

The seal of the California State Auditor is a circular emblem. It features a central figure, likely a personification of Justice or Truth, holding a scale and a sword. The figure is surrounded by various symbols, including a ship, a plow, and a sheaf of wheat. The text "OFFICE OF THE CALIFORNIA STATE AUDITOR" is inscribed around the perimeter of the seal. The word "EUREKA" is written above the central figure, and the year "1926" is written below it.

California State Auditor March 2013 Report on Judicial Branch Procurement

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Judicial Branch Contract Law (JBCL)

California State Auditor (CSA) is required by PCC 19210 to:

- Select six trial courts as pilots
- Assess implementation of JBCL

Six Courts Selected

Based on county population:

- 2 Small – Napa and Sutter
- 2 Medium – Stanislaus and Yolo
- 2 Large – Orange and Sacramento

Table 1 on page 9 of the BSA report shows the data of the six courts.

Table 1**Relative Size and Workload Data for Six County Superior Courts**

| | COUNTY SUPERIOR COURT | | | | | |
|--|-----------------------|---------------|--------------|--------------|-------------|--------------|
| | NAPA | ORANGE | SACRAMENTO | STANISLAUS | SUTTER | YOLO |
| County population | 138,255 | 3,055,792 | 1,435,153 | 519,940 | 95,065 | 202,133 |
| Population size category | Small | Large | Large | Medium | Small | Medium |
| County area in square miles | 788 | 791 | 994 | 1,521 | 607 | 1,021 |
| Expenditures, fiscal year 2011–12* | \$9,900,000 | \$207,500,000 | \$94,300,000 | \$24,400,000 | \$6,500,000 | \$13,300,000 |
| Cases adjudicated | 24,652 | 600,661 | 299,138 | 77,554 | 19,252 | 37,350 |
| Procurement Activity[†] | | | | | | |
| Reported payments, January through June 2012 | \$700,000 | \$16,700,000 | \$5,600,000 | \$1,600,000 | \$400,000 | \$1,100,000 |
| Reported procurements, January through June 2012 | \$100,000 | \$22,200,000 | \$3,700,000 | \$800,000 | \$600,000 | \$600,000 |
| Judges | 6 | 122 | 58 | 20 | 5 | 11 |
| Support staff | 76 | 1,621 | 636 | 225 | 59 | 94 |

Sources: Department of Finance population projections, county Web sites, the *Judicial Branch Semiannual Report on Contracts for the Judicial Branch for the Reporting Period January 1 Through June 30, 2012* (semiannual report), and information provided by senior court staff.

Notes: The information in this table is for informational purposes to provide context for the relative size and diversity of the courts we audited. Numbers are rounded where indicated.

* Expenditure data is unaudited and was provided by each court's senior accounting or fiscal staff. Amounts are rounded to the nearest \$100,000.

† Procurement activity figures are based on the semiannual report. Amounts are rounded to the nearest \$100,000.

Transactions Tested at the Six Courts

Table 3 on page 11 of the CSA report

Table 3

Number of Procurement and Payment Transactions Reviewed in the Pilot Audit

| COUNTY SUPERIOR COURT | NUMBER OF PROCUREMENTS REVIEWED | NUMBER OF PAYMENTS REVIEWED |
|--------------------------|------------------------------------|--------------------------------|
| Napa | 4 | 7 |
| Orange | 19 | 16 |
| Sacramento | 16 | 15 |
| Stanislaus | 9 | 7 |
| Sutter | 10 | 7 |
| Yolo | 4 | 7 |

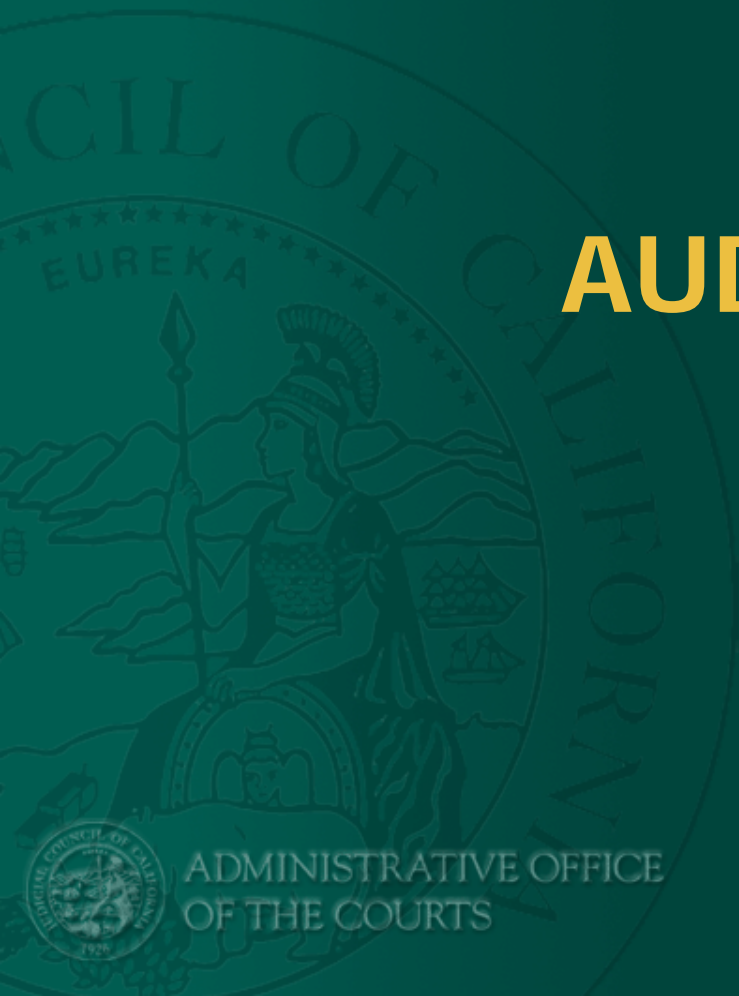
Source: California State Auditor's analysis based on the *Judicial Branch Semiannual Report on Contracts for the Judicial Branch for the Reporting Period January 1 Through June 30, 2012*.

BSA's AOC Review

Additionally the CSA audited:

- Judicial Branch Contracting Manual version approved on April 24, 2012
- AOC's semiannual report to the legislature for the period Jan. 1 through June 30, 2012

AUDIT RESULTS




ADMINISTRATIVE OFFICE
OF THE COURTS

Superior Court Results

Courts generally demonstrated good internal controls and compliance with state procurement requirements, but could improve local policies.

Table 4 on page 17 of the CSA report

Table 4**Status of Key Procurement Practices in Six Superior Courts**

|  COUNTY SUPERIOR COURT | PROCUREMENT PRACTICES | | | |
|---|--|---|--|--|
| | COURT'S LOCAL PROCUREMENT MANUAL IS CONSISTENT WITH APPLICABLE STATE LAW | COURT DEMONSTRATED EFFECTIVE CONTROL OVER PURCHASING APPROVAL | COURT PROMOTED COMPETITION AMONG BIDDERS OR HAD ADEQUATE JUSTIFICATION FOR NONCOMPETITIVE PROCUREMENTS | COURT DEMONSTRATED EFFECTIVE CONTROL OVER THE RECEIPT OF GOODS OR SERVICES AND THE ISSUANCE OF PAYMENT |
| Napa | ★★★ | ★★★ | ★★★★ | ★★★★ |
| Orange | ★★★ | ★★★★ | ★★★★ | ★★★★ |
| Sacramento | ★★★ | ★★★ | ★★★ | ★★★★ |
| Stanislaus | ★★★ | ★★★★ | ★★★ | ★★★★ |
| Sutter | ★★★ | ★★★★ | ★★★ | ★★★★ |
| Yolo | ★★★ | ★★★★ | ★★★ | ★★★★ |

Source: California State Auditor's analysis of procurement and payment records at each superior court.

★★★★ = **Strong Practices**

The court's practices were consistent with the *Judicial Branch Contracting Manual* and its own policies, and were substantially consistent with applicable state standards. We noted no errors or deviations in our testing of selected procurements.

★★★ = **Adequate Practices**

Our review of selected procurements demonstrated isolated instances of deficient practices that warrant corrective action.

★★ = **Weak Practices**

Our review of selected procurements revealed systemic problems that warrant corrective action in order to comply with state law.

Results by Court

Napa (pgs. 19-20)

- For 1 of 4 procurements tested, the CEO signed an IT services agreement over his approval level without executive committee documentation indicating concurrence.
- Executive Committee approvals should be documented.

Sacramento (pgs. 20-21)

- For 1 of 16 procurements, the chief IT officer signed a purchase request over her delegated amount.
- Documentation for a noncompetitive procurement was not documented in 1 instance.

Stanislaus (pg. 21)

- For 1 of 9 procurements reviewed, court did not advertise solicitation of IT services of approx. \$14,000.

Results by Court (cont'd)

Sutter (pg. 22)

- For 1 of 10 procurements tested, the court did not document its rationale or approval for a sole-source procurements. Court made correction on own initiative.

Yolo (pg. 23)

- For 1 leveraged procurement agreement, the court did not document review of multiple vendors to ensure receipt of best value.

Orange (pg. 23)

- Court generally complied with the Judicial Branch Contract Law

AOC Audit Results

- Judicial Branch Contracting Manual does not include a small business preference. (pg. 13)

AOC RESPONSE

AOC will consult with the Calif. Technology Agency (CTA) and present the recommendation and the results of the consultation to the Judicial Council for its consideration.

AOC Audit Results

Semiannual report for the judicial branch can be improved. (pgs. 14 and 15)

- AOC inappropriately excluded some transactions from its semiannual report.

AOC RESPONSE AOC will review methodology with goal of ensuring it is not inadvertently excluding legitimate procurements.

- AOC's semiannual report contained inaccurate information.

AOC RESPONSE AOC has addressed and corrected programming issues identified by CTA in this first six month report.

Recommendations

Page 24 and 25 of CSA report

1. AOC should review and modify methodology for excluding certain transactions from the semiannual report. Methodology should ensure all procurement or contracts (court security, court reporters, and interpreters) are included.
2. AOC should ensure process for extracting data from accounting system provides accurate information.
3. Courts reviewed should develop formal policies to implement the disabled veterans business enterprise (DVBE) program. (This is also applicable to the AOC.)

Recommendations (cont'd)

Page 24 and 25 of CSA report

4. Napa court staff should restrict approvals to established dollar levels and a new procedure to record executive committee approvals should be established.
5. Sacramento court should restrict approvals to established dollar levels. Court should also justify all sole-source or noncompetitively bid purchases.
6. Stanislaus court should advertise its solicitations of goods and services as required.

Recommendations (cont'd)

Page 24 and 25 of CSA report

7. Sutter court should justify decisions to make sole-source purchases and document those decisions in procurement files.
8. Yolo court should, when using leveraged procurement agreements, compare offerings of multiple vendors.

THANK YOU

QUESTIONS?



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