



Audit of the Superior Court of California, County of Modoc

JUNE 2026



Judicial Council of California

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Superior Court of California, County of Modoc

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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 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 Modoc (Court) demonstrated compliance with many of the Judicial Council's requirements evaluated during the audit. The Court demonstrated consistent adherence with many of the compliance areas evaluated during the audit. In particular, the Court demonstrated good compliance in the areas of procurement. For example, our review found that the Court's procurement practices demonstrated good management practices in the area of competitive and leveraged purchase agreements.

However, our audit did identify eight 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 findings are further detailed in the body of the report and include the Court's perspective.

One particular area of focus for the Court as it considers opportunities for improvement should include strengthening controls over payments received in the mail or drop-box. Specifically, the Court does not restrictively endorse checks, including money orders and other negotiable instruments, immediately upon receipt in the mail or drop-box. Instead, checks, money orders, and other negotiable instruments are only endorsed after they have been processed in the case management system (CMS). 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 will order a stamp with the required information and use it when processing the mail.

Summary Perspective of Court Officials

Audit Services initiated its audit of the Court on August 26, 2025, and completed its fieldwork in April 2026. Audit Services shared the draft findings with the Court starting on November 11, 2025, and received the Court's final official responses on May 1, 2026. The Court agreed with the findings, and its specific responses are included in the body of the report after each finding.

Report Distribution

The Judicial Council's *Advisory Committee on Audits and Financial Accountability for the Judicial Branch* reviewed this report on June 10, 2026, and approved it for public release.

Audit Staff

This audit was completed by the following staff under the general supervision of Michelle O'Connor, Audit Supervisor, CPA, CGFM, CFE:

Sandra Gan, Senior Auditor (auditor in charge), CPA

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BACKGROUND ON THE COURT'S OPERATIONS

The Superior Court of California, County of Modoc (Court) operates one court facility in the city of Alturas. 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 Judicial Council generally groups superior courts into four clusters and uses these clusters, for example, when analyzing workload and allocating funding to courts. 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. Modoc Superior Court is a cluster 1 court.

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 daily opening and end of day processes, processing of voids, 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 #	Subject Area
1	Mail Payments – Endorsement
2	Bank Deposits – Deposit Verification
3	Bank Deposits – Prompt Deposit
4	Other Internal Controls – Segregation of Duties

FINDING #1*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. Instead, checks, money orders, and other negotiable instruments are only endorsed after they have been processed in the CMS. According to court management, the Court waits to endorse the checks until they are processed to ensure they are endorsed to the appropriate bank account. Nevertheless, the FIN Manual requires courts to restrictively endorse checks immediately upon receipt. 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. The Court will order a stamp with the required information and use it when processing the mail.

Response provided on 12/02/2025 by: Brandy Malcolm, Court Executive Officer

Date of Corrective Action: By January 2, 2026

Responsible Person(s): Brandy Malcolm, Court Executive Officer; Rebakah Ingraham, Court Operations Manager; Katelyn Tate, Supervising Court Clerk.

FINDING #2*BANK DEPOSITS – DEPOSIT VERIFICATION***CRITERIA**

FIN MANUAL, FIN 13.01, 6.4 DEPOSITS

3. Deposits consisting of coin and paper currency in excess of \$100 will be prepared as follows:
 - b. The coin and paper currency portion of any bank deposit must be counted by one person and verified and initialed by a second person (preferably a supervisor or lead) prior to tendering the deposit to an armored car service, a court employee for deposit to a bank night deposit drop safe, or a bank teller within the lobby of the bank.
 - c. Paper currency and coin (unrolled) will be placed in the deposit bag and sealed in the presence of two court employees who will sign a court copy of the deposit slip indicating they have verified the coin and paper currency amount contained in the deposit bag.

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 (RAP) 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 one person to prepare and a second person to verify and initial its bank deposits before tendering the collections for deposit with the bank. Instead, for Civil and

trust-related collections, the Court exchanges the cash received for a cashier's check on a monthly basis and electronically deposits both the cashier's check and the other checks received without a secondary verification or a completed deposit slip. For all other collections, the Court prepares the deposit and delivers the deposit to the Modoc County Treasury without secondary verification or a signed deposit slip. Although a deposit slip is prepared for the deposit to the Modoc County Treasury, it is only initialed by the Modoc County Treasury to document receipt and is not initialed by the deposit preparer. This occurs, at least in part, because the Court's written procedures do not require two staff members to be involved in the deposit preparation process. According to the Court, due to its small size, it has limited staff to provide secondary verification. However, the FIN Manual requires courts to have a second person, preferably a supervisor or lead, verify deposits, and for both employees to sign a court copy of the deposit slip indicating they have verified the coin and paper currency amount contained in the deposit bag. Without a secondary verification of the Court's deposit, any potential deposit shortage would be without clear accountability of when the shortage may have occurred or who may have been responsible for the discrepancy—the Court, the County, or the bank.

RECOMMENDATION

To safeguard its receipts and reduce the risk of lost or stolen collections, the Court should ensure a second person verifies the bank deposits, deposit slips are consistently prepared and signed by both employees. Additionally, the Court should update its written procedures to require two staff members to be involved in the deposit preparation process. If the Court believes that its staffing limitations do not allow it to implement a secondary verification of deposits, it should request approval from the Judicial Council for an alternative procedure that mitigates the potential risk created by not being able to have a second person verify the deposits.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The Court will have a second person verify the deposit, and both employees will initial the deposit permits.

Response provided on 12/02/2025 by: Brandy Malcolm, Court Executive Officer

Date of Corrective Action: December 2, 2025

Responsible Person(s): Brandy Malcolm, Court Executive Officer; Rebakah Ingraham, Court Operations Manager; Katelyn Tate, Supervising Court Clerk.

FINDING #3*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. Specifically, the Court deposits its Civil and trust-related cash collections monthly, and it deposits its checks, money orders, and other negotiable instruments bi-monthly. As a result, the accumulated cash held without deposit consistently exceeds \$1,000, and the accumulated checks, money orders, and other negotiable instruments held without deposit has exceeded \$10,000. For example, our review of the Court's Civil and trust deposits for the period from February 2025 to August 2025 found cash deposit amounts ranging between \$1,079 and \$3,113 on five separate occasions. Additionally, the Court's Civil and trust-related deposit for cash and checks exceeded \$13,000 in July 2025. The Court agreed that it could monitor the checks received and deposit checks more frequently to ensure the Court does not exceed the \$10,000 dollar limit. However, according to the Court, the bank where the Civil and trust collections are deposited does not have a branch in Modoc County. Therefore, the Court exchanges the cash portion of the deposit for a cashier's check at a local bank that has permitted the Court one free cashier's check per month. Nonetheless, the FIN Manual requires courts to deposit collections when they exceed \$1,000 in cash or \$10,000 in any combination of coin/paper currency, checks, money orders, and warrants (excluding state warrants and state checks), whichever comes first. By not making deposits when required, the Court leaves itself at increased risk for 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 not following the FIN Manual

requirement for promptly depositing coin/paper currency collections of \$1,000 or more, or when any combination of cash and checks reaches \$10,000 or more.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The Court will promptly deposit cash collections into the bank when we reach \$1,000, or when any combination of cash and checks reaches \$10,000.

Response provided on 12/02/2025 by: Brandy Malcolm, Court Executive Officer

Date of Corrective Action: December 2, 2025

Responsible Person(s): Rebakah Ingraham, Court Operations Manager

FINDING #4*OTHER INTERNAL CONTROLS – SEPARATION OF DUTIES***CRITERIA**

FIN MANUAL, FIN 1.03, 6.3.3 CONTROL ACTIVITIES:

6. Appropriate Segregation of Duties

- a. An organization plan should be established that provides for an appropriate segregation of duties; this will help safeguard trial court assets. Segregation of duties is based on the concept that no one individual controls all phases of an activity or transaction.
- b. Work must be assigned to court employees in such fashion that no one person is in a position to initiate and conceal errors and/or irregularities in the normal course of his or her duties.
- d. If segregation of duties cannot be achieved due to staffing limitations, court management must apply alternative control methods to mitigate the risks. Work processes should be carefully reviewed to determine the critical points where segregation of duties must be implemented, considering the staff resources that are available.

CONDITION

The Court does not always adequately segregate court staff duties. Specifically, the same person verifies the cashiers' closeout at end of day, prepares the deposits, physically delivers cash deposits to the County Treasury, and electronically deposits checks, money orders, and other negotiable instruments. This occurs, at least in part, because the Court's written procedures do not require two staff members to be involved in the deposit preparation process. According to the Court, due to its small size, it has limited staff to segregate cash handling duties. Nonetheless, the FIN Manual requires courts to segregate duties so that no one person is in a position to initiate and conceal errors and/or irregularities in the normal course of their duties. As a result of the lack of segregation of duties, potential fund shortages and thefts may occur and go undetected.

RECOMMENDATION

To reduce the risk of potential fund shortages and thefts, the Court should require someone other than the person who verifies the cashiers' closeout to prepare and deliver the deposit. If the Court believes that its staffing limitations do not allow it to segregate the duties of verifying the end-of-day closeout and the preparation and delivery of deposits, it should request approval from the Judicial Council for an alternative procedure that mitigates the potential risk created by not segregating these duties.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree. The Court will have a different person verify the cashiers' closeout.

Response provided on 12/02/2025 by: Brandy Malcolm, Court Executive Officer

Date of Corrective Action: December 2, 2025

Responsible Person(s): Brandy Malcolm, Court Executive Officer; Katelyn Tate, Supervising Court Clerk.

PROCUREMENT AND CONTRACTS

The Court Complies with Most Applicable Requirements for Procuring Goods and Services, But Should Ensure it Consistently Uses Purchase Requisitions

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 competitive procurement and leveraged purchase agreements. Nevertheless, we identified one audit findings that we believe require the Court’s attention and corrective action. The finding pertained to the following specific area of procurement:

Finding #	Subject Area
5	Procurement Initiation

FINDING #5*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?
- Are there any program schedule requirements, special delivery instructions, time constraints, etc.?

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 10 of the 16 procurements we reviewed where a purchase request was expected, the Court either did not prepare a purchase request or prepared the purchase request after initiating the procurement. For example, we found the Court paid more than \$100,000 in fiscal year 2024-25 on ongoing maintenance or monthly service purchases that had no associated purchase request. These included ongoing services for the Court's case management system, videoconference support, and jury management software, among other services. In addition, we found two procurements where the purchase requests were approved after the purchase had occurred. According to court staff, court practice has been that purchase requests were not required for ongoing maintenance agreements or other routine monthly invoices. In other cases, staff created the purchase request after the procurement due to timing issue or error in dating the purchase requisition document. Nonetheless, the use of a purchase requisition 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, the Court will take more formal steps to ensure we consistently obtain and document in our procurement files the approved purchase requests prior to staff starting the purchasing activity.

Response provided on 05/01/2026 by: Brandy Malcolm, Court Executive Officer

Date of Corrective Action: May 1, 2026

Responsible Person(s): Brandy Malcolm, Court Executive Officer; Rebekah Ingraham, Court Operations Manager

PAYMENT PROCESSING

The Court Complied with Most Payment Processing Requirements, But Could be More Consistent with In-Court Service Provider and Travel Expense 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 other items of expense 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 pertain to the following specific areas of payment processing:

Finding #	Subject Area
6	Special Rules – Court Interpreters
7	Travel Expense Claims – Approval and Support

FINDING #6*SPECIAL RULES – COURT INTERPRETERS***CRITERIA****JUDICIAL COUNCIL OF CALIFORNIA, PAYMENT POLICIES FOR INDEPENDENT CONTRACTOR INTERPRETERS (EFFECTIVE JULY 1, 2021)**

III. Policy

B. Compensation Rates

3. The compensation rates for interpreters are as follows:

a. Certified/Registered Interpreters

- Half-day: \$175
- Full-day: \$350
- Hourly: \$44

b. Noncertified/Nonregistered Interpreters (provisionally qualified [Cal. Rules of Court, rule 2.893])

- Half-day: \$110
- Full-day: \$220
- Hourly: \$28

E. Costs Exceeding Normal Rates

1. Courts have the discretion to negotiate compensation rates above those established by this policy in order to obtain services in extraordinary circumstances.
2. Before a higher compensation rate may be authorized, the following procedures must be followed:
 - a. The court must make a reasonable effort to contact a minimum of three independent contractor interpreters. If contacting three is not feasible in a given circumstance, the reason(s)/rationale and what attempts were made must be documented.
 - b. Each interpreter who is contacted must be unwilling to accept the applicable maximum rate and/or be unavailable to provide service to the court on the requested date(s).
 - c. The court must make a determination that the only alternative, other than to pay a compensation rate that exceeds the maximum rate included in this policy, is to continue the proceeding.
 - d. The trial court's Executive Officer or designee must approve the higher rate for the specific case and date(s) requested prior to the commencement of work.

CONDITION

For three court interpreter claims reviewed, the Court did not follow the Judicial Council's Payment Policies for Independent Contractor Interpreters. Specifically, the Court paid rates for interpreters above the Judicial Council's established rates without documenting the extraordinary circumstances requiring the Court to do so. For one certified ASL and one certified Spanish language interpreter, the Court paid full day rates of \$900 and \$600, respectively, while the

Judicial Council established full-day rates for registered interpreters is \$350. Additionally, the Court paid one certified Mandarin interpreter a half-day rate of \$300, while the established half-day rate for certified interpreters is \$175. The Judicial Council's Payment Policies for Independent Contractor Interpreters requires that courts make and document reasonable efforts to attempt to contact a minimum of three independent contractor interpreters, as well as obtain the Executive Officer or their designee's approval for the higher rate prior to the commencement of work. Additionally, the Judicial Council's policies require that all documentation, including the initial research, specific case, date(s), rate, and the Executive Officer or designee's approval, must be kept with the claim. According to the Court, it has difficulty finding interpreters and often has to go above the JCC-established rate, but it is not the Court's process to document the circumstances when it does so. However, without a written description of the unusual circumstances that prompted it to pay rates that are higher than the Judicial Council standard rates and its prior written authorization, accounts payable staff do not have the documentation they need to verify and demonstrate that the Court is paying only necessary and approved costs.

RECOMMENDATION

To ensure its accounts payable staff pay contract court interpreter rates and costs that exceed the rates set by the Judicial Council only when pre-authorized and approved, the Court should consistently document the unusual circumstances and pre-authorization for contract court interpreter services that cost more than the Judicial Council's standard rates.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree, the Court will consistently document the unusual circumstances and pre-authorization for contract court interpreter services that cost more than the Judicial Council's standard rates.

Response provided on 05/01/2026 by: Brandy Malcolm, Court Executive Officer

Date of Corrective Action: May 1, 2026

Responsible Person(s): Rebekah Ingraham, Court Operations Manager; Katelyn Tate, Supervising Court Clerk

FINDING #7*TRAVEL EXPENSE CLAIMS – APPROVAL AND SUPPORT***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, 6.3 TRAVEL PROCEDURES:

1. It is necessary to document business travel expenses with receipts showing the actual amounts spent on lodging, transportation, and other miscellaneous items. In limited circumstances, a receipt not on preprinted bill head may be acceptable. Receipts not on preprinted bill head must be signed by the vendor or person furnishing the goods or services. Every receipt must be properly itemized. Receipts are required to claim reimbursement for:
 - e. Hotel lodging. Receipts for hotel lodging charges must be on a preprinted bill head with a zero-balance shown. The hotel express checkout or receipts from a third-party provider for lodging booked via the internet are not valid receipts. In some instances, a hotel may decline to issue a receipt on their preprinted billing head for lodging booked via the internet.
 - h. Conferences and training classes. In addition to the receipt, a proof of attendance or certification of completion must be submitted with the claim. Agenda materials distributed at the conference will suffice as proof of attendance.

In cases where receipts cannot be obtained or have been lost, a written explanation to that effect and the reason provided must be noted on the Travel Expense Claim. Lodging, airfare, and car rental receipts cannot be certified as lost or waived and must not be reimbursed without the submission of a valid receipt.

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://jrn.courts.ca.gov/programs/bap/> or approved lodging exception request rate.

CONDITION

Our review found the Court did not consistently follow applicable Judicial Branch travel expense reimbursement policies and procedures. Specifically, claimed hotel costs were not always adequately supported. For two TEC forms reviewed, the claimants did not provide an itemized

receipt to support the lodging cost. For example, the claimant for one of the TECs reviewed only provided confirmation of the hotel reservation from a third-party reservation provider and not the hotel receipt. For the other TEC reviewed, the claimant only provided a receipt from the hotel showing miscellaneous fees such as a resort fee, as well as a receipt from the third-party reservation provider for the hotel charges. However, the FIN Manual requires that receipts for hotel lodging charges must be on a preprinted bill head with a zero-balance shown, and that hotel express checkout or receipts from a third-party provider for lodging booked via the internet are not considered valid receipts. In limited circumstances, a receipt not on a preprinted bill head may be accepted if signed by the vendor providing services, and lodging receipts must not be reimbursed without the submission of a valid receipt, even if the receipt is lost. According to the Court, it was unaware of the FIN Manual requirements. Nonetheless, as a result, when the Court reimburses travel expenses without the FIN Manual required supporting documentation, it risks paying more than appropriate for, or unallowable, lodging costs.

Additionally, the FIN Manual requires an Exception Request for Lodging form along with supporting documentation to be submitted and approved in advance when lodging rates, including taxes and fees, for an upcoming business trip exceeds U.S. General Services Administration (GSA) maximum allowable lodging rates. However, for two TECs reviewed, the lodging expense claimed exceeded the GSA maximum lodging rates, and the claimants did not submit, or receive approval, for an Exception Request for Lodging form. Specifically, for one TEC, the claimant incurred lodging expenses in Monterey, California, between March 2025, to April 2025, at a daily rate of \$306, after taxes and fees, when the GSA maximum allowable lodging rate for Monterey during this period of time was only \$199 per day. For another TEC related to out-of-state travel to Orlando, Florida in May 2025, the claimant incurred lodging expenses ranging between \$397 and \$433 per night, after taxes and fees, when the GSA maximum allowable lodging rate for the city of Orlando during this travel period was only \$140 per night. According to the Court, it was unaware of the FIN Manual requirements. Nonetheless, as a result, when the Court does not require an Exception Request for Lodging form, it risks paying more than appropriate for, or unallowable, lodging costs.

Furthermore, for eight of the TEC forms reviewed in which the claimants attended conferences or training courses, the receipts and proofs of attendance or certifications of completion were not included. However, the FIN Manual requires that, for conferences and training classes, the receipt as well as proof of attendance or certification of completion, must be submitted with the TEC. According to the Court, it was unaware of the FIN Manual requirements. Nonetheless, when the courts do not require employees to submit TEC forms that include all necessary key information and required documentation, reviewers and accounts payable staff may not have the information they need to properly verify that TECs include only appropriate expenses before approving and processing the TECs for payment.

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 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.
- Require employees who travel for training courses or conferences to include the FIN Manual required documentation with the TEC forms, such as the receipts and proofs of attendance or certifications of completion.
- Provide instructions and training 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. The Court will 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. The Court will require employees who travel for training courses or conferences to include the FIN Manual required documentation with the TEC forms, such as the receipts and proofs of attendance or certifications of completion. The Court will provide instructions and training 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.

Response provided on 03/23/2026 by: Brandy Malcolm, Court Executive Officer

Date of Corrective Action: March 23, 2026

Responsible Person(s): Rebekah Ingraham, Court Operations Manager; Brandy Malcolm, Court Executive Officer

FUND BALANCE

The Court Did Not Report Year-End Encumbrances or Funds Held-On-Behalf

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

We did not review the Court's year-end encumbrances nor its use of any excess funds held-on-behalf because the Court did not report any for fiscal years 2024-25 and 2023-24.

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 Research, Analytics and Data Office. 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 #	Subject Area
8	JBSIS Data Quality – Case Filing Counts and Data

FINDING #8*JBSIS DATA QUALITY – 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

Although the Court reported to JBSIS a materially accurate total count of 2,116 new case filings in fiscal year 2023-24, the counts of individual case categories did not always materially agree to the number of filings supported by case category reports. Audit Services reviewed the underlying court records supporting its reported case counts for fiscal year 2023-24 and found a variance greater than 2% for the JBSIS 07c Felony case category. Specifically, while the Court reported to JBSIS 138 new case filings, the Court's CMS data supported 142 new case filings, resulting in a variance of four cases, or 2.90%. According to the Court, it reached out to its CMS vendor and both the Court and the vendor are unsure why the additional four cases were not reported in JBSIS.

Additionally, our review of selected case file records associated with the Court's fiscal year 2023-24 JBSIS case filings found the Court incorrectly reported the case category or case type data elements for three different case filings. Specifically, for one case filing reviewed, the case

was filed under the 05a Limited Civil case category for an unlawful detainer case in an amount not exceeding \$10,000; however, the case filing was recorded in the CMS and reported to JBSIS under the 05b Unlimited Civil case category. In another case filing reviewed, the Court reported one 07c Felony case filing in JBSIS under data element 10 - Homicide when the case should have been reported under JBSIS data element 40 - Assault. According to the Court, these two cases were due to clerical errors. Furthermore, for one 06a Family Law – Child Support case filing, the case was recorded in the CMS under JBSIS data element 100 - Department of Child Support Services/DCSS when it should have been recorded under JBSIS data element 110 - DCSS–UIFSA since it was an out-of-state support order from the state of Oregon. According to court management, the Court will consult with its CMS vendor to investigate why the error occurred.

Finally, the Court erroneously reported two 06a Family Law – Child Support JBSIS case filings reviewed as new case filings for fiscal year 2023-24. Specifically, for both cases, a Notice of Modification for Child Support (FL-680) was filed to modify the initially filed Summons and Complaint Regarding Parental Obligations (FL-600). The JBSIS Manual states that supplemental DCSS complaints filed within an existing DCSS child support case should not be counted as separate or new case filing. According to the Court, it is unsure why the errors occurred and will work with its CMS vendor to investigate and resolve the issue. Nonetheless, when courts do not classify and report case filings correctly, not only may the Judicial Council report flawed JBSIS case filings data to internal and external stakeholders, it may also use filings data that can negatively affect the annual budget allocations of both the Court and/or other superior courts.

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 2023-24 via an amended report.
- Provide training to clarify for staff certain JBSIS case type definitions.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

Agree, the Court will resubmit updated case filings data to JBSIS for fiscal year 2023-24 via an amended report, and provide training to staff to clarify certain JBSIS case type definitions.

Response provided on 03/19/2026 by: Brandy Malcolm, Court Executive Officer

Date of Corrective Action: April 3, 2026

Responsible Person(s): Brandy Malcolm, Court Executive Officer

APPENDIX – AUDIT SCOPE AND METHODOLOGY

Audit Services initiated an audit of the Superior Court of California, County of Modoc (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 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) 2024-25, 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	<p>Through inquiry, auditor observation, and review of local court policies and procedures, identify areas of high risk to evaluate the Court’s compliance.</p>	<p>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.</p>
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. 	<p>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: 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.</p>

<p>3</p>	<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 2024-25 payments pertaining to various purchase orders, contracts, 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. <p>The Court did not have business-related meal expenditures for the period under review. As a result, no further review was deemed necessary.</p>
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<p>4</p>	<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>The Court did not encumber funds at fiscal year-end 2024-25. As a result, no further review was deemed necessary.</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>
<p>5</p>	<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 2023-24), 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 five case types, and all seven cases for the year from a sixth case type, for a total of 57 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.