



Audit of the Superior Court of California, County of Siskiyou

APRIL 2025



Judicial Council of California

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Superior Court of California, County of Siskiyou

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EXECUTIVE SUMMARY

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

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

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

Summary of Audit Results

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

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

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

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

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

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

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

One particular area of focus for the Court as it considers opportunities for improvement should include strengthening its controls over payments received in the mail. Specifically, the Court does not restrictively endorse checks, including money orders and other negotiable instruments, immediately upon receipt, as required by the FIN Manual. However, the Court does not restrictively endorse checks, money orders, or other negotiable instruments until they are processed. When courts do not restrictively endorse checks immediately upon receipt as required, they risk that unendorsed checks may be lost or stolen and cashed or deposited in a non-court bank account. The Court indicated it agreed with our finding and recommendation in this area and that it had implemented corrective action in September 2024.

Summary Perspective of Court Officials

Audit Services initiated its audit of the Court on July 31, 2024, and completed its fieldwork in November 2024. Audit Services shared the draft findings with the Court starting on September 19, 2024, and received the Court's final official responses on December 10, 2024. The Court generally agreed with the findings, and its specific responses are included in the body of the report after each finding.

BACKGROUND ON THE COURT'S OPERATIONS

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

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

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

Statistic	Siskiyou Superior Court	Average of All Superior Courts				
		Cluster 1 Courts	Cluster 2 Courts	Cluster 3 Courts	Cluster 4 Courts	All 58 Courts
Financial Highlights (Fiscal Year 2023-24)						
Total Revenue	\$ 6,102,612	\$ 3,376,457	\$ 15,000,011	\$ 57,522,113	\$ 293,144,702	\$ 59,889,520
Total Expenditures	\$ 6,046,206	\$ 3,494,275	\$ 15,091,980	\$ 57,533,804	\$ 293,520,524	\$ 60,009,333
Staff Salaries & Benefits	\$ 4,594,484	\$ 2,181,311	\$ 11,118,697	\$ 42,462,619	\$ 225,828,428	\$ 45,447,802
As a % of Total Expenditures	76.0%	62.4%	73.7%	73.8%	76.9%	75.7%
Judicial Officers and Staff (2025 Court Statistics Report)						
Judges	4	2	8	30	144	30
Commissioners/Referees	1	-	1	4	21	4
Non-Judicial Staff (approx.)	28	17	86	298	1,380	294
Total	33	19	95	332	1,545	328
New Case Filings (Fiscal Year 2023-24)						
Appeal Filings	29	10	82	154	217	98
Civil Filings						
Civil	840	356	2,487	11,390	75,156	13,954
Family Law	619	234	1,537	5,460	25,574	5,395
Juvenile Delinquency	35	34	166	776	1,988	520
Juvenile Dependency	46	27	164	461	3,267	623
Mental Health	3	19	226	1,428	9,413	1,709
Probate	234	55	321	1,097	5,182	1,097
Small Claims	88	34	257	1,058	7,195	1,336
Criminal Filings						
Felonies	502	225	1,149	3,853	13,188	3,177
Misdemeanors / Infractions	12,125	4,031	18,513	59,228	254,665	56,466
Total	14,521	5,025	24,902	84,905	395,845	84,375

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

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

AUDIT SCOPE AND METHODOLOGY

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

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

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

3	<p>Determine whether the Court demonstrated appropriate control over its non-personal services spending activities. Specifically, our review included the following:</p> <ul style="list-style-type: none">▪ Determine whether the Court’s procurement transactions complied with the applicable requirements in the Judicial Branch Contracting Manual or the Trial Court Financial Policies and Procedures Manual.▪ Determine whether the Court’s payment transactions—including but not limited to vendor payments and claim payments—were reasonable and in compliance with the Trial Court Financial Policies and Procedures Manual and applicable Judicial Council policies and rules.	<p>We reviewed the Court’s assignment of purchasing and payment roles to assess whether it appropriately segregated staff roles for approving purchases, procuring the goods or services, receiving the goods, and paying for the goods or services.</p> <p>We also judgmentally selected a sample of 25 procurement transactions and assessed whether each transaction:</p> <ul style="list-style-type: none">• Was properly authorized and approved by authorized court management.• Adhered to competitive bidding requirements, when applicable.• Had contracts, when applicable, that contained certain terms required to protect the Court’s interests. <p>We selected a sample of 40 FY 2023-24 payments pertaining to various purchase orders, contracts, or in-court services, 10 travel expense claims, and two business-related meal expenses, and determined whether:</p> <ul style="list-style-type: none">• The Court followed the 3-point match process as described in the FIN Manual to ensure goods and services are received and accepted, and in accordance with contract terms prior to payment.• Appropriate court staff authorized payment based on the Court’s payment controls and authorization matrix.• The payment reasonably represented an allowable “court operations” cost per Rule of Court, Rule 10.810.• The payments for in-court service providers, travel expense claims, and
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		business meals adhered to applicable Judicial Council policies.
4	<p>Determine whether the Court properly classified its year-end encumbrances for the most recent completed fiscal year.</p> <p>Determine whether the Court spent any funds the Judicial Council approved the Court to hold from prior year excess fund balance funds only for the purposes approved by the Judicial Council.</p>	<p>We obtained the Court's Year-End Encumbrance Calculation Worksheet for the most recently completed fiscal year at the time of our testing (FY 2022-23) and traced and verified year-end encumbrances to supporting records and the Phoenix accounting system.</p> <p>The Court has not requested to hold any funds on its behalf in either the current or the previous fiscal year. As a result, no further review was deemed necessary.</p>
5	Determine whether the Court accurately reports case filings data to the Judicial Council through the Judicial Branch Statistics Information System (JBSIS).	<p>We obtained an understanding of the Court's process for reporting case filings data to the Judicial Council through JBSIS. For the most recent fiscal year for which the Judicial Council froze and used JBSIS data for funding allocations (FY 2022-23), we performed the following:</p> <ul style="list-style-type: none"> • Obtained the relevant case filings data the Court reported to JBSIS and reconciled the reported new case filings counts to its underlying records of cases that support each reported case filing count, by case type, to validate that the Court accurately reported its case filings count data. • We selected 10 cases from six case types, for a total of 60 reported cases, and reviewed the relevant case file records to verify that the Court correctly applied the JBSIS definitions for reporting each case filing.

Assessment of Data Reliability

In performing this audit, we obtained and reviewed financial transaction data from the Phoenix financial system—the statewide accounting system used by the superior courts—for the limited

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

Report Distribution

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

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

Audit Staff

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

Michelle O'Connor, Senior Auditor (auditor in charge), CPA, CGFM, CFE

Jennifer Cabrera, Auditor

Lorraine De Leon, Auditor

Pha Moua, Auditor

Usamah Salem, Auditor, CFE

SCHEDULE OF AUDIT FINDINGS AND PLANNED CORRECTIVE ACTION

CASH HANDLING

The Court Should Strengthen Its Controls Over Its Mail payments and End-Of-Day Closeout Process

Background

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

Results

Overall, the Court demonstrated compliance in many of the areas we evaluated during the audit. Specifically, the Court demonstrated sound management practices in the areas of its daily opening process, internet payments, and bank deposits.

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

Finding Reference	Subject Area
2024-4-01	Mail Payments – Endorsement
2024-7-01	End-of-Day Balancing and Closeout – Blind Closeout

FINDING REFERENCE: 2024-4-01

MAIL PAYMENTS – ENDORSEMENT

CRITERIA

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

9. The trial court must restrictively endorse all checks, warrants, money orders, and other negotiable instruments immediately upon receipt. 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; and
 - c. The account name and number.

CONDITION

The Court does not restrictively endorse checks, including money orders and other negotiable instruments, immediately upon receipt. Specifically, we found that the court staff member who opens and sorts mail for the Court does not restrictively endorse mail payments immediately upon receipt. Instead, checks and other negotiable instruments are restrictively endorsed when the payments are processed in the CMS. This occurs, at least in part, because the Court does not have local desktop procedures for handling, accounting for, and processing payments received in the mail. However, 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 through the mail, the Court should take steps, such as periodic staff training and developing local desktop procedures for handling, accounting for, and processing payments received in the mail, to ensure that staff consistently restrictively endorse all checks, money orders, and other negotiable instruments immediately upon receipt in the mail.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The Court agrees and has instituted this change to our process. In addition, the Court is working on desktop procedures to be available to all staff.

Response provided on 10/14/2024 by: Reneé McCanna Crane, CEO

Date of Corrective Action: 9/17/2024

Responsible Person(s): Reneé McCanna Crane, CEO

FINDING REFERENCE: 2024-7-01

END-OF-DAY BALANCING AND CLOSEOUT – BLIND CLOSEOUT

CRITERIA

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

1. At the end of each workday, each cashier 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.

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

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

Judicial Council of California

Director of Branch Accounting and Procurement

Attn.: Trial Court Alternative Financial Policies and Procedures

2850 Gateway Oaks Drive, Suite 300

Sacramento, CA 95833-4348

E-mail: TCFin@jud.ca.gov

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

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

CONDITION

The Court does not require cashiers to follow what is commonly known as a "blind closeout" process when performing their end-of-day closeout. A "blind closeout" is where cashiers count and record their collections on a recap form without any knowledge of the amounts the CMS indicates they collected, before submitting the form and collections to a supervisor or designated lead for verification against the recap form and the CMS collections reports. Instead, we observed cashiers counting and comparing their daily collection totals against CMS totals before submitting their daily collections to managers or designated leads for verification. According to the Court, cashiers follow this practice because its CMS does not allow for a blind closeout process. Additionally, the Court does not have written local desktop procedures for staff to follow in the end-of-day balancing and closeout process that might have mitigating controls in place. As a result, the Court allows cashiers to know in advance when an overage occurs and potentially risks the cashier taking any overage amount without risk of detection of the missing monies when the designated supervisor verifies the end-of-day collections to the CMS reports because all amounts would still balance.

RECOMMENDATION

To better safeguard its funds and ensure clear accountability for shortages and overages, the Court should develop local desktop procedures for the end-of-day balancing and closeout process. These local desktop procedures should include requiring its cashiers to complete their recap of the collections in their till at the end of each workday without knowledge of the CMS collections, a "blind closeout." If its CMS does not allow it to implement a blind closeout process, the Court should request approval from the Judicial Council for an alternative procedure that mitigates the potential risk created by not being able to follow a blind closeout process.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The Court agrees and has corrected this. In addition, the Court is working on the desktop procedures to be available to all staff.

Response provided on 10/14/2024 by: Reneé McCanna Crane, CEO

Date of Corrective Action: 9/23/2024

Responsible Person(s): Reneé McCanna Crane, CEO; Maija Chandon, Civil and Family Law Court Operations Manager

PROCUREMENT AND CONTRACTS

The Court Complied with Applicable Requirements for Procuring Goods and Services

Background

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

Results

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

PAYMENT PROCESSING

The Court Should Strengthen Its Controls over Business-Related Meals

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, jury expenses, and allowable costs. Nevertheless, we identified one audit finding in the payment processing area that we believe requires the Court's corrective action. This finding pertains to the following specific area of payment processing:

Finding Reference	Subject
2024-24-01	Business-Related Meals – Allowability

FINDING REFERENCE: 2024-24-01

BUSINESS-RELATED MEALS – 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.
2. Business meal expenses not approved in advance by the presiding judge or his or her written delegate will be considered a personal expense, and the court will not be reimbursed or paid them.

FIN MANUAL, FIN 8.05, 6.5 AUTHORIZED BUSINESS MEAL TIME FRAMES:

3. Lunch: Permissible during the noon hour for court-wide functions that start no later than 11:00 a.m., have a business duration of at least three hours, and continue at least one hour after lunch. Example: Business function starts at 11:00 a.m., lunch is from 12:00 p.m. to 1:00 p.m., and business function concludes at 3:00 p.m.;
- or
- Lunch: Permissible during the noon hour for judges’ business meetings that cannot be conducted any other time due to courtroom schedules. The three-hour meeting duration does not apply.
4. Afternoon Break Refreshment: Permissible only if there are three hours between the beginning of the business function or the end of lunch and the end of the function.

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 incurred business-related meal expenses that are not allowed by the FIN Manual. Specifically, for one sample we reviewed the Court paid \$336 for a lunch related to an employee appreciation event. However, the Court did not document advance approval from the Presiding Judge, or his or her written delegate, before the meal event. When the Court does not approve business meal expenses in advance, the Court is at risk of these meals being considered personal expenses that it may not reimburse nor pay. According to Court management, the Court should have documented advance approval.

For another sample we reviewed, the Court paid for afternoon break refreshments in the amount of \$145 relating to a retirement recognition event for a judge. However, the FIN Manual states that 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. According to Court management, they were unaware of this FIN Manual requirement. As a result, using limited public funds designated for court operations costs may prompt the public to question whether using public funds for these events are prudent.

Finally, neither of the meals above took place within the allowed time frames. Business-related meal expenses for lunch are only allowed for functions that start no later than 11:00 a.m. and have a business duration of at least three hours, except for judges' business meetings that cannot be conducted any other time due to courtroom schedules. However, the function at which lunch was served began at 11:30 a.m. and ended at 1:30 p.m., which included 45 minutes for lunch and one hour and 15 minutes for business. Also, business-related meal expenses for afternoon break refreshments are allowed only if there are at least three hours between the beginning of the business function—or the end of lunch, in case of an all-day function—and the end of the function. However, the function for which the Court paid for afternoon break refreshments was not part of an all-day function and had a duration of only one hour and 15 minutes. Because the meals did not take place within the allowed time frames, the Court should not have paid expenses related to these meals. According to Court management, they were unaware of the time frames in the FIN Manual.

RECOMMENDATION

To ensure it complies with the business-related meal expense policy, and to ensure its business-related meal expenses are an appropriate and necessary use of public funds, the Court should:

- Require approval from the Presiding Judge or an authorized written delegate prior to incurring a business-related meal expense.
- Ensure that it does not incur costs for unallowable meal expenses, such as for retirement events. The Court could consider collecting voluntary contributions from court employees to pay for these types of activities.
- Ensure that business-related meals meet the appropriate time frame requirements before it incurs expenses for the meals.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The Court's view is as follows: The Court did obtain approval from the Presiding Judge verbally, in fact our entire bench agreed to the event. However, the Court will obtain written approval prior to any future event, if the Court has any more. The Court was unaware of specific timeframes for lunch business meals of at least three hours. The Court chose to limit the time to only two hours to eliminate the impact to the public with the courthouse being closed.

The Court disagrees with the logic regarding the recognition of a judge that is retiring. Pursuant to the FIN Manual, "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", but yet if they're being recognized for their work-related accomplishments on behalf of the court and they happen to be retiring then those costs are not reimbursable, this makes no sense. However, the Court will follow the business meal expense guidelines set forth in the FIN Manual 8.05.

Response provided on 10/14/2024 by: Reneé McCanna Crane, CEO

Date of Corrective Action: 9/13/2024

Responsible Person(s): Reneé McCanna Crane, CEO

FUND BALANCE

The Court Appropriately Supported Its Year-End Encumbrances

Background

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

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

Results

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

JBSIS CASE FILING DATA

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

Background

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

Results

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

Finding Reference	Subject
2024-29-01	JBSIS Data Quality – Case Filing Counts and Data

FINDING REFERENCE: 2024-29-01

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

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

Reconciliation Between JBSIS Case Filing Counts and Court-Based Records

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

Table 1 – Comparison of JBSIS Case Filings Data to Underlying Court Records for Fiscal Year 2022-23

JBSIS Report / Case Category		JBSIS versus Court Records				Workload Formula Case Weight (^)
		A	B	(A-B)	(C/A)	
				C	D	
				Net	Error Rate	
		Filings in JBSIS (*)	Court Records (#)	Difference		
05a	Unlawful Detainer	209	206	3	1.44%	182
05a	Civil – Limited	233	219	14	6.01%	
05a	EDD	-	-	-	0.00%	
05b	Civil – Unlimited	292	287	5	1.71%	
05b	Civil – Complex	-	-	-	0.00%	1,260
05b	Asbestos	-	-	-	0.00%	
06a	Family Law – Marital	156	155	1	0.64%	
06a	Family Law – Child Support	101	101	-	0.00%	
06a	Family Law – Domestic Violence	192	193	(1)	-0.52%	571
06a	Family Law – Parentage	16	15	1	6.25%	
06a	Family Law – Other	78	74	4	5.13%	
07c	Felony	600	609	(9)	-1.50%	
08a	Juvenile Delinquency	26	27	(1)	-3.85%	646
09a	Juvenile Dependency	10	10	-	0.00%	
10a	Mental Health	45	31	14	31.11%	
11a	Misdemeanor – Traffic	617	608	9	1.46%	
11a	Misdemeanor – Non-Traffic	638	646	(8)	-1.25%	2,225
11a	Infractions	8,438	8,441	(3)	-0.04%	
12a	Conservator / Guardianship	43	42	1	2.33%	
12a	Estates / Trusts	129	129	-	0.00%	
13a	Small Claims	69	69	-	0.00%	
Overall Total		11,892	11,862	30	0.25%	

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

Notes:

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

Although the Court reported to JBSIS a materially accurate total count of 11,892 new case filings in fiscal year 2022-23, the count did not always agree to the number of filings supported by case type reports. As shown in columns A through D, we found six variances exceeding the 2% error rate, with a total error rate of only 0.25% of all reporting filings. Nevertheless, the Court's reported filings for the following case categories had variances that individually exceeded 2%, ranging from 2.33% to 31.11%: 05a Civil Limited, 06a Family Law – Parentage, 06a Family Law – Other, 08a Juvenile Delinquency, 10a Mental Health, and 12a Conservator/Guardianship. Since the percentage of errors exceeded the Council's tolerable error rate for JBSIS reporting, the Court will need to amend its reported filings on JBSIS for the noted five case categories.

According to the Court, the main reason for the variances is due to the Court's conversion from its previous CMS to its new CMS around the end of calendar year 2022. Additionally, for some cases, the Court stated the over- or under-reporting was due to either clerical error or a case being transferred from another court.

Review of Case Files for JBSIS Data Quality

Our review of selected case file records associated with its fiscal year 2022-23 JBSIS case filings data found that the Court incorrectly reported 6 of the 60 cases reviewed as new JBSIS case filings. Specifically, we found that for all six cases, the Court incorrectly classified Mental Health Diversion Applications associated with criminal cases as new 10a Mental Health case filings under JBSIS Column 260 (Other Mental Health). However, we confirmed with the Judicial Council of California's Office of Court Research that pretrial Mental Health Diversion Applications should be treated like other criminal diversion programs, where no additional filing count is attributed to the request for diversion. According to the Court, this error was a processing and training issue which has been addressed with a written procedure to court staff.

Additionally, we found the Court reported one case filing in a manner that did not agree with the JBSIS Manual data element definitions for the case type. Specifically, the Court reported an Elder/Dependent Adult Abuse case as a 05b Civil – Unlimited case; however, per the JBSIS Manual, Elder/Dependent Adult Abuse cases should be reported under 06a Family Law – Other, even if the Elder/Dependent Adult Abuse is handled in the civil department. According to the Court, its new CMS was configured incorrectly, and it will have the CMS configuration corrected.

RECOMMENDATION

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

- Resubmit updated case filings data to JBSIS for fiscal year 2022-23 via an amended report
- Provide additional training to clerks to ensure they review cases in the Review Case queue and assign them to the appropriate JBSIS case category.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The Court agrees in part and provides its responses accordingly. The Court's response is as follows regarding each case specific error rate item listed in this finding:

05b Civil Unlimited Error Rate – The Court diligently researched this one case and had discussions with Journal Technologies, Inc., it appears that Elder or Dependent Adult Abuse Petitions were configured to report to 05b instead of 06a, the Court has had JTI correct this for proper reporting. The Court is working on submitting amended reports.

06a Family Law Parentage and Family Law Other Error Rate – The Court is confident that most of these were because of our previous case management system not reporting correctly, and one case was because of clerk error. The Court has made corrections to these cases and is working on submitting amended reports.

08a Juvenile Delinquency Error Rate – The Court is confident that these were because of our previous case management system not reporting correctly.

10a Mental Health Error Rate – The Court determined that these were a conversion issue when moving from our old case management system to the new case management system. The Court has made corrections to all cases and is working on submitting amended reports.

12a Conservator/Guardianship Error Rate – The Court is confident that most of these were because of our previous case management system not reporting correctly, resulting in several errors when converting from the old case management system to the new case management system. In addition, one case was because of clerk error and another one was due to a transferred in case from another County being miscategorized.

All clerk staff have been given training regarding accurate case categorization and the importance and purpose of proper and accurate JBSIS reporting. This Court is committed to sending accurate and reliable JBSIS data and to ensure the integrity of that data to the best of our ability, and one of the main reasons our Court moved to a new case management system.

The Court has taken your recommendation of submitting amended reports for the JBSIS filings into consideration. The Court is sending amended reports for 05a, 06a, and 10a, since the error rates on those were more significant. For the others, the Court respectfully agrees to disagree, as the time and effort it takes to send amended reports is burdensome and the overall difference would be minimal and would not result in what the Court considers a significant change to the resource allocation.

Response provided on 11/08/2024 by: Reneé McCanna Crane, CEO

Date of Corrective Action: 10/28/2024

Responsible Person(s): Reneé McCanna Crane, CEO; Katja Morgan, Criminal Court Operations Manager; Maija Chandon, Civil and Family Law Court Operations Manager
