



Audit of the Superior Court of California, County of Humboldt

JUNE 2025



Judicial Council of California

This report contains confidential material for the sole use of the intended recipient(s). Any review, use, distribution, or disclosure to others is strictly prohibited until the audit report is accepted by the Judicial Council.

For authorization to distribute this report to any other parties please contact:

Mr. Joe Meyer
Principal Manager, Audit Services
Judicial Council of California
Phone: (916) 643-7039
E-mail: Joe.Meyer@jud.ca.gov

Superior Court of California, County of Humboldt

Table of Contents

EXECUTIVE SUMMARY	i
BACKGROUND ON THE COURT’S OPERATIONS	iv
AUDIT SCOPE AND METHODOLOGY	v
SCHEDULE OF AUDIT FINDINGS AND PLANNED CORRECTIVE ACTION.....	1
CASH HANDLING	2
PROCUREMENT AND CONTRACTS	9
PAYMENT PROCESSING.....	15
FUND BALANCE	20
JBSIS CASE FILING DATA	21

EXECUTIVE SUMMARY

Government Code, sections 77206(g) and 77009(h) provide the Judicial Council of California (Judicial Council) with the authority to inspect and review superior court records and to perform audits, reviews, and investigations of superior court operations. The Judicial Council's Office of Audit Services (Audit Services) periodically conducts performance audits of the superior courts in order to verify their compliance with the Judicial Council's policies and with state law. These audits are primarily focused on assisting the courts identify which of their practices, if any, can be improved upon to better promote sound business practices and to demonstrate accountability for their spending of the public's funds.

State law authorizes the Judicial Council to establish each superior court's annual budget and to adopt rules for court administration, practice, and procedure. Most of the criteria used by Audit Services stems from the policies promulgated by the Judicial Council, such as those contained within the *Trial Court Financial Policies and Procedures Manual* (FIN Manual) and the *Judicial Branch Contracting Manual* (JBCM). These policies establish both mandatory requirements that all superior courts must follow, as well as suggestive guidance. California's courts drastically vary in terms of their caseloads, budget, and staffing levels, thus requiring the Judicial Council to adopt rules that at times provide the courts with flexibility given their varying resources and constraints. State law also requires the superior courts to operate under a decentralized system of management, and the Judicial Council's policies establish the boundaries within which courts exercise their discretion when managing their day-to-day operations.

Audit Services' annual audit plan for the Judicial Branch establishes the scope of each audit and provides a tentative schedule for the courts being audited during the fiscal year. The audit plan explains those scope areas deemed to be of higher risk based on Audit Services' professional judgment and recognizes that other state audit agencies may, at times, perform reviews that may overlap with Audit Services work. In those instances, Audit Services may curtail its planned procedures as noted in the scope and methodology section of this report.

Summary of Audit Results

Our audit found that the Superior Court of California, County of Humboldt (Court) demonstrated compliance with several of the Judicial Council's requirements evaluated during the audit, and should be commended for its receptiveness to suggestions for further improvement. Table 1 below presents a summary of the audit's results.

Table 1 – Audit Results At A Glance – California Superior Court, County of Humboldt

Areas and Sub-Areas Subject to Review		Tested	Reportable Audit Findings		
			# of Findings	Finding Reference(s)	Court's View
Cash Handling					
1	Daily Opening Process	Yes	✓	2024-04-01; 02	Agrees
2	Voided Transactions	Yes	✓		
3	Manual Receipts	Yes	✓		
4	Mail Payments	Yes	2		
5	Internet Payments	Yes	✓		
6	Change Fund	Yes	✓		
7	End-Of-Day Balancing and Closeout	Yes	1	2024-7-01	Agrees
8	Bank Deposits	Yes	1	2024-8-01	Agrees
9	Other Internal Controls	Yes	✓		
Procurement and Contracts					
10	Procurement Initiation	Yes	1	2024-10-01	Partially Agrees
11	Authorization & Authority Levels	Yes	✓	2024-15-01	Agrees
12	Competitive Procurements	Yes	✓		
13	Non-Competitive Procurements	Yes	✓		
14	Leveraged Purchase Agreements	Yes	✓		
15	Contract Terms	Yes	1		
16	Other Internal Controls	Yes	1	2024-16-01	Agrees
Payment Processing					
17	3-Point Match Process	Yes	✓	2024-18-01	Agrees
18	Payment Approval & Authority Levels	Yes	1		
19	Special Rules - In-Court Service Providers	Yes	✓		
20	Special Rules - Court Interpreters	Yes	✓		
21	Other Items of Expense	Yes	✓		
22	Jury Expenses	Yes	✓		
23	Travel Expense Claims	Yes	1	2024-23-01	Partially Agrees
24	Business-Related Meals	Yes	✓		
25	Allowable Costs	Yes	✓		
26	Other Internal Controls	Yes	✓		
Fund Balance					
27	Year-End Encumbrances	Yes	✓		
28	Use of "Held on Behalf" Funds	Yes	✓		
JBSIS Case Filing Data					
29	Validity of JBSIS Data	Yes	1	2024-29-01	Agrees

Source: Auditor generated table based on testing results and court management's perspective.

Note: Areas subjected to testing are generally based on requirements in the Trial Court Financial Policies and Procedures Manual, the Judicial Branch Contracting Manual, or California Rules of Court, but may also include other Judicial Council policies and directives. Areas not tested are based on audit determinations—such as area was not applicable, recently reviewed by others, or no transactions were selected to review—which are described more fully in the Audit Scope and Methodology section of the report. Applicable criteria are cited in each audit finding (as referenced above) in the body of our report. The Judicial Council's audit staff determine the scope of each audit based on their professional judgment and the needs of the Judicial Council, while also providing courts with an opportunity to highlight additional areas for potential review depending on available audit resources.

The Court demonstrated consistent adherence with several of the different compliance requirements evaluated during the audit, as shown in Table 1. In particular, the Court demonstrated good compliance in the area of reporting year-end encumbrances. For example, our review of the Court's fund balance found that the Court properly disencumbered unneeded encumbrances at the end of the fiscal year for goods and services that it had already received by June 30, 2023.

However, our audit did identify ten reportable audit findings where we believe the Court should consider taking corrective action to improve its operations and more fully comply with the Judicial Council's policies. These ten findings are identified in Table 1 under the column "Reportable Findings" and includes reference numbers indicating where the reader can view in further detail the specific findings and the Court's perspective.

One particular area of focus for the Court as it considers opportunities for improvement should include strengthening its controls over payments received in the mail. Specifically, the Court does not restrictively endorse checks, including money orders and other negotiable instruments, immediately upon receipt, as required by the FIN Manual. Instead, the Court does not restrictively endorse checks, money orders, or other negotiable instruments until they are electronically deposited via a check scanner. When courts do not restrictively endorse checks immediately upon receipt as required, they risk that unendorsed checks may be lost or stolen and cashed or deposited in a non-court bank account. The Court indicated it agreed with our finding and recommendation in this area and that it would implement corrective action in January 2025, or soon thereafter.

Summary Perspective of Court Officials

Audit Services initiated its audit of the Court on September 17, 2024, and completed its fieldwork in January 2025. Audit Services shared the draft findings with the Court starting on November 18, 2024, and received the Court's final official responses on May 21, 2025. The Court generally agreed with the findings, and its specific responses are included in the body of the report after each finding.

BACKGROUND ON THE COURT'S OPERATIONS

The Superior Court of California, County of Humboldt (Court) operates one court facility in the city of Eureka. The Court operates under the authority and direction of the Presiding Judge, who is responsible for ensuring the effective management and administration of the Court, consistent with any rules, policies, strategic plan, and the funding provided by the Judicial Council.

California's 58 superior courts each have differing workloads, staffing levels, and financial resources. They operate under a decentralized system of governance and are each responsible for their own local court operations and business decisions. The Presiding Judge has the authority to: develop a local budget and allocate the funding provided by the Judicial Council; approve procurements and contracts; and authorize the Court's expenditures. The information in Table 2 is intended to provide the reader with context and perspective on the Court's relative size and workload compared to averages of all 58 superior courts.

Table 2 – Statistical Data for Humboldt Superior Court and Average of all Superior Courts

Statistic	Humboldt Superior Court	Average of All Superior Courts				
		Cluster 1 Courts	Cluster 2 Courts	Cluster 3 Courts	Cluster 4 Courts	All 58 Courts
Financial Highlights (Fiscal Year 2023-24)						
Total Revenue	\$ 10,215,123	\$ 3,376,457	\$ 15,000,011	\$ 57,522,113	\$ 293,144,702	\$ 59,889,520
Total Expenditures	\$ 10,102,574	\$ 3,494,275	\$ 15,091,980	\$ 57,533,804	\$ 293,520,524	\$ 60,009,333
Staff Salaries & Benefits	\$ 7,893,764	\$ 2,181,311	\$ 11,118,697	\$ 42,462,619	\$ 225,828,428	\$ 45,447,802
As a % of Total Expenditures	78.1%	62.4%	73.7%	73.8%	76.9%	75.7%
Judicial Officers and Staff (2025 Court Statistics Report)						
Judges	7	2	8	30	144	30
Commissioners/Referees	1	-	1	4	21	4
Non-Judicial Staff (approx.)	66	17	86	298	1,380	294
Total	74	19	95	332	1,545	328
New Case Filings (Fiscal Year 2023-24)						
Appeal Filings	83	10	82	154	217	98
Civil Filings						
Civil	2,277	356	2,487	11,390	75,156	13,954
Family Law	1,415	234	1,537	5,460	25,574	5,395
Juvenile Delinquency	91	34	166	776	1,988	520
Juvenile Dependency	252	27	164	461	3,267	623
Mental Health	362	19	226	1,428	9,413	1,709
Probate	340	55	321	1,097	5,182	1,097
Small Claims	190	34	257	1,058	7,195	1,336
Criminal Filings						
Felonies	1,070	225	1,149	3,853	13,188	3,177
Misdemeanors / Infractions	11,992	4,031	18,513	59,228	254,665	56,466
Total	18,072	5,025	24,902	84,905	395,845	84,375

Source: Financial and case filings data maintained by the Judicial Council. The date ranges differ for the above information due to the different sources of data. The financial data is from the Judicial Council's Phoenix financial system, the judicial officer and staff counts are from the most recent Court Statistics Report, and the case filing counts are from the Judicial Branch Statistical Information System data as of March 19, 2025, and may not agree with other reports as this data is continuously updated.

Note: The Judicial Council generally groups superior courts into four clusters and uses these clusters, for example, when analyzing workload and allocating funding to courts. According to past Judicial Council documents, the cluster 1 courts are those superior courts with between 1.1 and 4 judicial position equivalents (JPEs), cluster 2 courts are those with between 4.1 and 20 JPEs, cluster 3 courts are those with between 20.1 and 59.9 JPEs, and cluster 4 courts are those with 60 or more JPEs. Humboldt Superior Court is a cluster 2 court.

AUDIT SCOPE AND METHODOLOGY

Audit Services initiated an audit of the Superior Court of California, County of Humboldt (Court) in order to determine whether it complied with certain key provisions of statute and the policies and procedures adopted by the Judicial Council of California. Our audit was limited to evaluating compliance with those requirements that, in our professional judgment, were necessary to answer the audit's objectives. The period covered by this audit was generally limited to fiscal year (FY) 2022-23, but certain compliance areas noted below required that we review earlier periods or current practices. Table 3 lists the specific audit objectives and the methods we used to address them.

Table 3 – Audit Objectives and the Methods Used to Address Them

	Audit Objective	Method
1	Through inquiry, auditor observation, and review of local court policies and procedures, identify areas of high risk to evaluate the Court's compliance.	Audit Services developed an annual audit plan generally identifying areas of high risk at the superior courts. At the Court, we made inquiries and reviewed any local procedures to further understand its unique processes in each compliance area.
2	<p>Determine whether the Court implemented adequate internal controls over its handling of cash receipts and other payments. Such a review will include, at a minimum, the following:</p> <ul style="list-style-type: none"> ▪ Determine whether the Court complied with the mandatory requirements in the FIN manual for internal controls over cash (payment) handling. ▪ Assess the quality of the Court's internal controls to minimize the potential for theft, such as controls over the use of manual receipts and voided transactions. 	We obtained information from the Court regarding the types and average volume of collections at its payment collection location. For the location, we observed the Court's practice for safeguarding and accounting for cash and other forms of payments from the public. For example, we reviewed and observed the Court's practice for appropriately segregating incompatible duties, assigning cash drawers to cashiers at the beginning of the day, reviewing and approving void transactions, safeguarding and accounting for manual receipts, opening and processing mail payments, controlling access to change funds, overseeing the end-of-day balancing and closeout process, and preparing and accounting for the daily bank deposits.
3	Determine whether the Court demonstrated appropriate control over its non-personal services spending	We reviewed the Court's assignment of purchasing and payment roles to assess whether it appropriately segregated staff roles for approving purchases, procuring the goods or services,

	<p>activities. Specifically, our review included the following:</p> <ul style="list-style-type: none"> ▪ Determine whether the Court’s procurement transactions complied with the applicable requirements in the Judicial Branch Contracting Manual or the Trial Court Financial Policies and Procedures Manual. ▪ Determine whether the Court’s payment transactions—including but not limited to vendor payments and claim payments—were reasonable and in compliance with the Trial Court Financial Policies and Procedures Manual and applicable Judicial Council policies and rules. 	<p>receiving the goods, and paying for the goods or services.</p> <p>We also judgmentally selected a sample of 25 procurement transactions and assessed whether each transaction:</p> <ul style="list-style-type: none"> • Was properly authorized and approved by authorized court management. • Adhered to competitive bidding requirements, when applicable. • Had contracts, when applicable, that contained certain terms required to protect the Court’s interests. <p>We selected a sample of 40 FY 2023-24 payments pertaining to various purchase orders, contracts, or in-court services, and 13 travel expense claims, and determined whether:</p> <ul style="list-style-type: none"> • The Court followed the 3-point match process as described in the FIN Manual to ensure goods and services are received and accepted, and in accordance with contract terms prior to payment. • Appropriate court staff authorized payment based on the Court’s payment controls and authorization matrix. • The payment reasonably represented an allowable “court operations” cost per Rule of Court, Rule 10.810. • The payments for in-court service providers, travel expense claims, and business meals adhered to applicable Judicial Council policies.
4	Determine whether the Court properly classified its year-end encumbrances	We obtained the Court’s Year-End Encumbrance Calculation Worksheet for the most recently completed fiscal year at the time of our testing

	<p>for the most recent completed fiscal year.</p> <p>Determine whether the Court spent any funds the Judicial Council approved the Court to hold from prior year excess fund balance funds only for the purposes approved by the Judicial Council.</p>	<p>(FY 2022-23) and traced and verified year-end encumbrances to supporting records and the Phoenix accounting system.</p> <p>The Court has not requested to hold any funds on its behalf in either the current or the previous fiscal year. As a result, no further review was deemed necessary.</p>
5	<p>Determine whether the Court accurately reports case filings data to the Judicial Council through the Judicial Branch Statistics Information System (JBSIS).</p>	<p>We obtained an understanding of the Court's process for reporting case filings data to the Judicial Council through JBSIS. For the most recent fiscal year for which the Judicial Council froze and used JBSIS data for funding allocations (FY 2022-23), we performed the following:</p> <ul style="list-style-type: none"> • Obtained the relevant case filings data the Court reported to JBSIS and reconciled the reported new case filings counts to its underlying records of cases that support each reported case filing count, by case type, to validate that the Court accurately reported its case filings count data. • We selected 10 cases from six case types, for a total of 60 reported cases, and reviewed the relevant case file records to verify that the Court correctly applied the JBSIS definitions for reporting each case filing.

Assessment of Data Reliability

In performing this audit, we obtained and reviewed financial transaction data from the Phoenix financial system—the statewide accounting system used by the superior courts—for the limited purpose of selecting transactions to test the Court's compliance with its procurement and related payment activities. Prior to making our selections, we independently queried the Phoenix financial system to isolate distinct types of non-personal service expenditure transactions relevant to our testing—such as by general ledger code—and reconciled the resulting extract with the Court's total expenditures as noted on its trial balance report for the same period. Our analysis noted no material differences leading us to conclude that use of the Phoenix financial

transaction data was sufficiently reliable for the limited purpose of selecting transactions for testing.

Report Distribution

The Judicial Council's *Advisory Committee on Audits and Financial Accountability for the Judicial Branch* reviewed this report on June 24, 2025, and approved it for public release.

California Rules of Court, Rule 10.500 provides for the public access to non-deliberative or non-adjudicative court records. Final audit reports are among the judicial administrative records that are subject to public access unless an exemption from disclosure is applicable. The exemptions under rule 10.500(f) include records whose disclosure would compromise the security of a judicial branch entity or the safety of judicial branch personnel. As a result, any information meeting the nondisclosure requirements of rule 10.500(f) have been omitted from this audit report.

Audit Staff

This audit was completed by the following staff under the general supervision of Dawn Tomita, Audit Manager, CFE:

Michelle O'Connor, Audit Supervisor (auditor in charge), CPA, CGFM, CFE

Jennifer Cabrera, Auditor

Pha Moua, Auditor

Usamah Salem, Auditor, CFE

SCHEDULE OF AUDIT FINDINGS AND PLANNED CORRECTIVE ACTION

CASH HANDLING

The Court Should Strengthen Its Controls Over Certain Payment Collection Processes

Background

Trial courts must collect and process customer payments in a manner that protects the integrity of the court and its employees, and promotes public confidence. Thus, trial courts should institute a system of internal control procedures that assure the safe and secure collection, and accurate accounting of all payments. A court's handling of collections is inherently a high-risk activity given the potential incentives for court employees to act inappropriately when mandatory internal controls per the Trial Court Financial Policies and Procedures Manual (FIN Manual) are compromised or not in operation.

Results

Overall, the Court demonstrated compliance in many of the areas we evaluated during the audit. Specifically, the Court demonstrated sound management practices in the areas of its void transactions, manual receipts, and internet payments.

Nevertheless, we identified four audit findings that we believe require the Court's attention and corrective action. These findings pertained to the following specific areas of cash handling:

Finding Reference	Subject Area
2024-4-01	Mail Payments – Endorsement
2024-4-02	Mail Payments – Prompt Payment Processing
2024-7-01	End-of-Day Balancing and Closeout – Blind Closeout
2024-8-01	Bank Deposits – Prompt Deposit

FINDING REFERENCE: 2024-4-01

MAIL PAYMENTS – ENDORSEMENT

CRITERIA

FIN MANUAL, FIN 10.02, 6.3.4 CHECK, MONEY ORDER, AND CASHIER'S CHECK HANDLING PROCEDURES:

9. The trial court must restrictively endorse all checks, warrants, money orders, and other negotiable instruments immediately upon receipt and acceptance. Endorsements must contain the following information:
 - a. The name of the bank and branch number in which the deposit will be made.
 - b. The statement "For Deposit Only" followed by the name of the trial court.
 - c. The account name and number.

CONDITION

The Court does not restrictively endorse checks, including money orders and other negotiable instruments, immediately upon receipt in the mail or drop-box. Additionally, staff who process mail payments and staff who accept counter payments also do not endorse checks immediately upon receipt. Instead, all checks and other negotiable instruments are not restrictively endorsed until they are electronically deposited by the Court via a check scanner at the end of the day. According to court staff, they were following the Court's procedures; however, the Court's local desktop procedures require mail payments to be restrictively endorsed immediately upon receipt, which aligns with FIN Manual requirements. Endorsing checks "for deposit only" into the court bank account immediately upon receipt protects a court's interests by limiting the potential for further negotiation of the checks. When courts do not restrictively endorse checks immediately upon receipt as required, they risk that unendorsed checks may be lost or stolen and cashed or deposited in a non-court bank account.

RECOMMENDATION

To ensure the safe, secure collection, and accurate accounting of all payments received, the Court should take steps, such as periodic staff training, to ensure that all staff consistently restrictively endorse all checks, money orders, and other negotiable instruments immediately upon receipt.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. However, the FIN Manual has some outdated processes. We deposit checks by scanning them directly into the account through CashPro. The bank verbally advised that there is not a need to endorse as there is an electronic endorsement upon scanning. The court will work on updating the policy to include this procedure or purchase a stamp with only the language "FOR DEPOSIT ONLY" to endorse all checks at time of receipt and logging them at the mail desk.

Currently, checks and money orders are logged daily and secured in a safe with the log overnight. The log is distributed with the checks to the counter clerk who verifies that all logged checks are present. If the check is not present, the clerk asks their supervisor for assistance and the check is researched and located. While some clerks do turn in their log with their till report at the end of the day, this has not been enforced and will be revisited.

Response provided on 12/26/2024 by: Tara Howard, Finance Manager

Date of Corrective Action: 01/01/2025 or soon thereafter

Responsible Person(s): Operations Supervisors

FINDING REFERENCE: 2024-4-02

MAIL PAYMENTS – PROMPT PAYMENT PROCESSING

CRITERIA**FIN MANUAL, FIN 10.02, 6.4 PAYMENTS RECEIVED THROUGH THE MAIL AND DROP BOXES:**

4. To provide for strong oversight and monitoring of payments not processed on the day they were received in the mail or drop boxes, courts must adhere to the following steps:
 - a. Trial court staff responsible for processing payments must review on a daily basis all payments that are held over from a previous day's work to determine if any of the held payments can be processed. This requirement can be met by reviewing the held payments receipt log sheets and associated payments to determine if the payment can be processed.
 - b. The supervisor/manager responsible for the trial court staff who process payments must identify and log any payment that has been held for more than 5, 15, and 30 calendar days without being processed. The log must specify the reason why the payment cannot be processed. The log must identify any cash payment being held in suspense for more than 5, 15, and 30 calendar days.
 - c. The supervisor/manager responsible for the trial court staff who process payments must provide a report, at least on a monthly basis, to the court executive officer and the court fiscal officer, and/or to his or her written designee, that lists by age (length of time held) any payment that has been held for more than 15 and 30 calendar days without being processed. The report must provide the following details, if known, for each payment being held:
 - i. Case or docket number;
 - ii. Name of the person mailing the payment;
 - iii. Payment amount;
 - iv. Check number (if applicable);
 - v. Date received in the mail; and
 - vi. Reason why payment cannot be processed.

CONDITION

The Court does not identify and log mail payments that have been held for more than 5, 15, and 30 days and specify on the log reason why the payments haven't been processed. Additionally, the Court does not have a process in place to report to the CEO and CFO any unprocessed mail payments exceeding 15 and 30 days. According to court personnel we interviewed, the Court does not hold unprocessed mail payments for longer than 14 days; however, during our review of mail payments in October 2024, we found three mail payments that had remained unprocessed between 57 and 75 days. The FIN Manual requires the supervisor or manager responsible for the trial court staff who process payments to identify and log any payment that has been held for more than 5, 15, and 30 calendar days without being processed. The log must specify the reason why the payment cannot be processed. Additionally, the FIN Manual requires the supervisor or manager to provide a report, at least on a monthly basis, to the court executive officer and the court fiscal officer, and/or to his or her written designee, that lists by age any payment that has been held for more than 15 and 30 calendar days without being processed. This is because the payments received by mail are at heightened risk for loss or theft since the payor is neither present during the transaction nor guaranteed to receive a receipt. As a result, the Court is at

increased risk for lost or stolen mail payments.

RECOMMENDATION

The Court should ensure that all supervisors and managers responsible for staff who process mail payments take steps to identify and log any mail payment that have been held for more than 5, 15, and 30 calendar days without being processed. For those mail payments held more than 15 or 30 calendar days, the Court should ensure the supervisors and managers consistently provide a report to the CEO and CFO providing the details for each payment held, including the reason why the mail payment cannot be processed.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. However, the Finance Department does review those pending items and does occasionally report any issue to the CEO. The CEO would like to hold a training and remind staff of the need to identify payments that are aged more than a week and report those to their supervisor. If there is an issue that cannot be resolved, then within 15 days that should be reported to the Operations Manager, Assistant Ops Manager, Finance Manager or CEO.

Response provided on 12/26/2024 by: Tara Howard, Finance Manager

Date of Corrective Action: Immediately

Responsible Person(s): Tara Howard, Finance Manager; and the Finance Department

FINDING REFERENCE: 2024-7-01

END-OF-DAY BALANCING AND CLOSEOUT – BLIND CLOSEOUT

CRITERIA

FIN MANUAL, FIN 10.02, 6.3.10 DAILY BALANCING AND CLOSEOUT:

1. At the end of each workday, each cashier must balance the payments collected in his or her individual cash drawer/bag with the payments and collections recorded in the cashiering system and/or automated case management system. Cashiers may not leave the premises or transact new business until the daily balancing and closeout processes are complete.
2. The balancing and closeout process includes the following steps:
 - a. The cashier completes and signs the recap of daily collections report independent of information contained in the case management daily collections report; attaches a calculator tape for checks; and submits the report, collections, and beginning cash to the supervisor or his or her designee for verification;
 - b. The supervisor or his or her designee verifies in the presence of the cashier that the beginning cash is fully accounted for and the submitted collections balance with the recap of daily collections report;
 - c. The supervisor or his or her designee then verifies that the submitted collections balance with the associated payments and collections reported on the cashier's case management system daily collections closeout report;

- d. If the collections balance with the amounts in the case management system, the cashier and supervisor or his or her designee must both sign and date the case management system daily collections closeout report.

FIN MANUAL, FIN 1.01, 6.4 TRIAL COURT OPERATING STANDARDS:

3. A presiding judge or his/her designee who wants to establish an alternative procedure will submit a signed and dated Request for Alternative Procedure Form (copy provided in 7.0, Associated Documents) to:

Judicial Council of California
Director of Branch Accounting and Procurement
Attn.: Trial Court Alternative Financial Policies and Procedures
2850 Gateway Oaks Drive, Suite 300
Sacramento, CA 95833-4348
E-mail: TCFin@jud.ca.gov

A written response to the submission of alternative procedures will be returned to the submitting court within 60 business days of receipt of the document. When a Request for Alternative Procedure has been received by Judicial Council of California Staff, an acknowledgement of receipt will be returned to the submitting court. The 60 business-day response time will begin once the court receives that acknowledgement of receipt. Absent a response from Judicial Council of California Staff within 60 business-days, the alternative procedure will be in effect, subject to further review and consideration by Judicial Council of California Staff. Undocumented procedures or those not approved by Judicial Council of California Staff will not be considered valid for audit purposes.

Once approved, alternative procedures must be documented by the trial court, incorporated into the local trial court manual, and distributed to court personnel. Any alternative procedure that is different from what is included in the Trial Court Financial Policies and Procedures Manual or the county's policy document must first be approved by Judicial Council of California Staff.

CONDITION

The Court does not require cashiers to follow what is commonly known as a "blind closeout" process when performing their end-of-day closeout. A "blind closeout" is where cashiers count and record their collections on a recap form without any knowledge of the amounts the CMS indicates they collected, before submitting the form and collections to a supervisor or designated lead for verification against the recap form and the CMS collections reports. Instead, cashiers count and compare their daily collection totals against CMS reports that indicate how much they collected before submitting their daily collections to Finance staff for verification. According to court management, this occurs because its CMS is not programmed to perform a blind closeout. As a result, the Court allows cashiers to know in advance when an overage occurs and potentially risks the cashier taking any overage amount without risk of detection of the missing monies when the Finance staff verifies the end-of-day collections to the CMS reports because all amounts would still balance.

RECOMMENDATION

To better safeguard its funds and ensure clear accountability for shortages and overages, the Court should require its cashiers to complete their recap of the collections in their till at the end of each workday without knowledge of the CMS collections, a “blind closeout.” Afterwards, cashiers should submit their completed recap report and collections to designated Finance staff for verification of their collections to the recap report, and then complete the verification process by verifying the recap report to the CMS collections closeout report. If the Court believes it is unable to implement a blind closeout process due to the programming of its CMS, the Court should request approval from the Judicial Council for an alternative procedure that mitigates the potential risk created by not being able to follow a blind closeout process.

COURT’S VIEW AND CORRECTIVE ACTION PLAN

Agree and Disagree. We agree that it could assist in safeguarding funds and is not always being used. But we disagree that cashiers have not been told about the ability of the case management system to meet this requirement. eCourt has a “close till” action that would allow a blind closeout. The CEO will review this process, and additional training will be provided. If a decision is made to keep the closeout as is, the court will address that in requesting alternate written procedures through JCC.

Response provided on 12/26/2024 by: Tara Howard, Finance Manager

Date of Corrective Action: 01/01/2025 or as soon as possible

Responsible Person(s): Tara Howard, Finance Manager; and Operations Supervisors

FINDING REFERENCE: 2024-8-01

BANK DEPOSITS – PROMPT DEPOSIT

CRITERIA

FIN MANUAL, FIN 13.01, 6.4 DEPOSITS:

1. Courts are required to deposit receipts in a timely and economical manner. Courts must adhere to the following guidelines in determining when to deposit receipts into an appropriate court-approved bank account.
 - a. All court locations that have safes, vaults, or other comparable storage that is adequate to safeguard cash may accumulate collections until they amount to \$1,000 in coin/paper currency or \$10,000 in any combination of coin/paper currency, checks, money orders, and warrants (excluding state warrants and state checks), whichever occurs first.
 - c. Accumulated coin/paper currency, checks, money orders, and warrants of any amount will not remain undeposited for more than 10 working days. A court may deposit more often than once a day at its discretion and when it is economical or practical to do so because of the amount of its receipts.

CONDITION

The Court does not promptly deposit its collections in the bank. Although the Court deposits its checks and other negotiable instruments electronically on a daily basis, it only deposits its cash collections via armored car pickup twice per week even though the accumulated currency may exceed \$1,000. For example, we reviewed a collection pickup in October 2024 and found the cash collections for each of the previous three business days exceeded \$1,000 and cumulatively totaled almost \$6,000. According to court management, it is not economically feasible for the Court to deposit cash on a daily basis by armored car service due to its location and the limited availability of banking services. Nonetheless, the FIN Manual requires courts to deposit collections when they exceed \$1,000 in cash or \$10,000 in cash and checks. By not making deposits when required, the Court leaves itself at increased risk for the loss or theft of significant amounts of cash and other collections.

RECOMMENDATION

To minimize the potential risk of the loss or theft of large amounts of cash, the Court should promptly deposit cash collections into the bank when they reach \$1,000, or when any combination of cash and checks reaches \$10,000. If the Court believes it is not economically and practically feasible to do so, it should request approval from the Judicial Council for an alternative procedure that mitigates the potential risk created by following the FIN Manual requirement for promptly depositing coin/paper currency collections of \$1,000 or more.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. However, the JCC banks with a bank that has no branches in Humboldt County or within 100 miles of the court. Since Bank of America (B of A) is not in Humboldt County and in 2022 our court lost armored carrier service to Redding (the nearest B of A), we deposit with US Bank and then transfer those funds (per a two-person authentication) to B of A. In our current budget crisis, we do not have enough funding to allow for a daily armored vehicle pick-up and have opted to have Brink's pick up twice a week, causing the excess of \$1,000 in the safe. Due to no additional funding at this time, we will continue to be unable to meet this requirement. But we will continue to review our option for full compliance. The court will consider and walking the funds over daily with an armored guard or request approval from the JCC for alternate procedure.

Response provided on 12/26/2024 by: Tara Howard, Finance Manager

Date of Corrective Action: A request for alternate procedure will be prepared for review by Tara Howard, Finance Manager, within the next month. If not granted, the court will review service at the end of the fiscal year.

Responsible Person(s): Tara Howard, Finance Manager

PROCUREMENT AND CONTRACTS

The Court Should Ensure Its Procurement Practices Align with JBCM Requirements

Background

Trial courts are expected to procure goods and services in a manner that promotes competition and ensures best value. To achieve this expectation, the Judicial Branch Contracting Manual (JBCM) and the Trial Court Financial Policies and Procedures Manual provide uniform guidelines for trial courts to use in procuring necessary goods and services and in documenting their procurement practices. Trial courts must demonstrate that their procurement of goods and services are conducted economically and expeditiously, under fair and open competition, and in accordance with sound procurement practice. Typically, a purchase requisition is used to initiate all procurement actions and to document approval of the procurement by an authorized individual. The requestor identifies the goods or services, verifies that budgeted funds are available for the purchase, completes the requisition form, and forwards it to the court manager authorized to approve purchase requests. The court manager is responsible for verifying the necessity and appropriateness of the requested items, that the correct account codes are specified and assuring that funds are available before approving and forwarding the requisition form to the staff responsible for procuring goods and services. Depending on the type, cost, and frequency of the goods or services to be procured, court staff responsible for procuring goods and services may need to perform varying degrees of procurement research to generate an appropriate level of competition and obtain the best value. Court procurement staff may need to also prepare and enter the agreed-upon terms and conditions into purchase orders, service agreements, or contracts to document the terms and conditions of the procurement transaction, and maintain a procurement file that fully documents the procurement transaction.

Results

The Court demonstrated compliance with various requirements in the procurement areas we evaluated during our audit, including demonstrating good management practices overall in the areas of non-competitive procurements, soliciting competitive procurements, and entering into leveraged purchase agreements

Nevertheless, we identified three audit findings that we believe require the Court's attention and corrective action. These findings pertained to the following specific areas of procurement:

Finding Reference	Subject Area
2024-10-01	Procurement Initiation
2024-15-01	Contract Terms
2024-16-01	Other Internal Controls

FINDING REFERENCE: 2024-10-01***PROCUREMENT INITIATION*****CRITERIA**

JUDICIAL BRANCH CONTRACTING MANUAL, CHAPTER 2, 2.1 FORMULATING THE PROCUREMENT APPROACH, C:

The Buyer's first step in the planning and scheduling of a procurement effort is the initial review of a purchase request. Reviewing the request in terms of the following information will assist the Buyer in determining any impact to the procurement planning and scheduling activities.

1. Internal review and approvals: Consider the following:

- Have the proper approval signatures been obtained to conduct the procurement in conformance with the Judicial Branch Entity's Local Contracting Manual?
- Is the request in compliance with applicable equipment standards?
- Is there documentation in sufficient detail to support and justify conducting the procurement?

CONDITION

The Court does not consistently document or require purchase requisitions to demonstrate that an authorized approver reviewed and approved the purchase request before commencing the solicitation and procurement process. For seven of the 18 procurement transactions reviewed for which we expected to see a purchase request, the Court did not document or require a purchase request and management approval of the request prior to commencing the procurement.

Specifically, for six procurement transactions we reviewed ranging between \$626 and \$188,600 related to armored car services, recruiting services, software licensing, equipment leases, jury summons, and shredding services, the Court did not have a purchase request on file.

Additionally, for one procurement transaction related to dependency legal services in the amount of \$188,600, the purchase request was not submitted, reviewed, and approved until after the procurement had already taken place. The contract was signed on July 14, 2023; however, the purchase request was not submitted and approved until July 20, 2023. According to court management, the Court has historically not had the time to prepare a purchase request for many purchases due to limited staffing. Nonetheless, the use of a purchase request form that describes the requested items, documents the approval to purchase, and that is stored in the procurement file would help the Court better demonstrate that authorized court management considered and approved purchase requests before commencement of the procurement process. When the Court does not consistently document its purchase requests and authorizations, it risks the appearance that it is making purchases that may not be appropriate or not allowed and not in its best interests.

RECOMMENDATION

To ensure it can demonstrate that its purchases are appropriately justified, funded, and approved, the Court should take more formal steps to ensure it consistently obtains and documents in its

procurement files the approved purchase requests prior to its staff starting the purchasing activity.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree and Disagree. For dependency legal services the court thought it was following procurement guidelines by historically acquiring a signed agreement from council prior to initiating the Requisition. Sample 12 Dixon had a fully executed agreement approved by then Presiding Judge Gregory Kreis (on 7/14/23) prior to staff starting the purchase requisition activity. The court has reviewed FIN and agrees that moving forward we will document the purchase with the communication that initiated the service, gain an approved requisition and then support that with the proper agreement.

In discussing this audit finding with staff, all are working on ensuring the proper documents are more consistently supporting each purchase. Also, Tara and Manu recently attended a JCC Procurement course that provides input on the bidding process and a non-competitive bid form to document any possible exception to going out for bid.

Response provided on 05/20/2025 by: Tara Howard, Finance Manager

Date of Corrective Action: 05/01/25 and ongoing

Responsible Person(s): Tara Howard, Finance Manager; and Fiscal staff

FINDING REFERENCE: 2024-15-01

CONTRACT TERMS

CRITERIA

JUDICIAL BRANCH CONTRACTING MANUAL, CHAPTER 8, 8.3 (A) CONTENT OF CONTRACTS:

JBEs must include legally required terms in their contracts and should include other terms that the JBE determines are necessary to protect the JBE and mitigate the risks associated with the contract.

Sample language for terms and certifications required to be included in JBE contracts is available from the Judicial Council, together with templates for complete contracts.

Use of these sample provisions and templates is optional. Each JBE may modify the provisions or templates or use its own forms. JBEs may also use a Vendor-provided form contract provided the final contract includes appropriate terms and meets applicable legal requirements.

- **Contract elements**

Each contract must identify the contracting parties. Contracts typically consist of three major elements:

- Statement of Work (SOW), including the schedule of performance;
- Pricing and payment; and
- Other terms and conditions.

Each of these elements must be clearly defined so that the JBE's needs are met, and the contractor and the JBE understand their performance obligations.

- Each major element is described below, including typical subject matters that are frequently grouped together in contract sections regarding the specific element. However, contract provisions are not required to be in any specific location in the contract. For example, a topic listed below as part of a typical

1. Statement of Work (SOW)

The SOW describes the goods to be purchased and/or the services to be performed. The JBE must include a detailed description of the goods to be delivered or the services to be performed, together with any deliverables required and conditions of performance, if applicable. The contract must specify (as applicable): (i) when goods are to be delivered, (ii) when services are to be performed (start date and end date), (iii) when deliverables must be provided to the JBE, and (iv) when other contract milestones must be completed.

2. Pricing and Payment

The price the JBE will pay for goods and services under a contract must be clearly stated. The contract should clearly specify the basis for compensation and the terms of payment, such as: lump sum (one-time payment), firm fixed price, unit price, labor rate, or other specific basis.

3. Terms and Conditions

The contract must include specified rights and obligations of either party that are not included in the SOW or the pricing and payment section, including additional provisions that apply to performance under the contract, as applicable.

CONDITION

For six of the 25 procurement transactions reviewed, the Court did not execute written contracts or agreements stipulating the agreed-upon services, effective dates, and pricing. Specifically, for three of the procurement transactions—including for armored car services and interpreting services—the Court was unable to provide written agreements or contracts. For two other procurement transactions, the Court was operating under expired agreements. One procurement for office services expired in March 2018, and the other procurement for mailing and printing services expired in June 2017. Finally, for one procurement transaction, the Court procured security system services under a leveraged procurement agreement (LPA) which stipulates in the master agreement that any judicial entity wanting to participate in the LPA must enter into and sign a participating agreement with the contractor. However, the Court did not have a participating agreement. According to court management, the lack of valid, written contracts or agreements was an oversight, and it is working on ensuring it has written contracts and agreements to comply with JBCM and FIN Manual requirements. Without written POs, agreements, or authorizations that specify the expected scope of work, term, and pay, the Court risks paying for unauthorized goods or services or being overcharged without any basis for disputing such work or charges.

RECOMMENDATION

To protect its best interests, the Court should institute a practice of executing written contracts and agreements prior to receiving goods and/or services. Further, it should ensure these contracts and agreements include clear and complete terms that are in its best interest. Specifically, prior to executing contracts or agreements, it should establish and include in its contracts and agreements clear descriptions of the goods or services expected from the vendor and the associated pricing so that both the vendor and Court know what is expected and what it will pay. This will help to ensure it continues to receive best value goods and services.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. While the court historically did not have or worked under expired agreements, management change in 2023 and currently staff are reviewing each procurement and working with each vendor in an attempt to rectify the absence of an agreement. While obtaining an agreement for every vendor is not likely, documenting the expected terms and establishing rate tables to avoid paying for rates and goods that were not negotiated will be an ongoing focus.

Response provided on 05/20/2025 by: Tara Howard, Finance Manager

Date of Corrective Action: Effective 07/01/24 and ongoing

Responsible Person(s): Tara Howard, Finance Manager; Mathina Thor, Accounting Clerk II; Manu Raut, Court Accountant; Jeffrey Monsell, Supervisor of Interpreter Scheduling and Courtroom Clerks

FINDING REFERENCE: 2024-16-01***OTHER INTERNAL CONTROLS*****CRITERIA****PUBLIC CONTRACT CODE 19206:**

The Judicial Council shall adopt and publish no later than January 1, 2012, a Judicial Branch Contracting Manual incorporating procurement and contracting policies and procedures that must be followed by all judicial branch entities subject to this part. The policies and procedures shall include a requirement that each judicial branch entity shall adopt a local contracting manual for procurement and contracting for goods or services by that judicial branch entity. The policies and procedures in the manuals shall be consistent with this code and substantially similar to the provisions contained in the State Administrative Manual and the State Contracting Manual.

JUDICIAL BRANCH CONTRACTING MANUAL, INTRODUCTION, 4. LOCAL CONTRACTING MANUAL:

PCC 19206 requires the Judicial Council to include in this Manual a requirement that each JBE shall adopt a Local Contracting Manual for procurement and contracting for goods and services by that JBE. The content of each Local Contracting Manual must be “consistent with” the PCC and “substantially similar” to the provisions contained in the SAM and the SCM.

- Each JBE must adopt a manual consistent with the requirements of PCC 19206.

- Each JBE must identify individual(s) with responsibility and authority for procurement and contracting activities as required by this Manual.
- Each JBE may include in its Local Contracting Manual policies and procedures governing its procurement and contracting activities, and those policies and procedures must not be inconsistent with this Manual or with applicable law.

CONDITION

The Court has not adopted a Local Contracting Manual (LCM) as required by the Judicial Branch Contracting Manual (JBCM) and state law. Public Contract Code 19206 requires courts to adopt an LCM for procurement and contracting activities. According to the Court, the lack of an LCM was an oversight. Therefore, the Court has not officially documented various internal control procedures related to procurement approval authorization, the use of non-competitive and competitive processes, or other required tasks. As a result, the Court is at increased risk of not procuring and reporting the goods and services it procures as required by the JBCM and state law.

RECOMMENDATION

To ensure its procurement practices are documented and in compliance with the JBCM requirements, the Court should take steps to develop and adopt a Local Contracting Manual that is consistent with the JBCM and applicable state laws for its procurement and contracting activities.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. With recent changes in management, and lack of previous managements contract manual, the court is continually working on documenting local processes in a Local Contracting Manual as suggested. This will detail internal controls and address approval authorization by itemizing who is authorized to approve specific competitive and non-competitive purchases reducing this risk. The court has gone through two audits in the last year and intends to incorporate that guidance into this manual to further support JBE guidelines and provisions.

Response provided on 05/20/2025 by: Tara Howard, Finance Manager

Date of Corrective Action: 05/08/2025 and ongoing

Responsible Person(s): Tara Howard, Finance Manager; and Fiscal Staff

PAYMENT PROCESSING

The Court Generally Complied with Payment Processing Requirements, But Could Be More Consistent with Authority Levels and Completeness of Travel Expense Claims

Background

Trial courts must institute procedures and internal controls to ensure they pay for appropriate goods and services in an economical and responsible manner, ensuring that they receive acceptable goods and services prior to payment. Thus, the FIN Manual provides courts with various policies on payment processing and provides uniform guidelines for processing vendor invoices and in-court service provider claims. All invoices and claims received from trial court vendors, suppliers, consultants and other contractors are routed to the trial court accounts payable department for processing. The accounts payable staff must process the invoices in a timely fashion and in accordance with the terms and conditions of the respective agreements. Staff must match all invoices to the proper supporting procurement and receipt documentation, and must ensure approval for payment is authorized by court management acting within the scope of their authority.

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

Results

The Court demonstrated compliance in many of the payment processing areas we evaluated during our audit. The Court demonstrated sound management practices in the areas of jury expenses and allowable costs. Nevertheless, we identified two audit findings in the payment processing area that we believe requires the Court's corrective action. The findings pertained to the following specific areas of payment processing:

Finding Reference	Subject Area
2024-18-01	Payment Approval and Authority Levels
2024-23-01	Travel Expense Claims – Completeness

FINDING REFERENCE: 2024-18-01

PAYMENT APPROVAL AND AUTHORITY LEVELS

CRITERIA

FIN MANUAL, FIN 8.01, 6.2.1 ROUTING OF VENDOR INVOICES:

3. The court executive officer or an authorized representative must approve all invoices for payment.

CONDITION

For seven of the 40 expenditures transactions reviewed, the Court did not properly approve the invoices for payment. Specifically, the seven transactions—related to procurements of printer leases, shredding services, court interpreter claims, office supplies, facility upgrades, software, and security systems, which altogether totaled \$71,108—were approved for payment by division managers and an assistant operations manager. However, these division managers and the assistant operations manager were not listed on the Court's signature authorization matrix for invoice approval. According to court management, this was an oversight. The FIN Manual requires courts to have authorized staff review and approve invoices and claims for payment because not all court staff may have the expertise and knowledge needed to properly assess the appropriateness of the payment transaction, accuracy of the records submitted, and reasonableness of the expenditure. As a result, the Court is at increased risk of disbursing funds that it may later find to be excessive or inappropriate. Additionally, when the Court does not follow its invoice payment approval limits and does not document invoice payment approvals, the Court is at an increased risk for unauthorized and inappropriate payments.

RECOMMENDATION

To ensure that all invoices are properly paid, the Court should take steps to ensure accounts payable staff process invoices for payment only when approved by authorized court officials acting within the scope of their authority. The Court should also consider providing refresher training to accounts payable staff regarding the necessary approvals that must be obtained prior to processing invoices for payment.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The court is reviewing the signature matrix and establishing a detailed list all authorized positions that will be reviewing invoices, which types of invoices and payments they will review. This list will be a reference for accounts payable staff in an attempt to avoid this oversight in the future. Also, as year-end approaches, staff will be participating in the Phoenix Purchasing Support Training.

Response provided on 05/20/2025 by: Tara Howard, Finance Manager

Date of Corrective Action: Ongoing, with a Purchasing Matrix to staff by 5/23/25, and additional training on 05/20/25, 05/27/25 and 06/10/25.

Responsible Person(s): Tara Howard, Finance Manager; Mathina Thor, Accounting Clerk II; Manu Raut, Court Accountant; D'Arcy Connich, Accounting Clerk; and all support staff

FINDING REFERENCE: 2024-23-01

TRAVEL EXPENSE CLAIMS – COMPLETENESS

CRITERIA

FIN MANUAL, FIN 8.03, 6.1.6 EXCEPTION REQUEST FOR LODGING:

2. An Exception Request for Lodging form and supporting documentation must be submitted in advance of travel and must be approved by the appointing power designee (presiding judge or designee). Under no circumstances may an appointing power designee approve his or her own Exception Request for Lodging form.

FIN MANUAL, FIN 8.03, 6.4.1 SUBMITTAL OF TRAVEL EXPENSE CLAIM (TEC):

1. Judges and employees who incur reimbursable business travel costs must submit a completed TEC form

FIN MANUAL, FIN 8.03, 6.4.2 ALLOWABLE EXPENSES:

2. The following types of expenses are allowable and reimbursable for trial court business travel:
 - d. Lodging. Actual costs incurred for overnight lodging are allowable up to the maximum rate established by the reimbursement rates outlined in Finance Memos and guidelines located on the Judicial Resources Network at <http://jm.courts.ca.gov/programs/bap/> or approved lodging exception request rate.

FIN MANUAL, FIN 8.03, 7.0 ASSOCIATED DOCUMENTS:

Travel Expense Claim (TEC) Form General TEC Instructions

All TECs must be completed in ink (other than black), unless electronically printed. Completion of the upper portion of the form in its entirety is required. "Tax Home" is defined as an individual's principal place of business. Submit only the signed original with supporting documentation within 30 days of travel. Receipts should be arranged in chronological order and taped onto an 8½ x 11-inch sheet of paper.

2. DATE & TIME—Enter numeric day of the month. Time of departure and return must be entered using a 24-hour clock, example: 1700 = 5:00 p.m. If departure and return are same date, enter departure time above and return time below on the same line. Otherwise, use two lines to enter activity.

CONDITION

Our review found that the Court did not consistently follow applicable Judicial Branch travel expense reimbursement policies and procedures. Specifically, for 8 of the 15-travel expense reimbursement claim (TEC) forms reviewed, the Court did not require the traveler to submit a fully completed TEC form. We found one TEC was missing the travel end time, four TECs were missing the claimant's address, two TECs were missing both the travel end time and the claimant's address, and one TEC was missing the claimant's address as well as both the travel start time and end time. As a result, the Court could not demonstrate that it paid mileage based on the lesser of the distance between the designated headquarters or claimant's residence, and the business destination for those TECs with missing addresses. Also, without the travel start and end times, we are unable to determine the appropriateness of certain meals claimed for the TECs

with missing travel start or end times. According to Court management, they are uncertain why the information was not included; however, moving forward, the Court indicated it will ensure all the information is listed on the TEC forms.

Additionally, claimed hotel costs were not always adequately supported. Specifically, the FIN Manual requires an Exception Request for Lodging form along with supporting documentation to be submitted and approved in advance when lodging rates, before taxes and fees, for an upcoming business trip exceed the JCC established maximum amount. However, for five TECs reviewed in which the Court paid for the hotel directly, the Court did not require an Exception Request for Lodging form. For example, two TECs reviewed involved staying in hotels in Sacramento County where the established maximum lodging rate at the time was \$110 per night; however, the hotel lodging rates paid for by the Court, before taxes and fees, ranged from \$200 to \$287 per night. According to Court management, Judicial Secretaries book reservations with the Court's charge card and, often, Fiscal does not find out about the expense until after the travel has occurred. Fiscal continues to remind staff to book travel in accordance with JCC Travel Guidelines such as maximum lodging rates. Nonetheless, when the Court does not require an Exception Request for Lodging form, it risks paying inappropriate or unallowable lodging costs.

RECOMMENDATION

To ensure it complies with the required Judicial Branch travel expense reimbursement policies and procedures, and to ensure its travel expenses are an appropriate and necessary use of public funds, the Court should do the following:

- Require all court employees and officials who travel on court business to provide complete TECs that include the information and documentation necessary—such as the residence address, times of travel, and approved Exception Request for Lodging forms—for reviewers to properly assess and approve allowable travel expenses.
- Require employees who cannot find overnight lodging at rates that are within the maximum lodging rates allowed to submit, for advance approval by the PJ or designee, an Exception Request for Lodging form along with the required supporting documents and attach this form to the respective travel expense claim. If the exception form and required supporting documents are not submitted and approved in advance, the accounting office should reimburse lodging expenses only up to the maximum lodging rates allowed, or require employees to repay the Court for lodging overcharges individuals charged to the Court credit card.
- Provide instruction to managers, supervisors, and accounts payable staff, in addition to employees who travel on Court business, regarding the information and documentation necessary to review and approve allowable travel expenses, including instructions on FIN Manual travel expense reimbursement requirements and maximum reimbursement limits.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree and Disagree. Fiscal staff was previous instructed not to bother travelers and make an attempt to gain all the required details from the support documentation. That has now changed,

including the residential address has been immediately corrected. These findings were shared with the judicial secretaries. The Finance Manager provided the form and adjusted rates memorandum to the secretaries that book reservations and reminded them of the requirement to get an approved form documenting their request to exceed the lodging rate if there is a valid reason for the increase and to avoid booking travel that exceeds if there is no valid reason. Fiscal staff has updated the form provided to travelers to include residential address, departure and arrival times review of the reimbursement limitations.

Response provided on 05/20/2025 by: Tara Howard, Finance Manager

Date of Corrective Action: 04/01/2025 and ongoing

Responsible Person(s): Tara Howard, Finance Manager; Mathina Thor, Accounting Clerk II; Manu Raut, Court Accountant; D'Arcy Connich, Accounting Clerk

FUND BALANCE

The Court Appropriately Supported Its Year-End Encumbrances

Background

State law allows trial courts to retain unexpended fund balance reserves in an amount that does not exceed a defined percentage of a court's prior fiscal year operating budget. Operating budget is defined as the court's total expenditures from all funds (excluding fiduciary funds) that are expended for operating the court. Certain types of funds received by the court and restricted for certain purposes—as specifically designated in statute, and including year-end encumbrances—are exempt from this requirement. The intent of the legislation was to prevent trial courts from accumulating significant fund balances instead of spending the funds on court operations. Audit Services reviews year-end encumbrances to ensure courts do not inflate their calculated fund balance caps by overstating total year-end encumbrance amounts for the current fiscal year, avoiding any required reductions in their budget allocation.

In addition, should a court need to retain funds that exceed its fund balance cap, the Judicial Council adopted a process whereby courts that meet certain specified guidelines may request approval from the Judicial Council to hold excess funds “on behalf of the court.” The request specifies how the funds will be used and requires the court to explain why such spending could not occur through its annual operating budget. If the Judicial Council approves the court's request, the Judicial Council may impose additional terms and conditions that courts must accept, including separately tracking the expenditures associated with these funds held on behalf of the court. As a part of the Judicial Council-approved process for approving funds held on behalf of a court, Audit Service is charged with reviewing funds held on behalf of the courts as a part of its normal court audit cycle to confirm that the courts used the funds for their approved stated purpose.

Results

Our review found that the Court complied with the requirements for reporting year-end encumbrances. Specifically, the Court supported the encumbrances it reported on its final FY 2022-23 calculation form with valid contracts for goods or services not received by June 30, 2023. Finally, we did not review its use of any excess funds because the Court has not requested the Judicial Council to hold any such funds on its behalf.

JBSIS CASE FILING DATA

The Court Should Ensure It Reports Accurate Case Filing Counts and Data to JBSIS

Background

The Judicial Branch Statistical Information System (JBSIS) is a reporting system that defines and electronically collects summary information from court case management systems for each major case processing area of the court. JBSIS directly supports the technology goals of the Judicial Council's strategic plan, providing information for judicial branch policy and budgetary decisions, management reports for court administrators, and the Judicial Council's legislative mandate to report on the business of the courts. Authorization for JBSIS is found in California Rules of Court, rule 10.400: "Consistent with article VI, section 6 of the California Constitution and Government Code section 68505, JBSIS is established by the Judicial Council to provide accurate, consistent, and timely information for the judicial branch, the Legislature, and other state agencies that require information from the courts to fulfill their mandates. Each trial court must collect and report to the Judicial Council information according to its capability and level of automation as prescribed by the JBSIS Manual adopted by the Judicial Council..." The Court Executives Advisory Committee is responsible for oversight of this program.

Results

Our review found that the Court maintained documentation to support the JBSIS case filings data it submitted to the Office of Court Research. Nevertheless, our review identified one JBSIS related audit finding that we believe requires the Courts continuous monitoring. This finding pertained to the following specific area of the JBSIS case filings data:

Finding Reference	Subject Area
2024-29-01	Case Filing Counts and Data

FINDING REFERENCE: 2024-29-01

CASE FILING COUNTS AND DATA

CRITERIA

CALIFORNIA RULES OF COURT, RULE 10.400, JUDICIAL BRANCH STATISTICAL INFORMATION SYSTEM:

Consistent with article VI, section 6 of the California Constitution and Government Code section 68505, the Judicial Branch Statistical Information System (JBSIS) is established by the Judicial Council to provide accurate, consistent, and timely information for the judicial branch...Each trial court must collect and report to the Judicial Council information according to its capability and level of automation as prescribed by the *JBSIS Manual* adopted by the Judicial Council.

JUDICIAL BRANCH STATISTICAL INFORMATION SYSTEM MANUAL – VERSION 3.0,
APPENDIX H—DATA QUALITY ASSURANCE;

Error Quantification and Acceptable Error Rates

The error rate is determined by the difference of the reported value and the correct value, divided by the reported value. The magnitude of the error relative to the number of filings in a given period affected determines how courts should remedy the error. The JBSIS subcommittee determined that a 2% error rate met the criteria of being rigorous enough to ensure high data quality without posing an undue burden for courts.

The committee determined that an error rate of 2% or more in any one data element for a specific case type or cumulative across case types for one data element—limited at this time to filings, dispositions, trials, and time to disposition, when reported—should be established as the threshold above which courts must submit amended data correcting the report and that amended reports to resolve the error must be submitted within 60 days of error discovery.

CONDITION

To better ensure courts can identify and research potential JBSIS reporting errors, effective July 2018, the JBSIS Manual includes data quality standards that encourage courts to have methods of both routine and non-routine reviews of their data. Examples of these review methods include courts performing random reviews of selected case files to ensure the data reported to JBSIS is consistent with the judicial branch's agreed-upon case type definitions. However, implementing such an approach requires courts to know which cases they have reported to JBSIS and when. Without this information, neither the courts nor external parties are well-positioned to evaluate the accuracy of the reported case filings data or determine which of the many monthly JBSIS reports require amendment if errors are found.

Reconciliation Between JBSIS Case Filing Counts and Court-Based Records

JBSIS data contains aggregated counts of new case filings, which should be supported by case-specific records at the trial court level. Columns A through D from Table 1 compare the Court's aggregated JBSIS data for fiscal year 2022-23 against its own corroborating CMS data. In short, columns A through D illustrate whether the Court can support its JBSIS filings data for fiscal year 2022-23 based on the summary CMS data provided at the time of our fieldwork in October 2024.

Table 1 - Comparison of JBSIS Case Filings Data to Underlying Court Records for fiscal year 2022-23

JBSIS Report / Case Category		JBSIS versus Court Records				Workload Formula Case Weight (^)
		A	B	(A-B) C	(C/A) D	
		Filings in JBSIS(*)	Court Records(#)	Net Difference	Error Rate	
05a	Unlawful Detainer	509	514	(5)	-0.98%	571
05a	Civil – Limited	602	600	2	0.33%	
05a	EDD	-	-	-	0.00%	
05b	Civil – Unlimited	851	849	2	0.24%	
05b	Civil – Complex	-	-	-	0.00%	
05b	Asbestos	-	-	-	0.00%	
06a	Family Law – Marital	533	535	(2)	-0.38%	
06a	Family Law – Child Support	314	315	(1)	-0.32%	
06a	Family Law – Domestic Violence	521	530	(9)	-1.73%	
06a	Family Law – Parentage	109	107	2	1.83%	
06a	Family Law – Other	134	138	(4)	-2.99%	
07c	Felony	1,153	1,171	(18)	-1.56%	
08a	Juvenile Delinquency	58	57	1	1.72%	
09a	Juvenile Dependency	229	231	(2)	-0.87%	
10a	Mental Health	284	288	(4)	-1.41%	
11a	Misdemeanor – Traffic	978	994	(16)	-1.64%	1,831
11a	Misdemeanor – Non-Traffic	1,495	1,520	(25)	-1.67%	
11a	Infractions	6,919	6,974	(55)	-0.79%	
12a	Conservator / Guardianship	86	85	1	1.16%	
12a	Estates / Trusts	258	266	(8)	-3.10%	
13a	Small Claims	195	197	(2)	-1.03%	
Overall Total		15,228	15,371	(143)	-0.94%	

Source: Judicial Branch Statistical Information System (JBSIS) and the Court's CMS records.

Notes:

- * Reported case filings for fiscal year 2022-23, by JBSIS report and case category, as accessed by Audit Services in October 2024.
- # Court CMS data provided by the Court to substantiate the aggregate filings data reported to
- ^ Applicable case weight (shown as minutes per filing), which is eventually applied to filings to determine Workload Formula budget allocations.

Although the Court reported to JBSIS a materially accurate total count of 15,228 new case filings in fiscal year 2022-23, the count did not always agree to the number of filings supported by case type reports. As shown in columns A through D, we found two variances exceeding the 2% error rate, with a total error rate of only 0.94% of all reported filings. Nevertheless, the Court's reported filings for the following case categories had variances that individually exceeded 2%: 06a - Family Law – Other with a 2.99% variance, and 12a - Estates/Trusts with a 3.10%

variance. According to the Court, the reporting error was due to a CMS change in 2019, as well as the turnover of staff with historical knowledge. The Court stated it is in the process of writing and updating documentation for staff, and will continue to make efforts to provide additional training.

Review of Case Files for JBSIS Data Quality

Our review of selected case file records associated with its fiscal year 2022-23 JBSIS case filings data found that the Court incorrectly reported one of the 60 cases reviewed as a new JBSIS case filing. Specifically, case records show an original petition for an LPS Conservatorship was filed in September 2013; however, under the existing case, a "Petition for Reimbursement for Services Rendered by Court Appointed Counsel" was filed as a new case filing in April 2023. According to the JBSIS Manual, this petition does not qualify as a new filing since it was filed within an existing case. The Court was unable to explain why it incorrectly reported a new case filing for the petition filed in April 2023.

RECOMMENDATION

To ensure it is doing all it reasonably can to ensure accurate and complete JBSIS reporting, the Court should do the following:

- Resubmit updated case filings data to JBSIS for fiscal year 2022-23 via an amended report.
- Provide training to clarify for staff certain JBSIS case type definitions and the required case file records.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. Humboldt's Operations Manager begins communications with JBSIS submissions to determine the best way to submit the amendments. Analysts request copy of the audit finding prior to submitting the amendments. Operations Manager will send the amendments as soon as possible.

Response provided on 05/20/2025 by: Tara Howard, Finance Manager

Date of Corrective Action: On 05/07/25 Operations Manager communicated with JBSIS Analyst, Vincent Louie, for guidance on when to submit those JBSIS amendments for Humboldt.

Responsible Person(s): Kelly Nyberg, Operations Manager
