



Audit of the Superior Court of California, County of Sacramento

SEPTEMBER 2026



Judicial Council of California

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Superior Court of California, County of Sacramento

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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 Sacramento (Court) demonstrated compliance with several of the Judicial Council's requirements evaluated during the audit. The Court demonstrated consistent adherence with several 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 10 reportable audit findings—as shown in Table 1 on the next page—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. This occurs, in part, because the Court does not have written mail payment processing procedures that require immediate endorsement. Additionally, according to the Court, due to the large volume of mail payments received, endorsing checks or money orders upon receipt would interrupt the Court's ability to process the filings in a timely manner. Nonetheless, 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, if it is unable to change its existing processes, the Court will submit an alternate procedure request to the Judicial Council in fiscal year 2026-2027.

Table 1 – Audit Results at a Glance – California Superior Court, County of Sacramento

Areas and Sub-Areas Reviewed	Finding Number(s)
Cash Handling: Daily Opening Process	N/A
Cash Handling: Voided Transactions	N/A
Cash Handling: Manual Receipts	Finding #1
Cash Handling: Mail Payments	Finding #2 Finding #3
Cash Handling: Internet Payments	N/A
Cash Handling: Change Fund	Finding #4
Cash Handling: End-of-Day Balancing and Closeout	Finding #5
Cash Handling: Bank Deposits	N/A
Cash Handling: Other Internal Controls	N/A
Procurement and Contracts: Procurement Initiation	N/A
Procurement and Contracts: Authorization & Authority Levels	N/A
Procurement and Contracts: Competitive Procurements	N/A
Procurement and Contracts: Non-Competitive Procurements	Finding #6
Procurement and Contracts: Leveraged Purchase Agreements	N/A
Procurement and Contracts: Contract Terms	N/A
Procurement and Contracts: Other Internal Controls	N/A
Payment Processing: Three-Point Match Process	N/A
Payment Processing: Payment Approval & Authority Levels	N/A
Payment Processing: Special Rules – In-Court Services Providers	N/A
Payment Processing: Special Rules – Court Interpreters	Finding #7
Payment Processing: Other Items of Expense	N/A
Payment Processing: Jury Expenses	N/A
Payment Processing: Travel Expense Claims	Finding #8
Payment Processing: Business-Related Meals	Finding #9
Payment Processing: Allowable Costs	N/A
Payment Processing: Other Internal Controls	N/A
Fund Balance: Year-End Encumbrances	N/A
Fund Balance: Use of “Held on Behalf” Funds	N/A
JBSIS Case Filing Data: Validity of JBSIS Data	Finding #10

Summary Perspective of Court Officials

Audit Services initiated its audit of the Court on November 13, 2025, and completed its fieldwork in August 2026. Audit Services shared the draft findings with the Court starting on May 28, 2026, and received the Court's final official responses on September 2, 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 September 18, 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:

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BACKGROUND ON THE COURT'S OPERATIONS

The Superior Court of California, County of Sacramento (Court) operates six court facilities in the city of Sacramento. 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. Sacramento Superior Court is a cluster 4 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 some of the areas we evaluated during the audit. Specifically, the Court demonstrated sound management practices in the areas of its internet payments.

Nevertheless, we identified five 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	Manual Receipts – Monitoring and Accounting for Use
2	Mail Payments – Endorsement
3	Mail Payments – Prompt Payment Processing
4	Change Fund – Accountability
5	End-of-Day Balancing and Closeout – Blind Closeout

FINDING #1*MANUAL RECEIPTS – MONITORING AND ACCOUNTING FOR USE***CRITERIA**

FIN MANUAL, FIN 10.02, 6.3.9 MANUAL RECEIPTS:

5. Issuance of manual receipt books by trial court to court facility supervisor:
 - a. When the court facility supervisor receives the manual receipt books, the facility supervisor must record each book on a log for the facility.
 - b. The log must include the date received, book number, and receipt number sequence (from and to receipt numbers).
 - d. Once verified, the supervisor must store and secure the receipt books in a locked cabinet or safe.
6. Issuance of manual receipt book by court facility supervisor or his or her designee to cashiers:
 - a. The supervisor or his or her designee must maintain control and oversight of the manual receipt books. When the cashiering system and/or case management system is not available to process automated receipts, the supervisor or designee will retrieve and issue books of prenumbered receipts to cashiers. Manual receipt books should only be used when the cashiering system and/or case management system is down.
 - b. The supervisor or his or her designee issuing the prenumbered manual receipt books must monitor and maintain an accounting of the receipt books, including:
 - i. The receipt books issued;
 - ii. To whom the receipt book was issued;
 - iii. The date issued;
 - iv. The name of the person returning the book;
 - v. The date the books were returned (should be the end of the same day); and
 - vi. The receipt numbers used within each book.
7. Issuance of manual receipts by cashier to customers:
 - c. The second copy of the handwritten manual receipt must remain intact in the manual receipt book and must not be torn or removed.
9. Handling of manual receipt documentation until automated system returns to active status:
 - b. Payments, manual receipts, and any associated case files must be kept in a designated secure locked drawer or cabinet until they can be processed in the automated cashiering system or automated case management system.

CONDITION

The Court's payment locations do not consistently maintain the required log to account for and monitor the manual receipt books they control. Specifically, the Hall of Justice (HOJ) and Probate payment locations do not maintain an inventory log that includes the receipt book numbers and receipt number sequence in each book, as well as the date the manual receipt books

were acquired or issued to the court location as required by the FIN Manual. Additionally, both payment locations do not maintain a log to monitor and account for these locations' use of their manual receipt books. The FIN Manual requires location supervisors to maintain control and oversight of the manual receipt books and monitor and maintain an accounting of each book issued, to whom the book was issued, the date issued, the person returning the book, the date returned, and the receipt numbers used. According to court management at these payment locations, they were unaware of this FIN Manual requirement.

Furthermore, the Probate payment location does not properly safeguard its manual receipt books. Specifically, our observations found that the location's manual receipt book was kept in an unlocked cabinet accessible to all court staff. However, the FIN Manual requires the payment location supervisor to maintain control and oversight of the manual receipt books, such as keeping them in a locked cabinet or safe when not in use. According to court management at the payment location, they were unaware of the FIN Manual requirement.

Finally, the Carol Miller Justice Center (CMJC) Accounting division does not consistently ensure its manual receipt books are complete. Specifically, for one manual receipt book that the CMJC issued to the Traffic payment location, we found 20 of the 50 receipts in the book had been completely removed. According to court management, they were unable to determine why the missing receipts were missing. Nonetheless, the FIN Manual requires supervisors to maintain control and oversight of the manual receipt books, which includes monitoring and accounting for the use of manual receipts. As a result, the Court is at increased risk of not being able to fully reconcile and account for its manual receipt payments. Additionally, when courts do not review and monitor the use of their manual receipts, they are at increased risk of staff using manual receipts inappropriately.

RECOMMENDATION

To ensure its accounting divisions and payment collection locations maintain control and oversight of their manual receipt books, the Court should:

- Ensure the supervisor or designee at each accounting division and/or payment location keep an accurate inventory of all manual receipt books they control and a detailed log to monitor and maintain an accounting of the receipts books and receipts numbers used.
- Ensure that all manual receipt books are properly safeguarded, and require that manual receipt books remain locked in a safe or a secured, locked drawer until needed.
- Ensure it can reconcile and account for its manual receipt payments, and require manual receipt books to be complete and retain a copy of all manual receipts, whether unused, issued, or voided.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The Court agrees with the Judicial Council's Finding Reference: 2025-3-01, Subarea: Manual Receipts – Monitoring and Accounting for Use, which indicates Court payment locations have not consistently maintained the required logs to account for and monitor the manual receipt books they control.

Although the Court does maintain inventory logs containing receipt book numbers and receipt number sequences in each book, as well as the date the manual receipt books were acquired or issued to the court location as required by the FIN Manual, the Hall of Justice (HOJ) payment location, an overflow site of the Gordon D. Schaber (GDS) courthouse, or main courthouse, has not historically been staffed with accounting personnel. As such, most accounting activities related to the site were supported by off-site accounting staff, including maintaining the HOJ receipt book logs at the main court site. Since the construction of the Tani G. Cantil-Sakauye courthouse, which consolidated the court activities of HOJ and GDS, this issue has resolved.

At the Family Relations Courthouse (FRC), the location of the Probate Unit, the Accounting Unit maintains an inventory log containing a list of the receipt books checked out to and returned from Probate; however, one manual receipt book does remain checked out to Probate for which the unit does not have its own log or inventory of used receipts. The Probate Unit supervisor is responsible for possession of the book, which may be checked out by clerks when needed, and the receipt book is locked in a secure drawer in the supervisor's office each evening. Prior to this audit, the book was stored in a cabinet during business hours when checked out for use by a cashier; however, upon notice of this finding, cashiers have been directed to check-in the receipt book with the supervisor immediately after each use as required by the FIN Manual. Additionally, the Probate Unit has been instructed to create and maintain a log of each receipt used to be retained by the supervisor as required by the FIN Manual. In addition to these directives, the FRC management is assessing the best process for the recordkeeping going forward and is considering a process wherein the receipt books are checked out directly from the Accounting Unit to establish consistency across all FRC payment location units.

Additionally, the Family Relations Court Accounting Unit staff store receipt books used for operations customers in the site's secure, locked, safe room; only the receipt book used for court employee badge replacements is stored in an unlocked cabinet. Although the cabinet is not accessible to all court staff, the Court acknowledges the FIN Manual requires the payment location supervisor to maintain control and oversight of the manual receipt books, such as keeping them in a locked cabinet or safe when not in use. Therefore, the Chief Financial Officer (CFO) has verbally instructed the Probate accounting staff to store the receipt book used for employee badge replacements with the operations receipt books in the secure, locked, safe room, effective immediately, and intends to work with accounting unit staff to establish a process and procedure for receipt book and log access controls.

Regarding the Carol Miller Justice Center (CMJC), the CFO, upon notice of the finding, has verbally directed accounting staff to ensure manual receipt books are completed in their entirety. Although the on-site supervisor was unable to definitively provide an explanation to the auditors of why receipts were removed from one of the books, further internal discussions and inspection of the book indicate they were removed due to meeting their record retention expiration/destruction date as a corner of a removed receipt reflects a date of 2004. And, since the record retention policy dictates the Court may destroy receipts after five years, all preceding receipts would have far exceeded the five-year time frame, which would explain why the receipts

may have been removed from the book, leaving only blank, unused receipts in the book. However, despite that likelihood, the CFO has verbally instructed the accounting unit not to remove or destroy portions of records contained in any receipt book; all records in the book must remain intact until all receipts are used and the latest entry meets the destruction date. Further, as the FIN Manual Policy 10.02, 6.3.9 Manual Receipts requires supervisors to maintain control and oversight of the manual receipt books, which includes monitoring and accounting for the use of manual receipts, the court will implement the Judicial Council's recommendations as follows:

- Ensure the supervisor or designee at each accounting division and payment location keep an accurate inventory of all manual receipt books they control and detailed logs to track and monitor each receipt book and each receipt used.
- Ensure all manual receipt books, including internal, non-operations-related manual receipt books, are properly safeguarded in the site's secure, locked safe room until needed.
- Ensure it can reconcile and account for its manual receipt payments and require manual receipt books to be complete, retaining a copy of all manual receipts, whether unused, issued, or voided.

Response provided on 7/16/26 by: Laetesia Ible, Chief Financial Officer

Date of Corrective Action: In progress; anticipated implementation by 7/31/26

Responsible Person(s): Laetesia Ible, Chief Financial Officer; Mandeep Ralh, Finance Manager; Vang Hang, Accounting Supervisor; Julia Walters, Accounting Supervisor

FINDING #2*MAIL PAYMENTS – ENDORSEMENTS***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.

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-day business 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 restrictively endorse checks, including money orders and other negotiable instruments, immediately upon receipt in the mail. Instead, the checks, money orders, and other negotiable instruments are not restrictively endorsed until processed in the CMS. This occurs, in part, because the Court does not have written mail payment processing procedures that require immediate endorsement. Due to the large volume of mail payments received, court management stated that endorsing each check or money order upon receipt would slow mail processing operations. Nonetheless, 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, they increase the risk that unendorsed checks could be lost or stolen and later cashed or deposited outside the court's bank account. If the Court determines that it cannot feasibly address this FIN Manual requirement, it should prepare and submit to the Judicial Council a request for approval of an alternate procedure.

RECOMMENDATION

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

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The Court agrees with the Judicial Council's Finding Reference: 2025-4-01, Subarea: Mail Payments – Endorsement, which indicates the Court does not restrictively endorse checks, including money orders and other negotiable instruments, immediately upon receipt in the mail. Rather, due to receipt of large volumes of mail at its multiple locations, checks are endorsed upon processing in the case management system (CMS). In an effort to gain compliance with the FIN Manual Policy 10.02, 6.3.4 Check, Money Order, And Cashier's Check Handling Procedures, the court will review the current mail handling process at each location to determine if the process can be revised to incorporate immediate logging and endorsing of unprocessed checks. However, if the court cannot reasonably change its existing processes, it will submit an alternate procedure request to the Judicial Council for review and approval by the end of the first quarter of Fiscal Year 2026-27. The established/approved process will reflect the Judicial Council's recommendation to ensure the safe, secure collection and accurate accounting of all payments received, including steps, such as periodic staff training, to properly and accurately record that all checks, money orders, and other negotiable instruments are restrictively endorsed immediately upon receipt.

Response provided on 6/26/26 by: Laetesia Ible, Chief Financial Officer

Date of Corrective Action: In progress; anticipated implementation by 10/1/26

Responsible Person(s): Laetesia Ible, Chief Financial Officer; Michelle Jeremiah, Director of Criminal Court Division Operations; Julie Setzer, Director of Family Relations Court Division

Operations; Sabrina Hernandez, Director of Traffic Court, Small Claims, and Unlawful Detainer
Division Operations; Brenda Allen, Director of Civil Court Division Operations

FINDING #3***MAIL PAYMENTS – PROMPT PAYMENT PROCESSING*****CRITERIA**

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

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

CONDITION

The Court's Criminal Records, Civil, Hall of Justice, and Small Claims payment locations do not identify and log mail payments held for more than 5, 15, and 30 days, nor do they document the reason each payment has not been processed. Additionally, the Court does not have a process to report unprocessed mail payments exceeding 15 and 30 days to the CEO and CFO, as required. Our onsite review found that the Small Claims payment location had two unprocessed mail payments held for more than 15 days, and the oldest unprocessed mail payment at the Hall of Justice payment location was 35 days old. No reason for the delay in processing these mail payments was documented. These issues occurred, in part, because the Court does not have local desktop procedures governing the handling, accounting, and processing of mail and drop box payments. Also, according to court management at the payment locations, they were not aware of these FIN Manual requirements. Nonetheless, the FIN manual requires the supervisor or

manager responsible for the trial court staff who process payments to identify and log any payment that has been held for more than 5, 15, and 30 calendar days without being processed. The log must specify the reason why the payment cannot be processed. Additionally, the FIN Manual requires the supervisor or manager to provide a report, at least on a monthly basis, to the court executive officer and the court fiscal officer, and/or to his or her written designee, that lists by age any payment that has been held for more than 15 and 30 calendar days without being processed. This is because the payments received by mail are at heightened risk for loss or theft since the payor is neither present during the transaction nor guaranteed to receive a receipt. As a result, the Court is at increased risk for lost or stolen mail payments.

RECOMMENDATION

The Court should ensure that supervisors and managers responsible for staff who process mail payments identify and log any mail payments that have been held for more than 5, 15, and 30 calendar days without being processed. For those mail payments held more than 15 or 30 calendar days, the Court should ensure supervisors and managers consistently prepare and submit the required monthly reports to the CEO and CFO, including the reasons why the mail payments have not been processed.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The Court agrees with the Judicial Council's Finding Reference: 2025-4-02, Subarea: Mail Payments – Prompt Payment Processing, which indicates the Court's Criminal Records, Civil, Hall of Justice, and Small Claims payment locations do not identify and log mail payments held for more than 5, 15, and 30 days, nor do the payment locations document the reason each payment has not been processed, following a procedure to report unprocessed mail payments exceeding 15 and 30 days to the Court Executive Officer and Chief Financial Officer, as required by FIN Manual Policy 10.02, 6.4 Payments Received Through The Mail And Drop Boxes. In an effort to comply with the policy, the Court will establish and implement a mail handling process, approved by the Judicial Council, which will include requirements for logging and reporting unprocessed payments, as outlined in the FIN Manual. As this effort will require coordination across multiple operational, fiscal, and administrative areas and may require labor union notice, review, and/or meet and confer discussions, the Court has established a target process implementation date of the end of the first quarter of Fiscal Year 2026-27.

Response provided on 6/26/26 by: Laetesia Ible, Chief Financial Officer

Date of Corrective Action: In progress; anticipated implementation by 10/1/26

Responsible Person(s): Laetesia Ible, Chief Financial Officer; Michelle Jeremiah, Director of Criminal Court Division Operations; Julie Setzer, Director of Family Relations Court Division Operations; Sabrina Hernandez, Director of Traffic Court, Small Claims, and Unlawful Detainer Division Operations; Brenda Allen, Director of Civil Court Division Operations

FINDING #4***CHANGE FUND – ACCOUNTABILITY*****CRITERIA**

FIN MANUAL, FIN 10.02, 6.3.10 CASH CHANGE FUND:

7. At the end of each business day, individuals responsible for making change from the Cash Change Fund must—in the presence of a court manager, supervisor, or his or her designee—count, verify, and reconcile the Change Fund monies to the day's beginning balance, and initial and date the verification/reconciliation.

CONDITION

The Court does not consistently require someone to count, verify, and reconcile the change fund at the end of each day in the presence of a manager or supervisor, as required by the FIN Manual. Specifically, at three of the four courthouses—Gordon D. Schaber, Family Relations, and Carol Miller Justice Center—where the Accounting divisions maintain cash change funds ranging from \$1,410 to \$2,030, we found that staff perform various counts of the change funds throughout the day, including at the end of the day. However, staff at these three courthouses perform these counts alone and not in the presence of a manager or supervisor. According to the Court, it does not know why staff are not required to count and verify the change fund in the presence of a manager or supervisor. As a result, the Court's current practice of not counting and verifying its change funds on a daily basis in the presence of two people, as required by the FIN Manual, potentially allows a change fund shortage to occur without clear accountability regarding when it may have occurred or who may have caused it.

RECOMMENDATION

To reduce the risk of prolonged unaccountable change fund shortages or overages, the Court should ensure that individuals responsible for making change from the change funds count, verify, and reconcile the change fund at the end of each business day in the presence of a court manager, supervisor, or designee, and that the counts and verifications are documented.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The Court agrees with the Judicial Council's Finding Reference: 2025-6-01, Subarea: Change Fund – Accountability, which indicates although the Court does count, verify, and reconcile the change fund throughout and at the end of each day, it does not conduct the latter reconciliation in the presence of a manager or supervisor, as required by the FIN Manual. As such, the Court acknowledges its current process potentially allows a change fund shortage to occur without clear accountability regarding when it may have occurred or who may have caused it.

The Court has determined the staggered schedules of, and multiple locations overseen by, the accounting supervisors and finance manager and director may be contributing factors impacting the Court's compliance with FIN Manual Policy 10.02, 6.3.10 Cash Change Fund requirement. However, the Finance Division intends to request back-up support from Operations Divisions

when the accounting supervisor, or their designee, is unavailable in order to regain compliance with the FIN Manual policy. As such, the accounting unit may request support from any supervisor, manager, or designee available in the building to provide oversight for each day-end count, verification, and reconciliation. As this effort will require coordination across fiscal and operational areas and may require labor union notice, review, and/or meet and confer discussions, the Court has established a target process implementation date of the end of the first quarter of Fiscal Year 2026-27.

Response provided on 6/26/26 by: Laetesia Ible, Chief Financial Officer

Date of Corrective Action: Immediate action, implementation by 10/1/2026

Responsible Person(s): Laetesia Ible, Chief Financial Officer; Mandeep Ralh, Finance Manager; Vang Hang, Accounting Supervisor; Julia Walters, Accounting Supervisor

FINDING #5*END-OF-DAY BALANCING AND CLOSEOUT – BLIND CLOSEOUT***CRITERIA**

FIN MANUAL, FIN 1.03, 6.3.3 CONTROL ACTIVITIES:

4. Local Policies and Procedures
 - a. The trial court must establish, distribute, and maintain certain local policies and procedures (desktop procedures) for trial court staff to follow in performing their duties and functions.
 - b. The local desktop procedures must be in sufficient detail for trial court staff to complete a task without assistance. The local desktop procedures should encompass, at minimum, all appropriate internal controls and responsibilities, accountability for court assets, recording and reporting of financial transactions, maintenance of court records, and preparation of reconciliations.
 - c. As long as the local policies and procedures fall within the requirements and guidelines established in this manual, the court may adopt additional state, county, or internally developed financial policies and procedures that are applicable to its operations. See Policy No. FIN 1.01, section 6.4, paragraph 4 for a discussion of alternative procedures.

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

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

CONDITION

The Court does not consistently require cashiers to follow what is commonly known as a "blind closeout" process when performing their end-of-day closeout. A "blind closeout" is where cashiers count and record their collections on a recap form without knowledge of the amounts shown in the CMS before submitting the form and collections to a supervisor or designated lead for verification against both the recap form and the CMS collections reports. Instead, we observed cashiers at the Criminal Records and Probate payment locations counting and comparing their daily collection totals against CMS totals prior to submitting their collections to the location supervisor or manager for verification. According to court management at the Criminal Records payment location, their established process is to compare collection totals against CMS totals before submitting them for supervisor or manager verification. Additionally, court management at the Probate payment location stated they were unaware of the FIN Manual requirement, and this payment location's desktop procedures do not align with the FIN Manual requirement for cashiers to perform a "blind closeout". Furthermore, although collections were not observed at the Hall of Justice payment location during our onsite visit, court staff reported that their process is to compare collection totals against CMS totals before submitting them for supervisor or manager verification. This is due, in part, to the Hall of Justice payment location's desktop procedures not aligning with the FIN Manual requirement for cashiers to perform a "blind closeout". As a result, the Court's current practice allows a cashier to know in advance when an overage occurs, creating the risk that a cashier could remove an overage without detection. Because amounts would still balance when the designated supervisor verifies the end-of-day collections against the CMS reports, the missing overage may not be identified.

RECOMMENDATION

To better safeguard its funds and ensure clear accountability for shortages and overages, the Court should require cashiers to complete their collections recaps at the end of each workday without knowledge of the CMS collections, a "blind closeout." Additionally, the Court should establish, distribute, and maintain local desktop procedures that align with the FIN Manual for staff to follow in performing their cash handling duties.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The Court agrees with the Judicial Council's Finding Reference: 2025-7-01, Subarea: End-of-Day Balancing and Closeout – Blind Closeout, which indicates the Court does not consistently require cashiers to follow what is commonly known as a "blind closeout" process when performing their end-of-day closeout, wherein cashiers count and record their collections on a recap form without knowledge of the amounts shown in the CMS before submitting the form and collections to a supervisor or designated lead for verification against both the recap form and the CMS collections reports, as outlined in FIN Manual Policy 1.03, 6.3.3 Control Activities. The Court intends to review the workflow properties of this process in its CMS applications as blind closeouts were understood to be built into the systems and applied based on classification work roles. If the court determines a CMS application does not have a blind closeout option, the court will work with its CMS developers to determine if one can be integrated into the system. If a blind closeout cannot be built into the system, the court will establish and implement an end-of-

day balancing and closeout process that aligns with the FIN Manual policy and the Judicial Council's recommendation, requiring cashiers to complete their collections recaps at the end of each workday independently of the CMS collections reports. Additionally, the Court will ensure the process is supported by written local desktop procedures, distributed to all cash handling personnel, readily available to staff performing their cash handling duties. As this effort will require coordination across multiple operational, fiscal, technological, and administrative areas and may require labor union notice, review, and/or meet and confer discussions, the Court has established a target process implementation date of the end of the first quarter of Fiscal Year 2026-27.

Response provided on 6/26/26 by: Laetesia Ible, Chief Financial Officer

Date of Corrective Action: In progress; anticipated implementation by 10/1/26

Responsible Person(s): Laetesia Ible, Chief Financial Officer; Michelle Jeremiah, Director of Criminal Court Division Operations; Julie Setzer, Director of Family Relations Court Division Operations; Sabrina Hernandez, Director of Traffic Court, Small Claims, and Unlawful Detainer Division Operations; Brenda Allen, Director of Civil Court Division Operations

PROCUREMENT AND CONTRACTS

The Court Complies with Most Applicable Requirements for Procuring Goods and Services, But Can Strengthen Its Controls Over Noncompetitive Procurements

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 several 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 and leveraged purchase agreements. Nevertheless, we identified one audit finding that we believe requires the Court's attention and corrective action. This finding pertained to the following specific area of procurement:

Finding #	Subject Area
6	Non-Competitive Procurements

FINDING #6***NON-COMPETITIVE PROCUREMENTS*****CRITERIA**

JUDICIAL BRANCH CONTRACTING MANUAL, CHAPTER 5, 5.1 PURCHASES UNDER CERTAIN DOLLAR AMOUNTS:

For very small purchases, NCB procurements are permitted because the cost of conducting a competitive procurement may exceed the savings expected from the competitive process.

JBEs may purchase non-IT goods, non-IT services, or IT goods and services that cost less than \$10,000 without conducting a competitive procurement so long as the Buyer determines that the pricing is fair and reasonable.

Note: JBEs may not split a single transaction into a series of transactions for the purpose of evading competitive solicitation requirements. In particular, a series of related services that would normally be combined and bid as one job cannot be split into separate tasks, steps, phases, locations, or delivery times to avoid adhering to competitive solicitation requirements.

JUDICIAL BRANCH CONTRACTING MANUAL, CHAPTER 5, 5.9 SOLE SOURCE:

JBEs may purchase non-IT goods, non-IT services, and IT goods and services of any value without conducting a competitive procurement if (i) the vendor is the only source of the goods and/or services that meet the JBE's need, or (ii) a grant application submittal deadline does not permit the time needed for a competitive procurement of services.

A sole source request must be provided to the sole source approver.

The sole source request should include the following information:

- Description of the non-IT goods, non-IT services, or IT goods and services to be procured;
- Explanation of why the non-IT goods, non-IT services, or IT goods and services cannot be procured competitively;
- The effort made to solicit competitive Bids, if any;
- Documentation that the pricing offered is fair and reasonable; and
- Special factors affecting the cost or other aspect of the procurement, if any.

CONDITION

For three of the procurements reviewed that exceeded \$10,000, the Court did not provide documentation justifying its decision to procure goods and services through the non-competitive procurement process. Specifically, the Court established three blanket purchase orders (BPOs), ranging from \$25,000 to \$57,118, covering printing services, employee service awards, and moving services. Each BPO included between 22 and 44 individual payment transactions drawn against them. The Court's documentation indicated that the BPOs did not guarantee purchases up

to the full amount and were intended for goods or services to be requested as needed. However, the Court did not perform the required competitive bidding process for these procurements that could reasonably be expected to exceed \$10,000, nor did it document a sole source justification. The Court indicated uncertainty regarding whether the \$10,000 competitive threshold applies per payment transaction, per fiscal year, or over a historical period, and therefore did not pursue competitive solicitations. Nonetheless, when the Court can reasonably estimate that cumulative purchases will exceed the \$10,000 threshold for a procurement, it must comply with JBCM competitive requirements or justify conducting a non-competitive procurement. When the Court does not competitively procure goods and services, or justify a non-competitive procurement, it risks the appearance that the Court is not awarding its procurements fairly.

RECOMMENDATION

To ensure the Court can adequately demonstrate to the public that it maximizes competition and has valid reasons for engaging in non-competitive procurements, it should follow the JBCM's guidance for non-competitive procurements. The Court should also document and retain in a procurement file its justification for using a non-competitive procurement process.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The Court agrees with the Judicial Council's Finding Reference: 2025-13-01, Subarea Non-Competitive Procurements, which indicates the Court did not appropriately procure goods and services for some transactions of \$10,000 or more by ensuring a competitive bid process was conducted or a justification for utilizing a non-competitive procurement process was documented.

The Court utilizes an inter-divisional contract and purchase request approval process wherein the Finance Division is responsible for ensuring purchase requests include competitive bid or sole-source/exception-to-bid documentation. As such, the Finance Division has been directed to more diligently scrutinize the contract and purchase request documents for the required documentation before processing purchase orders.

Response provided on 8/14/2026 by: Laetesia Ible, Chief Financial Officer

Date of Corrective Action: 7/01/2026

Responsible Person(s): Laetesia Ible, Chief Financial Officer

PAYMENT PROCESSING

The Court Should Strengthen Its Verification of Invoices and Claims Prior to Payment

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 jury expenses and other items of expense. Nevertheless, we identified three audit findings in the payment processing area that we believe requires the Court's corrective actions. These findings pertained to the following specific areas of payment processing:

Finding #	Subject Area
7	Special Rules – Court Interpreters
8	Travel Expense Claims – Required Support
9	Business-Related Meals – Completeness and Allowability

FINDING #7*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

c. Oral, Sign Language, and Deaf-Blind Interpreters (hereinafter referred to as “sign language interpreters”)

- In accordance with Evidence Code section 754(i), sign language interpreters will be paid the prevailing rate paid to persons employed by the court to provide interpreters services.

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 two court interpreter claims reviewed, the Court did not follow the Judicial Council's Payment Policies for Independent Contractor Interpreters. Specifically, the Court paid interpreter rates above the Judicial Council's established rates without obtaining the required approval. For one certified ASL interpreter, the Court paid a full-day rate of \$1,200; however, according to the Judicial Council's policies, sign language interpreters are required to be compensated at the prevailing rate paid to persons employed by the court to provide interpreter services. At the time the ASL interpreter services were provided, this was \$363 per full day. Additionally, the Court paid a certified Cambodian interpreter a half-day rate of \$1,400, while the JCC established half-day rate for certified interpreters was \$175. Although the Court documented its efforts to secure services from other interpreters in both instances, it did not obtain the required approval for the higher compensation rates from the CEO or designee. Court management stated that although the coordinator did not seek approval from the presiding judge, CEO, or DEO, as required by the Court's delegated authority matrix, the coordinator did follow the other steps in the payment policies for independent contractor interpreters. 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

The Court agrees with the Judicial Council's Finding Reference: 2025-20-01, Subarea Special Rules – Court Interpreters, which indicates the Court did not follow the Judicial Council's Payment Policies for Independent Contractor Interpreters regarding the correct level of approvals for establishing rates above the Judicial Council's established rates as well as documenting the unusual circumstances that prompted it to those rates.

Although the Court did include approval of Court Interpreter rate increases within its delegated approval authority matrix, which was previously delegated to the Deputy Court Executive Officer, when the position was vacated and authority was granted to Division-level leadership oversight, the Court failed to update the matrix with new approval levels.

During the Judicial Council's audit, the Court was made aware of the oversight, and it was corrected on February 27, 2026. Additionally, the Court Executive Officer, Chief Financial Officer, and the Division-level leadership overseeing the Court Interpreters met to discuss the proper process for approving rate increases, including the required documentation, such as unusual circumstances warranting rate increases, in order to address this item.

Response provided on 8/14/2026 by: Laetesia Ible, Chief Financial Officer

Date of Corrective Action: 2/27/2026

Responsible Person(s): Kelly Sullivan, Court Executive Officer; Brenda Allen, Director of Civil Court Division Operations; Ellen Brown, Operations Manager; Angelica Soto, Court Services Coordinator

FINDING #8***TRAVEL EXPENSE CLAIMES – REQUIRED SUPPORT*****CRITERIA**

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:
 - 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.

CONDITION

The Court did not consistently follow FIN Manual requirements for reimbursing travel expenses related to conferences and training. The FIN Manual specifies that for conferences and training classes, claimants must submit both the receipt and proof of attendance or a certificate of completion with their travel expense claims (TEC). However, for five of the eight TECs reviewed that were associated with conferences and training—such as Artificial Intelligence, IT, AB 1058 Child Support, and workforce management training—the required proof of attendance was not included. Additionally, one other TEC lacked both the proof of attendance and the registration receipt. The Court informed us it was unable to locate the required documentation for these TECs. When the Court does not require employees to submit TECs that include all 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 compliance with Judicial Branch travel expense reimbursement requirements—and to ensure that all travel expenses represent an appropriate and necessary use of public funds—the Court should require employees who travel for training courses or conferences to include all required documentation with the TEC forms, such as the receipts and proofs of attendance or certifications of completion for conferences and training.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The Court agrees with the Judicial Council's Finding Reference: 2025-23-01, Subarea Travel Expense Claims – Required Support, which indicates the Court did not consistently obtain proof of attendance or a certificate of completion when processing travel expense claims (TEC) related to conferences and training as required by FIN Manual Policy 8.03, 6.3 Travel Procedures. The requirement is indicated in the Court's existing travel instructions and guidelines, which are provided to employees prior to traveling. However, the oversight was discovered during the Judicial Council's audit review when the requested documentation was unavailable for the samples related to the travel for training and conferences for court employees, which is coordinated by the court's Human Resources Training & Development Unit, as opposed to the travel for judicial officers, which is coordinated by the Judicial Services Unit.

Upon discovering the oversight, the Human Resources Training & Development Unit was reminded of the requirement and immediately implemented the use of the guidelines as a checklist for informing travelers of the proper conference and training attendance travel documentation. Additionally, the Finance Division is engaged in reviewing the claim procedures to ensure staff obtain the proper proof of attendance and/or certificates of completion from travelers before processing the reimbursement payments for claims related to conferences and training as required by FIN Manual Policy 8.03, 6.3 Travel Procedures.

Response provided on 8/07/2026 by: Laetesia Ible, Chief Financial Officer

Date of Corrective Action: Implementation by 10/1/2026

Responsible Person(s): Laetesia Ible, Chief Financial Officer; Alex Clark, Director of Human Resources; Paul Grzybowski, Human Resources Training & Development Officer; Julia Walters, Accounting Supervisor

FINDING #9***BUSINESS-RELATED MEALS – COMPLETENESS AND ALLOWABILITY*****CRITERIA**

FIN MANUAL, FIN 8.05, 6.2 GENERAL REQUIREMENTS FOR COURT PAYMENT OF BUSINESS MEAL EXPENSES:

1. Trial court judges and employees are normally responsible for their own meals during the workday at their primary place of employment. With proper advance approval, business meal expenditures connected to trial court business are permissible and the court may reimburse or pay those expenses up to the applicable maximum rates specified in the Business Meal Rates section of this policy. All business meal expenditures must be supported by receipts reflecting the actual costs incurred and a completed, approved business-related meal expense form (sample provided in 7.0, Associated Documents) or a memo or email authorizing the expenditure in advance. In compliance with Internal Revenue Service regulations, the business-related meal expense form, memo, or email must include the following information:
 - a. Date of the business meal.
 - b. Scheduled start and end time of the meeting.
 - c. Statement explaining the business purpose of the meeting.
 - d. Category and duration of the business meal (e.g., “Breakfast 8:00–8:30 (30 min.)”).
 - e. Location/place of the business meal.
 - f. Copy of the formal agenda, if applicable.
 - g. List of expected attendees and their titles and affiliations.

FIN MANUAL, FIN 8.05, 6.4 GROUP BUSINESS MEALS:

3. There must be a business reason to keep the group together during the meal period. The court project manager or coordinator must explain on the business-related meal expense form why trial court business must be conducted during the meal period and could not be accomplished at any other time.

FIN MANUAL, FIN 8.05, 6.8 UNALLOWABLE BUSINESS MEAL EXPENSES:

1. The trial court may pay or reimburse the costs of a group meal that is intended to recognize an individual for his or her work-related accomplishments on behalf of the court or in connection with a purpose that is part of the court’s mission. However, the court may not pay or reimburse the costs of a group meal that is intended to be part of a retirement event for a judge or court employee. The latter are considered personal expenses.

CONDITION

The Court did not consistently follow applicable Judicial Branch business meal expense policies and procedures. For six of the 10 business meal transactions reviewed, the Court did not require

requestors to submit a fully completed business meal expense request form. Specifically, for five of the business meals reviewed, the Court did not include a list of expected attendees, including their names and titles, on the form or email authorizing the expenditure in advance. Additionally, another business meal reviewed included a list of attendees, but it included only the titles of attendees from the Department of Finance, and not the titles of the attendees from the Court. In addition, none of these six business meals included a statement explaining the business purpose of the meal. According to court management, they were not aware that the FIN Manual requires the expected attendee list to include names, titles, affiliations, and the business purpose statement. Nonetheless, when the Court does not require business meal request documentation to include all FIN Manual required information, it risks paying for expenses that may be inappropriate or unallowable.

Furthermore, the Court incurred business-related meal expenses that are not allowed by the FIN Manual. Specifically, for another sample we reviewed, the Court paid \$3,602 for lunch associated with an employee recognition picnic. However, the event occurred on a Saturday, outside normal business hours. The FIN Manual indicates that courts may cover business meals during the workday only when there is a need to conduct court business during the meal period. According to Court management, it was operating under Office of Management and Budget, Circular A-87. This Circular—*Cost Principles for State, Local, and Indian Tribal Governments*—states that its purpose is to establish “principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments and federally recognized Indian tribal governments (governmental units),” which seems unrelated to business meal expenses. Nonetheless, because the meals did not take place during normal business hours or on a normal workday, the Court should not have paid expenses related to this meal.

RECOMMENDATION

To ensure it complies with the business-related meal expense guidelines and to ensure that business-related meal expenses represent an appropriate and necessary use of public funds, the Court should require all business meal expenses to be supported by required documentation. This documentation includes receipts showing actual costs incurred, along with a completed and approved business-related meal expense form that includes all information required by the FIN Manual—including a statement of business purpose—and a list of expected attendees with their titles and affiliations. The Court should also ensure that it justifies in writing the business reason for keeping the group together during the meal period and why trial court business could not be accomplished at any other time.

COURT’S VIEW AND CORRECTIVE ACTION PLAN

The Court agrees with the Judicial Council’s Finding Reference: 2025-24-01, Subarea Business-Related Meals – Completeness and Allowability, which indicates the Court did not fully and consistently comply with the business-related meal expense guidelines, ensuring all business-related meal expenses were allowable in accordance with the FIN Manual requirements.

Although the Court does require written pre-approval for and substantiation of business meal expenses, the Court acknowledges it did not ensure all business meal expenses were allowable and consistently met policy requirements as outlined in the FIN Manual, including:

- a statement of business purpose;
- a list of expected attendees with their titles and affiliations;
- the business reason for keeping the group together during the meal period;
- an explanation justifying, in writing, why trial court business could not be accomplished at any other time; and
- the name of the meeting or event and the business purpose of the meal.

In order to ensure future business meal expenses are allowable and FIN Manual policy requirements have been met, the court will establish and implement a more robust request, review, and approval procedure.

Response provided on 8/07/2026 by: Laetesia Ible, Chief Financial Officer

Date of Corrective Action: Review Forms by 10/1/2026 and Implement Revisions by 12/31/2026

Responsible Person(s): Laetesia Ible, Chief Financial Officer

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 Reported Accurate New Case Filing Counts and Data to JBSIS

Background

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

Results

Our review found that the Court's records supported the new case filing counts and data it reported to the Judicial Council's Research, Analytics and Data Office through JBSIS for fiscal year 2023-24. 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
10	JBSIS Data Quality – Case Filing Counts and Data

FINDING #10*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 249,118 new case filings for fiscal year 2023-24, the counts of individual case types did not always materially agree to the number of filings supported by case type reports. Audit Services reviewed the underlying court records supporting its reported case counts for fiscal year 2023-24 and identified variances greater than 2% for following seven case categories:

- 06a Family Law – Marital & 06a Family Law – Other: The Court reported 4,524 new case filings for 06a Family Law – Marital and 1,792 new case filings for 06a Family Law – Other, while Court records supported 4,638 and 1,700 new case filings, respectively. This resulted in variances of 114 case filings or 2.52% for 06a Family Law – Marital, and 92 case filings or 5.13% for 06a Family Law – Other. The Court attributed the variances to 109 case filings that were initially reported as Family Law – Other but should have been reported as Family Law – Marital.

- 06a Family Law – Parentage: The Court reported 489 new case filings while Court records supported 512 new case filings, resulting in a variance of 23 case filings or 4.70%. The Court attributed this variance to limitations within its case management system (CMS). Specifically, the Court stated reports generated from the CMS capture information at the time a new case is filed and do not automatically update when changes or corrections are subsequently made to the case filings.
- 07c Felony: The Court reported 10,096 new case filings while Court records supported 9,808, resulting in a variance of 288 case filings or 2.85%. The Court did not provide an explanation for the variance.
- 09a Juvenile Dependency: The Court reported 443 new case filings while records supported 452, resulting in a variance of nine case filings or 2.03%. According to the Court, it subsequently identified that certain cases were misclassified in the original data used for JBSIS reporting. The Court corrected the case classifications, generated a revised data set reflecting the updated filings, and stated it would contact the JCC Research, Analytics and Data Office to request an amendment to the previously reported JBSIS data.
- 11a Misdemeanor–Traffic & 11a Misdemeanor–Non-Traffic: The Court reported 7,515 new case filings for Misdemeanor–Traffic and 10,177 new case filings for Misdemeanor–Non-Traffic filings, while records supported 7,043 and 11,409 new case filings, respectively. This resulted in variances of 472 new case filings or 6.28% for Misdemeanor–Traffic, and 1,232 new case filings or 12.11% for Misdemeanor–Non-Traffic. For both Misdemeanor–Traffic and Misdemeanor–Non-Traffic, the Court attributed the variances to misclassified “transfer-in out-of-county” cases which should not have been reported as new case filings. Additionally for Misdemeanor–Non-Traffic, the Court stated that the CMS report provided to Audit Services erroneously included 298 duplicate cases, 508 Mental Diversion cases, and 48 transfer cases, for a total of 854 case filings. However, the Court did not provide the documentation, such as detailed case listings, supporting that the 854 case filings should not have been reported to JBSIS.

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.

- Work with its CMS vendors to address the CMS technical limitations and develop reports that will provide case specific information for JBSIS reporting.
- Provide additional training to staff to ensure they accurately report JBSIS case file information.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The Court agrees with the Judicial Council's Finding Reference: 2025-29-01, Subarea: JBSIS Data Quality – Case Filing Counts and Data, which indicates the Court's new case filing counts of individual case types for Fiscal Year 2023-24, did not always materially agree to the number of filings supported by case type reports, resulting in identified variances greater than two percent for seven case categories.

Across Felony, Juvenile, and Family Law, the Court utilized multiple disjointed and antiquated case management and recordkeeping systems to track case data. The ongoing use of these outdated systems presented several challenges with data access, accuracy, and automation, requiring the Court to supplement the systems with manual data collection and reconciliation methods, such as the use of paper files/logs, system reports and searches, among other tools, to determine JBSIS statistics.

Similarly, the Misdemeanor case types are managed between the Court's Criminal and Traffic divisions, which require staff to collect, organize, and combine datasets from two separate case management or recordkeeping systems in order to determine JBSIS statistics reportable to the Judicial Council.

The Court acknowledges utilizing multiple, varying systems and approaches to manage case data can not only increase, but also introduce, the potential for error related to consistency and accuracy of JBSIS reporting. As such, the Court has committed to improving JBSIS reporting and is actively engaged with the Judicial Council's Research, Analytics, and Data Division (RAD) to deliver and improve the Court's JBSIS training, guidance on case management systems/JBSIS reporting certification, among other relevant topics. Additionally, the Court has been systematically transitioning to a modernized case management system, eCourt, which contains built-in JBSIS reporting and a stronger network of support to accomplish improved, accurate, and automated JBSIS reporting capabilities.

Regarding the inaccuracies identified by the Judicial Council, the Court will work directly with the Judicial Council to better understand the variances identified in the data, and upon clarity, make any required updates to the data within 60 days via an amended report. The Court will also utilize its project managers and liaisons to work with the CMS vendors to develop reports that will provide case-specific information for JBSIS reporting to address the technical limitations indicated during the data review process.

Response provided on 8/28/2026 by: Jason Corona, Senior Executive Business Analyst

Date of Corrective Action: September 2026 – Onward

Responsible Person(s): Jason Corona, Senior Executive Business Analyst

APPENDIX – AUDIT SCOPE AND METHODOLOGY

Audit Services initiated an audit of the Superior Court of California, County of Sacramento (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	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	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: ▪ 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: assigning cash drawers to cashiers at the beginning of the day, reviewing and approving void transactions, safeguarding and accounting for manual receipts, opening and processing mail payments, controlling access to change funds, overseeing the end-of-day balancing and closeout process, and preparing and accounting for the daily bank deposits.

3	Determine whether the Court demonstrated appropriate control over its non-personal services spending activities. Specifically, our review included the following: ▪ 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.	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. We judgmentally selected a sample of 25 procurement transactions and assessed whether each transaction: • 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. We selected a sample of 40 FY 2024-25 payments pertaining to various purchase orders, contracts, or in-court services and five travel expense claims. Our review determined whether: • 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, travel expense claims, and business meals adhered to applicable Judicial Council policies.
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4	Determine whether the Court properly classified its year-end encumbrances for the most recent completed fiscal year. 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.	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. 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.
5	Determine whether the Court accurately reports case filings data to the Judicial Council through the Judicial Branch Statistics Information System (JBSIS).	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: • 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.