



JUDICIAL COUNCIL OF CALIFORNIA

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

www.courts.ca.gov

REPORT TO THE JUDICIAL COUNCIL

For business meeting on: January 22, 2015

Title	Agenda Item Type
Judicial Branch Administration: Audit Report for Judicial Council Acceptance	Action Required
Rules, Forms, Standards, or Statutes Affected	Effective Date
None	January 22, 2015
Recommended by	Date of Report
Advisory Committee on Financial Accountability and Efficiency for the Judicial Branch	December 22, 2014
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 Audit Services Judicial Council and Court Leadership Services Division	

Executive Summary

The Advisory Committee on Financial Accountability and Efficiency for the Judicial Branch (A&E Committee) and Judicial Council staff recommend that the Judicial Council accept the audit report entitled *Audit of the Superior Court of California, County of Lake*. This acceptance is consistent with the policy approved by the Judicial Council on August 27, 2010, which specifies Judicial Council acceptance of audit reports as the last step to finalization of the reports before their placement on the California Courts public website to facilitate public access. Acceptance and publication of these reports promote transparent accountability and provide the courts with information to minimize future financial, compliance, and operational risk.

Recommendation

The A&E Committee and Judicial Council staff recommend that the Judicial Council, effective January 22, 2015, accept the following “pending” audit report:

- Audit report dated August 2014 entitled: *Audit of the Superior Court of California, County of Lake.*

This acceptance will result in the audit report progressing from “pending” status to “final” status, and publishing the final report on the California Courts public website.

Previous Council Actions

The Judicial Council at its August 27, 2010, business meeting approved the following two recommendations, which established a new process for review and acceptance of audit reports:

1. Audit reports will be submitted through the Executive and Planning Committee to the Judicial Council. Audit reports will not be considered “final audit reports” until formally accepted by the council.
2. All final audit reports will be placed on the California Courts public website to facilitate public access. This procedure will apply to all audit reports accepted by the Judicial Council after approval of this recommendation.

Since August 2010 audit reports have been submitted to the Judicial Council for acceptance.

Rationale for Recommendation

Council acceptance of audit reports submitted by the A&E Committee through the Executive and Planning Committee is consistent with its policy described above and with its responsibility under Government Code section 77009(h), which states that “[t]he Judicial Council or its representatives may perform audits, reviews, and investigations of superior court operations and records wherever they may be located.”

A&E Committee Comments

The A&E Committee reviewed the report and recommended this audit report be on consent agenda. The A&E Committee’s recommendation is primarily based on:

- Relatively small number of issues in the report (48);
- Correction, as reported by the court, by the end of the audit of 36 or 75% of the reported issues;
- Few significant items contained in the Management Summary of the report (see below); and
- Minor number of repeated issues from the prior audit of the court; and

Audit Services (AS) discussed the following specific from the Management Summary of the audit report with the A&E Committee.

1. The court did not have a process to monitor fine suspensions and reductions, and fee waivers entered into its case management system by clerks for appropriateness.
2. Management oversight of systems access needs to be strengthened to ensure user access rights are commensurate with job responsibilities.
3. The Court did not ensure that its contracts included clauses and provisions required by the *Judicial Branch Contracting Manual*.
4. Monitoring of travel expense claims was inadequate to ensure proper classification of travel expenditures in the financial system and reimbursements of claims in accordance with policy.

AS will on a periodic basis request from the Court the status of the correction of the issues identified in the audit report. It will report this status to the Executive Office and the A&E Committee, as appropriate.

Comments and policy implications

The process established for finalizing an audit report, a process that has been thoroughly discussed with judicial branch leadership, involves extensive reviews and discussions with the entity being audited. It also allows, at any point in the process, for the entity (trial courts generally) to request an additional review of the draft audit report by the Chief of Staff before the audit report is placed in a pending status and presented to the A&E Committee for review and discussion. Once presented to the A&E Committee, additional comments from the A&E Committee could result in further discussions with the entity being audited before the committee recommends submission of the report to the council for acceptance.

In its review of audit reports, the A&E Committee generally has comments and questions that, in some cases, require additional analysis or discussion with the trial courts. AS ensures that the results of any analysis, comments, and questions are addressed and provided to the A&E Committee.

Additionally, the Judicial Council, in December 2009, adopted rule 10.500 of the California Rules of Court, effective January 1, 2010, which provides for public access to nondeliberative or nonadjudicative court records. Final audit reports are among the judicial administrative records that are subject to this public access unless an exemption from disclosure is applicable. The exemptions under rule 10.500(f) include records whose disclosure would compromise the security of a judicial branch entity or the safety of judicial branch personnel. As a result, confidential or sensitive information that would compromise the security of the court or the safety of judicial branch personnel is omitted from audit reports. In accordance with auditing standards, disclosure of the omissions is included in the applicable reports.

Alternatives

No alternatives were considered because the recommendation is consistent with approved council policy and with the provisions of Government Code section 77009(h).

Implementation Requirements, Costs, and Operational Impacts

The proposed recommendation imposes no specific implementation requirements or costs, other than disclosure of the attached audit reports through online publication.

Relevant Strategic Plan Goals and Operational Plan Objectives

The recommendation contained in this report pertains to the activities of AS and the role it plays in the judicial branch as an independent appraisal entity. AS's role as an evaluator is important for both the strategic plan and the operational plan of the judicial branch. Specifically, IAS plays an important role as evaluator under Goal II, Independence and Accountability—in particular Goal II.B.4—by helping to “[e]stablish fiscal and operational accountability standards for the judicial branch to ensure the achievement of and adherence to these standards.” Additionally, IAS has an important role in fulfilling several of the objectives of the operational plan related to Goal II because its work pertains to the requirement that the branch “maintain the highest standards of accountability for its use of public resources and adherence to its statutory and constitutional mandates.” Part of the role and responsibility of AS also relates to Objective II.B.4 because the audit reports it produces help to “[m]easure and regularly report branch performance.”

Attachments

There are no attachments to this report. The following audit report will be placed on the California Courts public website (<http://www.courts.ca.gov/12050.htm>) after the Judicial Council has accepted it:

1. Audit report dated August 2014 entitled: *Audit of the Superior Court of California, County of Lake.*