



Audit of the Superior Court of California, County of Lake

September 2025



Judicial Council of California

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Superior Court of California, County of Lake

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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.

Summary of Audit Results

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

The Court demonstrated consistent adherence with many of the compliance requirements evaluated during the audit, as shown in Table 1. In particular, the Court demonstrated good compliance in the areas of procurement and in reporting year-end encumbrances. For example, our review found that the Court's procurement practices demonstrated good management practices in the areas of procurement initiation, authorization and authority levels, and competitive/non-competitive procurements. In addition, we found that the encumbrances reported at fiscal year-end were properly supported.

However, our audit did identify two 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. The two findings are identified in Table 1 under the column "Reportable Findings" and include reference numbers indicating where the reader can view in further detail the specific findings and the Court's perspectives.

One particular area of focus for the Court as it considers opportunities for improvement should include strengthening its controls over the required information on claim forms before processing the claims for payments. Specifically, the Court processed claims from in-court service providers—including interpreters, mediators, and court reporters—for payment without requiring the claimants to include on their claim forms the case names and/or numbers for which they provided services. When courts do not require claimants to include all required information, courts risk paying invalid or inappropriate claims. The Court indicated it generally agrees with our finding and recommendation in this area, but that it disagrees with the requirement to include case names on court interpreter claims. According to the Court, its interpreters use the Daily Activity Log form provided by the JCC, which includes fields for case numbers but not case names, and these claims are approved for payment by the Judicial Services Coordinator who assigns the interpreters on cases.

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

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	✓	2024-19-01	Partially Agrees
2	Voided Transactions	Yes	✓		
3	Manual Receipts	Yes	✓		
4	Mail Payments	Yes	✓		
5	Internet Payments	Yes	✓		
6	Change Fund	Yes	✓		
7	End-Of-Day Balancing and Closeout	Yes	✓		
8	Bank Deposits	Yes	✓		
9	Other Internal Controls	Yes	✓		
Procurement and Contracts					
10	Procurement Initiation	Yes	✓	2024-19-01	Partially Agrees
11	Authorization & Authority Levels	Yes	✓		
12	Competitive Procurements	Yes	✓		
13	Non-Competitive Procurements	Yes	✓		
14	Leveraged Purchase Agreements	Yes	✓		
15	Contract Terms	Yes	✓		
16	Other Internal Controls	Yes	✓		
Payment Processing					
17	3-Point Match Process	Yes	✓	2024-19-01	Partially Agrees
18	Payment Approval & Authority Levels	Yes	✓		
19	Special Rules - In-Court Service Providers	Yes	1		
20	Special Rules - Court Interpreters	Yes	✓		
21	Other Items of Expense	Yes	✓		
22	Jury Expenses	N/A	-		
23	Travel Expense Claims	Yes	✓		
24	Business-Related Meals	N/A	-		
25	Allowable Costs	Yes	✓		
26	Other Internal Controls	Yes	✓		
Fund Balance					
27	Year-End Encumbrances	Yes	✓	2024-29-01	Agrees
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.

Summary Perspective of Court Officials

Audit Services initiated its audit of the Court on October 29, 2024, and completed its fieldwork in May 2025. Audit Services shared the draft findings with the Court starting on April 15, 2025, and received the Court's final official response on June 27, 2025. The Court generally agrees with the findings, and its specific responses are included in the body of the report after the findings.

Report Distribution

The Judicial Council's *Advisory Committee on Audits and Financial Accountability for the Judicial Branch* reviewed this report on September 17, 2025, and approved it for public release.

Audit Staff

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

Sandra Gan, Senior Auditor (auditor in charge), CPA
Jennifer Cabrera, Auditor
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Tia Thao, Auditor

BACKGROUND ON THE COURT'S OPERATIONS

The Superior Court of California, County of Lake (Court) operates two court facilities in the cities of Lakeport and Clearlake. 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 Lake Superior Court and Average of all Superior Courts

Statistic	Lake 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	\$ 6,084,691	\$ 3,376,457	\$ 15,000,011	\$ 57,522,113	\$ 293,144,702	\$ 59,889,520
Total Expenditures	\$ 6,064,990	\$ 3,494,275	\$ 15,091,980	\$ 57,533,804	\$ 293,520,524	\$ 60,009,333
Staff Salaries & Benefits	\$ 3,832,220	\$ 2,181,311	\$ 11,118,697	\$ 42,462,619	\$ 225,828,428	\$ 45,447,802
As a % of Total Expenditures	63.2%	62.4%	73.7%	73.8%	76.9%	75.7%
Judicial Officers and Staff (2025 Court Statistics Report)						
Judges	4	2	8	30	144	30
Commissioners/Referees	1	-	1	4	21	4
Non-Judicial Staff (approx.)	34	17	86	298	1,380	294
Total	39	19	95	332	1,545	328
New Case Filings (Fiscal Year 2023-24)						
Appeal Filings	4	10	82	154	217	98
Civil Filings						
Civil	1,364	356	2,487	11,390	75,156	13,954
Family Law	890	234	1,537	5,460	25,574	5,395
Juvenile Delinquency	55	34	166	776	1,988	520
Juvenile Dependency	44	27	164	461	3,267	623
Mental Health	103	19	226	1,428	9,413	1,709
Probate	221	55	321	1,097	5,182	1,097
Small Claims	137	34	257	1,058	7,195	1,336
Criminal Filings						
Felonies	954	225	1,149	3,853	13,188	3,177
Misdemeanors / Infractions	5,115	4,031	18,513	59,228	254,665	56,466
Total	8,887	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. Lake Superior Court is a cluster 2 court.

SCHEDULE OF AUDIT FINDINGS AND PLANNED CORRECTIVE ACTION

CASH HANDLING

The Court Followed Required Cash Handling Procedures

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 daily opening process, void transactions, and end-of-day balancing and closeout.

PROCUREMENT AND CONTRACTS

The Court Complied with Applicable Requirements for Procuring Goods and Services

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

Our review found that the Court complied with applicable requirements for procuring goods and services. Specifically, the Court demonstrated compliance in various areas we evaluated during our audit, including demonstrating sound management practices in the areas of procurement initiation, authorization and authority levels, and competitive/non-competitive procurements.

PAYMENT PROCESSING

The Court Complied with Most Payment Processing Requirements, But Could be More Consistent with In-Court Service Provider Requirements

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 various payment processing areas we evaluated during our audit. The Court demonstrated sound management practices in the areas of review and approval prior to payment, other items of expense, and allowable costs. Nevertheless, we identified one audit finding in the payment processing area that we believe requires the Court's corrective action. This finding pertains to the following specific area of payment processing:

Finding Reference	Subject
2024-19-01	Special Rules – In-Court Service Providers

FINDING REFERENCE: 2024-19-01

SPECIAL RULES—IN-COURT SERVICE PROVIDERS

CRITERIA

FIN MANUAL, FIN 8.02, 6.1.1 CLAIMS PAYMENT PROCESS:

1. The trial court regularly uses the services of a variety of skilled professionals in conducting its operations. The services of court-appointed counsel, investigators, psychiatrists, psychologists, court reporters, interpreters, mediators, arbitrators, and others are needed on an ongoing basis. These service providers submit claims for payment to the trial court that must be processed through accounts payable.

FIN MANUAL, FIN 8.02, 6.3 COMPLETE CLAIM DOCUMENTATION:

1. The documentation required to pay a claim consists of a court-approved claim form that includes at least the following information:
 - a. The name and address of the person or business submitting the claim.
 - b. The tax identification number of the person or business submitting the claim. (If the tax identification number is on file with the court, it need not appear on every claim form.)
 - c. The signature of the person making the claim or the person authorized to sign for the business making the claim.
 - d. The case number and name.
 - e. The amount of compensation claimed.

FIN MANUAL, FIN 8.02, 6.8 RECONCILIATION OF CLAIMS:

After the accounts payable department has received and recorded a claim, it must be reconciled to the court authorization for the services provided and the service provider's invoice. The claim should be reviewed against the court authorization to verify the appointment, rates, and any hour or dollar limits that may apply. The invoice should be reviewed against the court authorization for the rates and hours charged, and other costs incurred. The correctness of unit price extensions and totals should also be reviewed. Previous claims for the same matter should also be reviewed to assure that limits are not exceeded.

CONDITION

For four of eight in-court service provider claims reviewed, the Court processed and paid the claims even though the claimants did not include all the information required for the Court to verify the accuracy and validity of the claims. Specifically, the Court's accounts payable staff processed claims from two interpreters (\$566 and \$3,000), one mediator/arbitrator (\$7,000), and one court reporter (\$2,850) for payment without requiring the claimants to include on their claim forms the case names and/or the case numbers for which they provided services. In addition, one of the claim forms also did not include the claimant's address. Nonetheless, including the claimant's address, case names, and numbers on in-court service provider claims is required by the FIN Manual. When courts do not require claimants to include all required information, courts risk paying invalid or inappropriate claims.

RECOMMENDATION

To ensure court accounts payable staff responsible for processing in-court service provider claims have the information they need to reconcile and verify the accuracy of these claims prior

to payment approval and processing, the Court should require all in-court service providers to use a claim form that includes at least the following information:

- The name and address of the person or business submitting the claim.
- The tax identification number of the person or business submitting the claim. (If the tax identification number is on file with the court, it need not appear on every claim form.).
- The signature of the person making the claim or authorized to sign for the business making the claim.
- The case number and name.
- The amount of compensation claimed.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The court agrees that all claims must have the vendors mailing address. The one sample found was an anomaly. The court always requires that all claims include the vendor's address.

The court agrees to require the case numbers and case names for payment of court reporter claims. This will be accomplished by the Judicial Services Coordinator attaching applicable court calendars to the claims.

The court agrees to require the case numbers and case names for payment of mediation claims. This will be accomplished by contacting the contracted court mediator so that the information is included on future claims.

The court disagrees with the requirement to include case names with court interpreter claims which already include case numbers. The interpreters complete a JCC Daily Activity Log form that provides all JCC requested data regarding interpretations. This has historically been used as the backup for the interpreters' claims. If the case names must be required, the court recommends that the JCC Daily Activity Log be revised to include a column on the form for the information since all other interpreting data is included on this log. Case numbers are sufficient to verify interpreters service provided. All claims are approved for payment by the Judicial Services Coordinator who assigns the interpreters on cases.

Response provided on 5/1/2025 by: Michaela Noland, Administrative Services Manager

Date of Corrective Action: 7/1/2025

Responsible Person(s): Yolanda Blum, Judicial Services Coordinator, Vanessa Vestal, Court Analyst

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 2023-24 calculation form with valid contracts for goods or services not received by June 30, 2024.

Finally, we found the Court had excess funds held on its behalf at the end of FY 2022-23 and FY 2023-24. Our review found that the Court complied with the requirements to spend its held funds for the purposes previously approved by the Judicial Council.

JBSIS CASE FILING DATA

The Court Should Ensure It Reports Accurate 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 Court's 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 Categories

FINDING REFERENCE: 2024-29-01

CASE FILING COUNTS AND CATEGORIES

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

Although the Court reported to JBSIS a materially accurate total count of 10,737 new case filings in fiscal year 2022-23, the counts of individual case types did not always materially agree to the number of filings supported by case type reports. Specifically, we found that the Court's reported filings for the following two case categories had variances that individually exceeded the 2% tolerable error rate:

- 05b Civil Unlimited: The Court overreported new JBSIS case filings by 26 cases, or 4.62%
- 06a Family Law – Other: The Court underreported new JBSIS case filings by 26 cases, or 130%.

These variances occurred because 26 elder abuse case filings were reported under 05b Civil Unlimited instead of under 06a Family Law – Other. If these new case filings had been reported in the correct case category, neither case category would have had a variance. According to the Court, it has confirmed with its CMS vendor that this was due to a CMS configuration error.

Additionally, our review of selected case file records associated with its fiscal year 2022-23 JBSIS case filings data found the Court reported 2 of 60 case filings reviewed in a manner that did not agree with the JBSIS Manual data element definitions for the case type. Specifically, for one of the ten Family Law Domestic Violence (DV) case filings reviewed, the Court reported a case filing in JBSIS category 80 (DV Prevention with Minor Children). However, because the Request for DV Restraining Order filed with the Court listed only individuals over 18 years old, the Court should have recorded the filing in JBSIS category 90 (DV Prevention without Minor Children). In addition, of the ten Felony case filings reviewed, the Court reported one case filing in JBSIS category 10 (Homicide). However, since the highest charged offense in the filing was attempted murder, the case should have been filed under JBSIS category 40 (Assault), based on the DOJ hierarchy.

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 additional training to staff to ensure they review case filings and assign them to the appropriate JBSIS case category.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree.

Response provided on 6/26/2025 by: April Young, Senior Court Analyst

Date of Corrective Action: The CMS configuration for the 05b – Civil Unlimited and 06a – Family Law categories were corrected on 12/12/2024. FY 2022-23 amended JBSIS reports will be sent by 7/4/2025. Corrective actions in regards to staff training will occur by 7/11/2025.

Responsible Person(s): Amending FY 2022-23 JBSIS reports will be completed by April Young, Senior Court Analyst. Staff training will be provided by Melissa Paulich, Court Operations Manager.

APPENDIX – AUDIT SCOPE AND METHODOLOGY

Audit Services initiated an audit of the Superior Court of California, County of Lake (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, such as such as those contained within the Trial Court Financial Policies and Procedures Manual (FIN Manual) and the Judicial Branch Contracting Manual (JBCM). 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) 2023-24, but certain compliance areas noted below required that we review earlier periods or current practices. Table A-1 lists the specific audit objectives and the methods we used to address them.

Table A-1 – 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 each of its payment collection locations. For selected locations, 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	<p>Determine whether the Court demonstrated appropriate control over its non-personal services spending 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>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, receiving the goods, and paying for the goods or services.</p> <p>We 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 10 travel expense claims and determined whether:</p> <ul style="list-style-type: none">• The Court followed the 3-point match process to ensure goods and services were received and accepted, and the invoice agreed with the contract terms.• Appropriate court staff authorized payment.• The payment reasonably represented an allowable “court operations” cost per Rule of Court, Rule 10.810.• The payments for in-court service providers and travel expense claims adhered to applicable Judicial Council policies.
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		Note: The Court did not have business-related meal expenditures for the period under review. Therefore, we did not test business-related meal transactions.
4	<p>Determine whether the Court properly classified its year-end encumbrances 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>We obtained the Court's Year-End Encumbrance Calculation Worksheet for the most recently completed fiscal year at the time of our testing (FY 2023-24) and traced and verified year-end encumbrances to supporting records and the Phoenix accounting system.</p> <p>We obtained any Judicial Council-approved requests by the Court to hold excess prior year fund balances. To the extent that the Court had and spent any of these held funds, we verified that such spending was limited for the purposes previously approved by the Judicial Council.</p>
5	Determine whether the Court accurately reports case filings data to the Judicial Council through the Judicial Branch Statistics Information System (JBSIS).	<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

We obtained financial transaction data from the statewide accounting system used by the superior courts for the limited purpose of selecting transactions to test. We reconciled the data 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 financial transaction data was sufficiently reliable for the limited purpose of selecting transactions for testing.