. Include information on whether a contract was competitively bid, the justification if it was not competitively bid, and whether the contract was with a Disabled Veteran Business Enterprise. For information technology contracts, the Judicial Council should identify whether the contract was with a small business. 	There is a cost to the implementation of recommendations b and c. The systems in place that contain contract data do not currently have this data (it is in hardcopy in the contract files) and should only be done going forward after programming changes to add the fields necessary and system modules are acquired to accomplish this at a cost that is estimated to be in excess of \$1 million. This cost does not include the staff costs at each judicial branch entity associated with entering the requested additional information for existing contracts, which will not be insubstantial because this information is all in paper files, not electronic format.		

**JUDICIAL COUNCIL OF CALIFORNIA / ADMINISTRATIVE OFFICE OF THE COURTS
RECOMMENDATIONS AND RESPONSES TO THE
CALIFORNIA STATE AUDITOR AUDIT REPORT ON JUDICIAL BRANCH PROCUREMENT AND CONTRACTS
ISSUED DECEMBER 19, 2013**

#	Recommendations and Issues Identified	Response	Completed or Incomplete	Target Date
2	To improve the usefulness of the Judicial Council's semiannual reports until a statutory requirement is enacted, the AOC should work with the Judicial Council to pursue a cost-effective method to do the following:			
	a. Provide the semiannual reports in an electronic format that can be read by common database and spreadsheet software products that allow users to readily sort and filter the data, beginning with the semiannual report covering the July 1, 2013, through December 31, 2013, reporting period.	The semiannual report covering the July 1, 2013, through December 31, 2013 reporting period is on the California Courts web site in an Excel format. The web address is www.courts.ca.gov/7466.htm	Completed	Feb. 1, 2014
3.	To improve the usefulness of the Judicial Council's semiannual reports until a statutory requirement is enacted, the AOC should work with the Judicial Council to pursue a cost-effective method to do the following:			
	a. Include new contracts and the complete history of contracts amended during the reporting period in the semiannual reports, including the date of the original contract; the original contract amount and duration; all subsequent contract amendments; and the date, amount, and duration of each such amendment.	Much of the information relating to the complete history of amended contracts recommended by the Auditor for inclusion in the semiannual reports beginning with the semiannual report covering the July 1, 2014, through December 31, 2014, reporting period resides in physical files maintained by individual judicial branch entities – files that are not accessible electronically without modifications to systems and processes and procurement of software licenses estimated to	Incomplete	TBD based on funding

**JUDICIAL COUNCIL OF CALIFORNIA / ADMINISTRATIVE OFFICE OF THE COURTS
RECOMMENDATIONS AND RESPONSES TO THE
CALIFORNIA STATE AUDITOR AUDIT REPORT ON JUDICIAL BRANCH PROCUREMENT AND CONTRACTS
ISSUED DECEMBER 19, 2013**

#	Recommendations and Issues Identified	Response	Completed or Incomplete	Target Date
		<p>be in excess of \$1 million dollars, not counting the cost of additional time required of staff at each judicial entity to cull and upload the information from paper files.</p> <p>The AOC can attempt to pursue a cost-effective method to provide in the semiannual report the additional information recommended by the Auditor that is not currently statutorily mandated. However, in light of the significant ongoing budget reductions to judicial entities, and specifically to trial courts, that have negatively impacted the public services they provide, whether this recommendation can be fulfilled in the timeframe requested (July 1 – December 31, 2014 reporting period) without further impairment of the public’s access to justice is unclear, unless additional funding is provided.</p>		
	<p>b. The AOC should present this information beginning with the semiannual report covering the July 1, 2014, through December 31, 2014, reporting period.</p>	<p>See response to 3a above`</p>		<p>TBD based on funding</p>
<p>4</p>	<p>To improve the usefulness of the Judicial Council’s semiannual reports until a statutory requirement is enacted, the AOC should work with the Judicial Council to pursue a cost-effective method to do the following:</p>			

**JUDICIAL COUNCIL OF CALIFORNIA / ADMINISTRATIVE OFFICE OF THE COURTS
RECOMMENDATIONS AND RESPONSES TO THE
CALIFORNIA STATE AUDITOR AUDIT REPORT ON JUDICIAL BRANCH PROCUREMENT AND CONTRACTS
ISSUED DECEMBER 19, 2013**

#	Recommendations and Issues Identified	Response	Completed or Incomplete	Target Date
	<p>a. Begin tracking additional information in its data systems for inclusion in the semiannual reports. This information should include whether a contract was competitively bid, the justification if it was not competitively bid, and whether the contract was with a Disabled Veteran Business Enterprise. For information technology contracts, the AOC should identify whether the contract was with a small business.</p>	<p>Much of the information relating to whether a contract was competitively bid or whether the contract was awarded to a Disabled Veteran Business Enterprise (or a small business for information technology contracts) resides in physical files maintained by individual judicial branch entities – files that are not accessible electronically without modifications to systems and processes and procurement of software licenses estimated to be in excess of \$1 million dollars, not counting the cost of additional time required of staff at each judicial entity to cull and upload the information from paper files. The AOC can attempt to pursue a cost-effective method to provide in the semiannual report the additional information recommended by the Auditor. However, in light of the significant ongoing budget reductions to judicial entities, and specifically to trial courts, that have negatively impacted the public services they provide, whether this recommendation can be fulfilled in the timeframe requested (July 1 – December 31, 2014 reporting period) without further impairment of the public’s access to justice is unclear, unless additional funding is provided.</p>	<p>Incomplete</p>	<p>TBD based on funding</p>

**JUDICIAL COUNCIL OF CALIFORNIA / ADMINISTRATIVE OFFICE OF THE COURTS
RECOMMENDATIONS AND RESPONSES TO THE
CALIFORNIA STATE AUDITOR AUDIT REPORT ON JUDICIAL BRANCH PROCUREMENT AND CONTRACTS
ISSUED DECEMBER 19, 2013**

#	Recommendations and Issues Identified	Response	Completed or Incomplete	Target Date
	b. The AOC should present this information beginning with the semiannual report covering the July 1, 2014, through December 31, 2014, reporting period.	See response to 4a above.	Incomplete	TBD based on funding
5	The AOC should implement all of the best practices related to general and business process application controls as outlined in the U.S. Government Accountability Office's Federal Information System Controls Audit Manual no later than December 31, 2014, thereby strengthening and continuously monitoring the effectiveness of the controls over its information systems.	<p>A draft framework for information systems policies for the AOC has been prepared with a draft action plan for implementation at the AOC and encompasses FISCAM, ISO, and other industry guidance relating to best practices.</p> <p>This draft framework will also be utilized in the governance and compliance model for the superior courts and the model will be submitted for final approval to the Judicial Council at its June 2014 meeting.</p>	Incomplete	Dec 31, 2014
	a. In additional, the AOC should immediately begin implementing improvements to its controls over access to its information systems and place these improvements into effect by February 2014.	The AOC has implemented a manual process whereby anyone who is separated or terminated will be taken off of the network on the day they leave (physically leave not when vacation etc. run out) and a screen copy of the Active Directory (AD) entry is made and placed in file to provide documentation supporting this action. Individuals who change positions will have their access reviewed and approved without copying	Completed	Feb 2014

**JUDICIAL COUNCIL OF CALIFORNIA / ADMINISTRATIVE OFFICE OF THE COURTS
RECOMMENDATIONS AND RESPONSES TO THE
CALIFORNIA STATE AUDITOR AUDIT REPORT ON JUDICIAL BRANCH PROCUREMENT AND CONTRACTS
ISSUED DECEMBER 19, 2013**

#	Recommendations and Issues Identified	Response	Completed or Incomplete	Target Date
		another individuals access allowances.		
	<p>b. Finally, the AOC should provide guidance and routinely follow up with the superior courts – requiring updates every six months until all identified issues are corrected—to ensure that they make the necessary improvements to their general and business process application controls.</p>	<p>Internal Audit Services has contacted courts with audit reports issued during the last two years concerning the status of incomplete items and requested status of incomplete issues for any issues not reported subsequently as completed. Follow up will also be done periodically on each finalized audit report going forward.</p> <p>Status reports will be prepared every six months and forwarded to the AOC’s Executive Office for open issues from audit reports finalized.</p>	Completed	Jan 2014
6	<p>The AOC, the Supreme Court, and the first, second, and fourth districts should implement procedures to ensure that they follow a competitive process for their procurements when required.</p>	<p>The AOC has already implemented changes to its procurement process to ensure that each procurement/contract file has either a competitive bid summary or a non-competitive bid form; any amendments that add money to the procurement would require a non-competitive bid form. The non-competitive bid form has been revised to address the fair and reasonable pricing when required by the JBCM, regardless of the value of the procurement. This form was</p>	Completed	Jan 2014

**JUDICIAL COUNCIL OF CALIFORNIA / ADMINISTRATIVE OFFICE OF THE COURTS
RECOMMENDATIONS AND RESPONSES TO THE
CALIFORNIA STATE AUDITOR AUDIT REPORT ON JUDICIAL BRANCH PROCUREMENT AND CONTRACTS
ISSUED DECEMBER 19, 2013**

#	Recommendations and Issues Identified	Response	Completed or Incomplete	Target Date
		distributed to the referenced judicial branch entities in January 2014.		
7		Supreme Court response: New procedures have been implemented to ensure that the issues identified will not occur. Additionally, a checklist has been implemented that will be included in all procurement files to document the process.	Completed	Dec 2013
8		First Appellate Court response: Will ensure going forward that when it is determined that the pricing is fair and reasonable, documentation for such determination is maintained in the appropriate procurement file. Procedures have been amended so that in the future documentation will be maintained of the evaluation and selection process. To aid in accomplishing these goals, a checklist has been devised to be used by court staff in making purchases and by the court officer approving purchases.	Completed	Dec. 2013
9		Second Appellate Court response: Have implemented changes to our Local JBCM and checklist to ensure compliance in the future.	Completed	Dec. 2013
10		Fourth Appellate Court response: Now using	Completed	Dec. 2013

**JUDICIAL COUNCIL OF CALIFORNIA / ADMINISTRATIVE OFFICE OF THE COURTS
RECOMMENDATIONS AND RESPONSES TO THE
CALIFORNIA STATE AUDITOR AUDIT REPORT ON JUDICIAL BRANCH PROCUREMENT AND CONTRACTS
ISSUED DECEMBER 19, 2013**

#	Recommendations and Issues Identified	Response	Completed or Incomplete	Target Date
		a new checklist that will be included in all procurement files and help guarantee that the competitive process for procurements is followed. Further, we have ensured that only written authorizations will be accepted for procurements from this point forward and that justifications include all of the elements of the JBCM for sole-source procurements.		
11	The AOC should implement procedures to ensure that agreements it considers LPAs include in their terms and conditions language that expressly allows other judicial entities to use them.	The AOC has model language for use in agreements it considers LPAs. The model language for use in the terms and conditions for LPAs specifies that the "Purchasing Group" may use the agreement and the definition of Purchasing Group typically includes all judicial branch entities.	Completed	Dec 2013
12	The AOC should provide additional training to its staff and the judicial entities on how to conduct procurements in compliance with the judicial contracting manual.	The AOC asked appellate court personnel to review the original training material provided by the AOC and the current JBCM, and to then inform the agency of what sections of the JBCM they'd like the training to focus on. Feedback has been received and training needs and timing are being evaluated.	Incomplete	June 2014
		In addition, a contract specialist position, which will be dedicated to appellate court procurements, has been approved and is in the	Incomplete	June 2014

**JUDICIAL COUNCIL OF CALIFORNIA / ADMINISTRATIVE OFFICE OF THE COURTS
RECOMMENDATIONS AND RESPONSES TO THE
CALIFORNIA STATE AUDITOR AUDIT REPORT ON JUDICIAL BRANCH PROCUREMENT AND CONTRACTS
ISSUED DECEMBER 19, 2013**

#	Recommendations and Issues Identified	Response	Completed or Incomplete	Target Date
		process of being recruited. The person hired for this position will report to the business services manager to ensure consistent compliance with the JBCM.		
13	The AOC should revise the judicial contracting manual to require judicial entities to maintain documentation on their determinations of fair and reasonable pricing for purchases under \$5,000.	<p>As a practical and operational matter, procurement files for non-competitive procurements under \$5,000 would generally contain substantiation of “fair and reasonable pricing” and the Evaluation Team would document the evaluation and selection process for competitive procurements. The AOC will nonetheless, and most certainly, address the Auditor’s recommendation with other judicial entities and the Advisory Committee on Financial Accountability and Efficiency for the Judicial Branch, before a further revision of JBCM is submitted to the Judicial Council for approval consistent with the Auditor’s recommendation. The next anticipated JBCM revision will be effective 1/1/2015.</p> <p>The JBCM (version effective 1/1/14) states at section 5.1: “The Buyer should include documentation on fair and reasonable pricing in the procurement file.” The ‘should’ indicates reasonable discretion as does the Auditor’s recommendation.</p>	Completed	Dec 2013

**JUDICIAL COUNCIL OF CALIFORNIA / ADMINISTRATIVE OFFICE OF THE COURTS
RECOMMENDATIONS AND RESPONSES TO THE
CALIFORNIA STATE AUDITOR AUDIT REPORT ON JUDICIAL BRANCH PROCUREMENT AND CONTRACTS
ISSUED DECEMBER 19, 2013**

#	Recommendations and Issues Identified	Response	Completed or Incomplete	Target Date
14	The first, fifth, and sixth districts should develop procedures to ensure that they consistently maintain documentation of their determinations that the pricing obtained is fair and reasonable for procurements under \$5,000.	First Appellate Court response: Will ensure going forward that when it is determined that the pricing is fair and reasonable, documentation for such determination is maintained in the appropriate procurement file. Procedures have been amended so that in the future documentation will be maintained of the evaluation and selection process. To aid in accomplishing these goals, a checklist has been devised to be used by court staff in making purchases and by the court officer approving purchases.	Completed	Dec. 2013
15		Fifth Appellate Court response: Have developed and implemented a comprehensive check-list to ensure the documentation of fair and reasonable pricing, evaluation and selection process, and justifications and approvals for sole-source purchases are addressed going forward.	Completed	Dec. 2013
16		Sixth Appellate Court response: A log has been set up for all purchases to maintain documentation that all procurements are the best price available. Documentation will include that pricing is fair and reasonable and any deviation from the best price will include an explanation for the circumstances for the	Completed	Dec. 2013

**JUDICIAL COUNCIL OF CALIFORNIA / ADMINISTRATIVE OFFICE OF THE COURTS
RECOMMENDATIONS AND RESPONSES TO THE
CALIFORNIA STATE AUDITOR AUDIT REPORT ON JUDICIAL BRANCH PROCUREMENT AND CONTRACTS
ISSUED DECEMBER 19, 2013**

#	Recommendations and Issues Identified	Response	Completed or Incomplete	Target Date
		best price deviation.		
17	The AOC should revise the judicial contracting manual to require that judicial entities maintain documentation for their evaluation and selection process used for competitive procurements.	The AOC has reminded all project managers and selection participants to be more attentive to the mathematical calculations in the future and will review them more closely. The AOC believes that the procedures as discussed in the JBCM are sufficient to provide direction to the selection committees to exercise due care.	Completed	Dec. 2013
	a. The AOC should also strengthen its procedures to ensure that bid evaluations are conducted properly and calculated correctly.	See above		
18	b. The first and fifth districts should implement procedures to ensure that they consistently document their evaluation and selection process for procurements.	First Appellate Court response: Will ensure going forward that when it is determined that the pricing is fair and reasonable, documentation for such determination is maintained in the appropriate procurement file. Procedures have been amended so that in the future documentation will be maintained of the evaluation and selection process. To aid in accomplishing these goals, a checklist has been devised to be used by court staff in making purchases and by the court officer approving purchases.	Completed	Dec. 2013
19		Fifth Appellate Court response: Have developed and implemented a comprehensive check-list to ensure the documentation of fair and reasonable pricing, evaluation and	Completed	Dec. 2013

**JUDICIAL COUNCIL OF CALIFORNIA / ADMINISTRATIVE OFFICE OF THE COURTS
RECOMMENDATIONS AND RESPONSES TO THE
CALIFORNIA STATE AUDITOR AUDIT REPORT ON JUDICIAL BRANCH PROCUREMENT AND CONTRACTS
ISSUED DECEMBER 19, 2013**

#	Recommendations and Issues Identified	Response	Completed or Incomplete	Target Date
		selection process, and justifications and approvals for sole-source purchases are addressed going forward.		
20	The AOC, HCRC, Supreme Court, and fourth and fifth districts should implement procedures to ensure that required noncompetitive procurement processes, such as preparing justifications and obtaining approval for sole-source procurements, are properly documented.	The AOC believes that these are isolated compliance exceptions and that policies and procedures exist to cover these situations. The AOC has reminded all personnel concerning this compliance requirement and will include the compliance requirement in future training programs and monthly procurement calls.	Completed	Dec. 2013
	a. Additionally, the AOC should ensure that it prepares the appropriate documentation when it amends a contract that it has competitively solicited and the amendment includes a change that was not evaluated in the original competitive process.	See above	Completed	Dec. 2013
21		HCRC response: While it is believed that this was an isolated omission in one procurement that was corrected in the next year's procurement, additional training was provided in this process/procedure to staff. Staff was also provided with a checklist taken from the JBCM and other procurement materials developed to assist staff in this procedure. In addition, to prevent the particular oversight identified, each staff member responsible for purchasing or invoice approval was provided with a checklist on approval and	Completed	Dec. 2013

**JUDICIAL COUNCIL OF CALIFORNIA / ADMINISTRATIVE OFFICE OF THE COURTS
RECOMMENDATIONS AND RESPONSES TO THE
CALIFORNIA STATE AUDITOR AUDIT REPORT ON JUDICIAL BRANCH PROCUREMENT AND CONTRACTS
ISSUED DECEMBER 19, 2013**

#	Recommendations and Issues Identified	Response	Completed or Incomplete	Target Date
		documentation requirements for non-competitive procurements.		
22		Supreme Court response. New procedures have been implemented to ensure that the issues identified will not occur. Additionally, a checklist has been implemented that will be included in all procurement files to document the process.	Completed	Dec. 2013
23		Fourth Appellate Court response: Now using a new checklist that will be included in all procurement files and help guarantee that the competitive process for procurements is followed. Further, we have ensured that only written authorizations will be accepted for procurements from this point forward and that justifications include all of the elements of the JBCM for sole-source procurements.	Completed	Dec. 2013
24		Fifth Appellate Court response: Have developed and implemented a comprehensive check-list to ensure the documentation of fair and reasonable pricing, evaluation and selection process, and justifications and approvals for sole-source purchases are addressed going forward.	Completed	Dec. 2013
25	The AOC should implement procedures to ensure that its internal controls over payments are followed and that procurements are approved before ordering and receiving goods and services.	As cited in the report, the Auditor tested 60 payments for AOC procurements and found 1 isolated case for approximately \$500. The AOC believes that its policies and procedures	Completed	Dec 2013

**JUDICIAL COUNCIL OF CALIFORNIA / ADMINISTRATIVE OFFICE OF THE COURTS
RECOMMENDATIONS AND RESPONSES TO THE
CALIFORNIA STATE AUDITOR AUDIT REPORT ON JUDICIAL BRANCH PROCUREMENT AND CONTRACTS
ISSUED DECEMBER 19, 2013**

#	Recommendations and Issues Identified	Response	Completed or Incomplete	Target Date
		are adequate in this area and that this compliance issue should not reoccur.		
26	The AOC should implement its plan to review sections of the California Public Contract Code, SAM, and SCM applicable to the judicial branch annually, and more often if there are significant changes, and update the judicial contracting manual as needed.	The AOC has implemented its plan to review sections of the PCC, SAM, and SCM applicable to the judicial branch annually and more often if there are significant applicable changes, so that the <i>Judicial Branch Contracting Manual</i> (JBCM) can be updated as appropriate.	Completed	Jan. 1, 2014
	a. Unless the judicial contracting manual removes the requirement, the AOC should also update its local manual to address construction activities for facilities other than trial courts.	The JBCM was revised to remove the requirement that the AOC's local manual address construction activities for facilities other than trial courts.	Completed	Jan. 1, 2014



