



Audit of the
Superior Court of California,
County of Nevada

AUDIT SERVICES REPORT

JULY 2014



JUDICIAL COUNCIL
OF CALIFORNIA

LEADERSHIP SERVICES DIVISION

AUDIT SERVICES

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Superior Court of California, County of Nevada

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MANAGEMENT SUMMARY

Introduction

The Trial Court Funding Act of 1997 (Act) eliminated the requirement for county audits of the courts effective January 1, 1998. Since that time, the Superior Courts of California have undergone significant changes to their operations. These changes have also impacted their internal control structures, yet no independent reviews of their operations were generally conducted until the Judicial Council of California (Judicial Council), Audit Services, began court audits in 2002.

The audit of the Superior Court of California, County of Nevada (Court), was initiated by Audit Services in February 2014. Depending on the size of the court, the audit process typically involves three or four audit cycles encompassing the following primary areas:

- Court administration
- Cash controls
- Court revenue and expenditure
- General operations

The audit process includes a review of the Court's compliance with California statute, California Rules of Court, the *Trial Court Financial Policies and Procedures Manual* (FIN Manual), and other relevant policies. External consultants hired by Audit Services conducted the prior audit of the Court in FY 2007-2008. Audit Services followed up on the issues identified in this prior audit to determine whether the Court adequately resolved previous issues.

Compliance with the Financial Integrity and State Manager's Accountability Act (FISMA) is also an integral part of the audit process. The primary focus of a FISMA review is to evaluate the Court's internal control structure and processes. While Audit Services does not believe that FISMA applies to the judicial branch, Audit Services understands that FISMA represents good public policy and conducts audits incorporating the following FISMA concepts relating to internal control:

- A plan of organization that provides segregation of duties appropriate for proper safeguarding of assets;
- A plan that limits access to assets to authorized personnel;
- A system of authorization, record keeping, and monitoring that adequately provides effective internal control;
- An established system of practices to be followed in the performance of duties and functions; and
- Personnel of a quality commensurate with their responsibilities.

Audit Services believes that this audit provides the Court with a review that also accomplishes what FISMA requires.

Audits conducted by Audit Services identify instances of non-compliance, such as with the FIN Manual and FISMA. Some of these instances of non-compliance are highlighted below

in the **Audit Issues Overview**. Although audit reports do not emphasize or elaborate on areas of compliance, Audit Services did identify areas in which the Court was in compliance with the FIN Manual and FISMA. For example except for those issues reported in this report, some of the areas where Audit Services found the Court in compliance included the following:

- An organizational plan that provides for an effective segregation of duties to properly safeguard assets, including money from its collection to deposit.
- Management controls to monitor personnel in the performance of their duties and responsibilities.
- The ability to attract and retain quality personnel that are knowledgeable and motivated to take accountability and responsibility for the performance of their duties.

To enable the Court to continue to improve and strengthen its system of internal controls, it is important that the Court note those areas of noncompliance reported below and in the body of this report. The Court should actively monitor the issues reported in this audit, and any issues identified by its own internal staff, to ensure it implements prompt, appropriate, and effective corrective action.

Audit Issues Overview

This audit identified areas of noncompliance that were consolidated into the reportable issues included in this report, as well as other areas of noncompliance that Audit Services did not consider significant enough to include in the report, but were nonetheless communicated to court management. Audit Services provided the Court with opportunities to respond to all the issues identified in this report and included these responses in the report to provide the Court's perspective. Audit Services did not perform additional work to verify the implementation of the corrective measures asserted by the Court in its responses.

Although the audit identified other issues reported within this report, the following issues are highlighted for Court management's attention. Specifically, the Court needs to improve and refine certain procedures and practices to ensure compliance with statewide statutes, policies, and procedures. These issues are summarized below:

The Court Needs to Improve Its Control and Oversight over Handwritten Receipts (Issue 5.1, page 11)

The FIN Manual provides courts with uniform guidelines for receiving and accounting for payments from the public. Specifically, all payments to the court must be acknowledged by a sequentially numbered receipt that provides sufficient information, including receipt number, date of payment, case number, and amount received, to create an adequate audit trail that ensures proper distribution of the monies received. In the case of a failure of the automated accounting system, the supervisor or designated employee will issue books of pre-numbered receipts, the cashier will give the customer a handwritten receipt, and a copy of the handwritten receipt shall be retained by the Court. Also, the supervisor issuing the handwritten receipt books will monitor and maintain an accounting of the receipt books, including the receipt books issued, to whom the receipt books were issued, the date the receipt books were issued, the person returning the receipt books, the receipts used within each receipt book, and the date the receipt books were returned to

the supervisor. Finally, handwritten receipt transactions must be processed as soon as possible after the automated system is restored.

Our review of handwritten receipts found that the Court lacked consistent control and oversight over handwritten receipts. Specifically, supervisors did not secure handwritten receipt books when not in use. As a result, we noted handwritten receipt books with missing copies of used handwritten receipts, missing original copies of unused handwritten receipts with no explanation for the disposition of the original copies, and handwritten receipts that did not indicate, such as with a CMS receipt number noted on the used copy, that the payments were entered in the CMS or entered appropriately.

Since the handwritten receipt books were not under supervisory control, but instead were accessible to all employees, there was no monitoring or accounting of the receipt books, including when and who used the receipt books, when and who returned the receipt books, and when and who used which receipts in each receipt book.

Further, the Court's accounting unit does not maintain central oversight of the Court's handwritten receipt books, and two of the four court divisions purchased their own handwritten receipt books.

The Court agreed with the audit recommendations and indicates taking corrective action to address the noted issues.

The Court Needs to Strengthen Its Cash Handling Procedures (Issue 5.2, page 13)

To protect the integrity of the court and its employees and promote public confidence, the FIN Manual provides courts with uniform guidelines for receiving and accounting for payments from the public. Courts must observe certain guidelines to assure the safe and secure collection and accurate accounting of all payments. For example, cashiers receive a nominal amount of money, secured in individually locked drawers or bags, to enable them to return change on cash transactions. Cashiers should verify receipt of their beginning cash funds with their supervisor, and resolve any beginning cash discrepancies before starting their daily cash collection duties. In addition, supervisors must review and approve void transactions and void receipts should be retained, not destroyed.

Also, at the end of the workday, all cashiers must balance and closeout their own cash drawer or register. Balancing and closeout include completing and signing the daily report, attaching a calculator tape for checks, turning in the daily report with money collected to the supervisor, and verifying the daily report with the supervisor.

Further, when processing payments received through the mail, courts should employ two-person teams to open and process mail to maintain accountability for payments received in the mail, and process checks and money orders on the day they are received and listed on a cash receipts log. The log should record certain key information, such as case number, check amount, check number, and date received, and be signed by the person logging the payments. Checks and money orders received through the mail but not processed on the day received should be placed in a locked area and processed on the next business day after notifying the supervisor.

The FIN Manual allows court locations that have safes, vaults, or other comparable storage that is adequate to safeguard cash to accumulate collections until they amount to \$1,000 in coin/paper currency or \$10,000 in any combination of coin/paper currency, checks, money orders, and warrants, whichever occurs first. When bank messenger service is available, courts may arrange for their non-coin/paper currency deposits to be picked up and delivered to an approved depository bank. Deposits will be placed in sealed bags and will be receipted by the bank messenger at the time the deposit is picked up. This receipt will be kept by the court along with any other documentation verifying the deposit. Bank messengers are restricted from picking up deposits that include coin or paper currency. Further, an employee other than the person who prepares the deposit (preferably a supervisor or higher level of management) must verify, sign, and date the deposit slip, or other similar document, evidencing that receipts have been deposited intact.

Also, the courts are required to conduct surprise cash counts, an independent balancing of a cash drawer or register, on all trial court staff that handle payments in the normal course of their duties. Finally, courts must document and obtain Judicial Council approval of their alternative procedures if court procedures differ from the procedures in the FIN Manual.

Our review of the Court's cash handling practices and associated documents found that the Court follows inconsistent cash handling and accounting practices. For example, the Court allows multiple cashiers to share one cash drawer, which makes it difficult, if not impossible, to hold any one cashier accountable for any cash discrepancies. Also, supervisors do not always perform the beginning cash count in front of another court employee, and do use a beginning cash verification log to document the beginning-of-day cash drawer count. Further, the Court does not conduct the required surprise cash counts.

The Court also has an excessive number of employees with the ability to reverse and adjust transactions in the CMS, resulting in CMS transactions that are sometimes reversed by the same court employee who processed the original CMS transaction. Further, the end-of-day and mid-day closeouts are not always verified by a supervisor or manager.

The Court also does not use two-person teams to open the mail nor does it use a mail payment log to record and track the mail payments it received. Finally, the supervisor at one court division does not verify the bank deposit, and another court division does not deposit its daily collections as required even though collections may total more than \$10,000.

The Court agreed with most of the audit recommendations and indicates taking corrective action to address the noted issues. The Court, however, asserts that it has insufficient operating resources to assign individual cash bags to each cashier, use two-person teams to open and process mail, and use someone other than bank couriers to pick up and deposit coin and paper currency.

The Court Needs to Strengthen Its Invoice Review and Approval Procedures (Issue 11.3, page 40)

As stewards of public funds, courts have an obligation to demonstrate responsible and economical use of public funds. As such, the FIN Manual provides trial courts with policy and procedures to ensure courts process invoices timely and in accordance with the terms and conditions of agreements. Specifically, the FIN Manual provides uniform guidelines for courts to use when processing vendor invoices and individual claims (also referred to as invoices) for payment. These guidelines include procedures for establishing and maintaining a payment authorization matrix listing court employees who are permitted to approve invoices for payment along with dollar limits and scope of authority of each authorized court employee. The guidelines also include preparing invoices for processing, matching invoices to purchase documents and proof of receipt, reviewing invoices for accuracy, approving invoices for payment, and reconciling approved invoices to payment transactions recorded in the accounting records.

However, our review found that the Court did not consistently follow the FIN Manual policies and procedures associated with the payment processing of invoices and claims. For example, the Court did not demonstrate payment approval, such as with initials or a signature indicating payment approval, for some invoices, and allowed unauthorized court staff to approve other invoices. Further, for some invoices, the same individual who purchased the item performed the incompatible duty of approving the payment of the corresponding invoice. The Court also could not provide the procurement documents that the accounts payable staff used to match and agree some invoices to the associated procurement terms. For other invoices, accounts payable staff did not match and agree the invoice payment rates to the payment rates specified in the supporting procurement documents, resulting in the Court overpaying for services in one of these invoices. The Court also could not demonstrate how it verified the receipt of the goods and/or services billed on some invoices as part of the three-point match verification process.

The Court also paid claims without requiring the claimant to indicate the associated case numbers and/or case names for which the claimant performed services. Further, the Court paid some claims without a copy of the court authorization listing the services and the payment rates authorized and any dollar or hour limits. In fact, accounts payable staff paid one court interpreter claim without written court authorization for exceeding the Judicial Council-approved court interpreter rates and without written CEO pre-authorization for paying travel time.

The Court also paid invoices for grand jury expenses and juror parking which are unallowable Rule 10.810 court operations costs.

For two juror mileage invoices, the Court miscalculated and overpaid the mileage reimbursement.

Finally, we found that the Court configured the accounting system to automatically process monthly payment transactions for some vendors without a supporting invoice, which bypasses the invoice review and approval process that ensures acceptable goods were delivered or services were provided at the agreed upon price before approving for payment processing.

The Court agreed with one of the audit recommendations and indicates taking corrective action to address the noted issues. The Court, however, does not agree that its configuration of the accounting system to automatically process monthly payment transactions without a supporting invoice and without undergoing the associated invoice review and approval process to ensure it received acceptable goods and services before processing the payment is problematic.

The Court Could More Accurately and Consistently Impose the Statutorily Required Domestic Violence Fines and Fees (Issue 15.1, page 47)

Domestic violence (DV) is one of the leading causes of injuries to women in the United States. As a result, in 2003, the Legislature held a public hearing to examine DV shelter services. DV shelters obtain funding from state and federal sources, including funding from the fines ordered through judicial proceedings of DV cases. Legislative members expressed concerns about the wide disparities from county to county in the amount of resources available for shelter services, as well as concerns about the lack of consistency in the assessment of fines. As a result, the Joint Legislative Audit Committee requested that Audit Services conduct an audit of court-ordered fines and fees in certain DV cases. Audit Services agreed to review the statutory fines and fees in DV cases on an on-going basis.

Our review found that the Court did not always impose the correct DV fines and fees. Specifically, our review noted that the Court did not always order the DV fee or ordered a lower DV fee without stating on the record the reason why the Court reduced the fee. For one case, the Court also did not order the 36-month minimum probation and for another case did not order the Probation Revocation Restitution fine. For one case the Court did not order the required State Restitution fine, the Court Operations assessment, and the Criminal Conviction assessment. For four cases with multiple convictions, the Court ordered the Court Operations assessment and the Criminal Conviction assessment for only one of the multiple convictions.

The Court agreed with the audit recommendations and indicates taking corrective action to address the noted issues.

STATISTICS

The Superior Court of California, County of Nevada (Court) has seven judges and subordinate judicial officers who handled more than 21,000 cases in FY 2012–2013. The Court operates two courthouses, one in Nevada City and one in Truckee. Further, the Court employed approximately 57 full-time-equivalent staff to fulfill its administrative and operational activities, and incurred total trial court expenditures of approximately \$6.7 million for the fiscal year ended June 30, 2014.

Before 1997, the Court and the County of Nevada (County) worked within common budgetary and cost parameters—often the boundaries of services and programs offered by each blurred. The Court operated much like other County departments and, thus, may not have comprehensively or actively sought to segregate or identify the cost and service elements attributable to court operations and programs. With the mandated separation of the court system from county government, each entity had to reexamine their respective relationships relative to program delivery and services rendered, resulting in the evolution of specific cost identification and contractual agreements for the continued delivery of County services necessary to operate the Court.

For FY 2013–2014, the Court received various services from the County, including Auditor/Controller, Information Services, and Telecommunication services, which were covered under a Memorandum of Understanding (MOU) with the County. The Court also received court security services from the County, which was covered under a separate MOU.

The charts that follow contain general Court statistical information.

County Population (Estimated as of January 1, 2014)	97,225
<small>Source: California Department of Finance</small>	
Number of Court Locations	2
Number of Courtrooms	8
<small>Source: Superior Court of California, County of Nevada</small>	
Number of Case Filings in FY 2012–2013:	
Criminal Filings:	
1. Felonies	609
2. Non-Traffic Misdemeanor	1,558
3. Non-Traffic Infractions	670
4. Traffic Misdemeanors	1,553
5. Traffic Infractions	13,546
Civil Filings:	
1. Civil Unlimited	450
2. Family Law (Marital)	406
3. Family Law Petitions	467
4. Probate	157

5. Limited Civil	979
6. Small Claims	402
Juvenile Filings:	
1. Juvenile Delinquency – Original	114
2. Juvenile Delinquency – Subsequent	16
3. Juvenile Dependency – Original	59
4. Juvenile Dependency – Subsequent	0
Source: Judicial Council of California's 2014 Court Statistics Report	
Judicial Officers as of June 30, 2013:	
Authorized Judgeships	6.0
Authorized Subordinate Judicial Officers	1.6
Source: Judicial Council of California's 2014 Court Statistics Report	
Court Staff as of June 30, 2014:	
Total Authorized FTE Positions	57.84
Total Filled FTE Positions	58.09
Total Fiscal Staff	2.0
Source: Fourth Quarter FY 2013–2014 Quarterly Financial Statements and FY 2014 – 2015 Schedule 7A	
Select FY 2013-2014 Financial Information:	
Total Revenues	\$6,550,061
Total Expenditures	\$6,683,015
Total Personal Services Costs	\$5,339,722
Total Temporary Help Costs	\$41,430
Source: Fourth Quarter FY 2013–2014 Quarterly Financial Statements	
FY 2013-2014 Average Daily Cash Collections (As of January 31, 2014)	\$26,285
Source: Superior Court of California, County of Nevada	

FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has identified accountability as the paramount objective of financial reporting. The GASB has further identified two essential components of accountability, fiscal and operational. **Fiscal accountability** is defined as:

The responsibility of governments to justify that their actions in the current period have complied with public decisions concerning the raising and spending of public moneys in the short term (usually one budgetary cycle or one year).

The *Strategic Plan for California's Judicial Branch 2006-2012* entitled *Justice in Focus* established, consistent with the mission statement of the Judicial Council, a guiding principle that states that "Accountability is a duty of public service" and the principle has a specific statement that "The Judicial Council continually monitors and evaluates the use of public funds." As the plan states, "All public institutions, including the judicial branch, are increasingly challenged to evaluate and be accountable for their performance, and to ensure that public funds are used responsibly and effectively." For the courts, this means developing meaningful and useful measures of performance, collecting and analyzing data on those measures, reporting the results to the public on a regular basis, and implementing changes to maximize efficiency and effectiveness. Goal II of the plan is independence and accountability with an overall policy stated as:

Exercise the constitutional and statutory authority of the judiciary to plan for and manage its funding, personnel, resources, and records and to practice independent rule making.

Two of the detailed policies are:

1. Establish fiscal and operational accountability standards for the judicial branch to ensure the achievement of and adherence to these standards throughout the branch; and
2. Establish improved branch wide instruments for reporting to the public and other branches of government on the judicial branch's use of public resources.

Under the independence and accountability goal of *The Operational Plan for California's Judicial Branch, 2008 – 2011*, objective 4 is to "Measure and regularly report branch performance – including branch progress toward infrastructure improvements to achieve benefits for the public." The proposed desired outcome is "Practices to increase perceived accountability."

To assist in the fiscal accountability requirements of the branch, the Judicial Council developed and established the statewide fiscal infrastructure project, Phoenix Financial System, which is supported by the Judicial Council Trial Court Administrative Services. The Superior Court of California, County of Nevada (Court), implemented and processes fiscal data through this financial system.

The fiscal data on the following three pages are from this system and present the comparative financial statements of the Court's Trial Court Operations Fund for the last two fiscal years. The three schedules are:

1. Balance Sheet (statement of position);
2. Statement of Revenues, Expenditures, and Changes in Fund Balances (statement of activities); and
3. Statement of Program Expenditures (could be considered "product line" statement).

The fiscal year 2012–2013 information is condensed into a total funds column (does not include individual fund detail). The financial statements specify that the total funds columns for each year are for "information purposes" as the consolidation of funds are not meaningful numbers. Additionally, the financial information is presented, as required, on a modified accrual basis of accounting, which recognizes increases and decreases in financial resources only to the extent that they reflect near-term inflows or outflows of cash.

There are three basic fund classifications available for courts to use: Governmental, Proprietary and Fiduciary. The Court uses the following fund classifications and types:

- **Governmental**
 - **General** – Used as the chief operating fund to account for all financial resources except those required to be accounted for in a separate fund.
 - **Special Revenue** – Used to account for certain revenue sources "earmarked" for specific purposes (including grants received). Funds here include:
 - **Special Revenue**
 1. Small Claims Advisory – 120003
 2. Enhanced Collections – 120007
 3. Other County Services – 120009
 4. 2% Automation – 180004
 - **Grants**
 1. Judicial Council Grants – 190100
- **Fiduciary**

Fiduciary funds include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust funds and agency funds is that trust funds normally are subject to "a trust agreement that affects the degree of management involvement and the length of time that the resources are held."

 - **Trust** – Used to account for funds held in a fiduciary capacity for a third party (non-governmental) generally under a formal trust agreement. Generally Accepted Accounting Principles (GAAP) indicates that fiduciary funds should be used "to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs."¹ Funds included here include deposits for criminal bail trust, civil interpleader, eminent domain, etc. The fund used here is:

¹ GASB Statement No. 34, paragraph 69.

- Trust Fund – 320001
- **Agency** - Used to account for resources received by one government unit on behalf of a secondary governmental or other unit. Agency funds, unlike trust funds, typically do not involve a formal trust agreement. Rather, agency funds are used to account for situations where the government’s role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Accordingly, all assets reported in an agency fund are offset by a liability to the party(ies) on whose behalf they are held. Finally, as a practical matter, a government may use an agency fund as an internal clearing account for amounts that have yet to be allocated to individual funds. This practice is appropriate for internal accounting purposes. However, for external financial reporting purposes, GAAP expressly limits the use of fiduciary funds, including agency funds, to assets held in a trustee or agency capacity for others. Because the resources of fiduciary funds, by definition, cannot be used to support the government’s own programs, such funds are specifically excluded from the government-wide financial statements.² **They are reported, however, as part of the basic fund financial statements to ensure fiscal accountability.** Sometimes, a government will hold escheat resources on behalf of another government. In that case, the use of an agency fund, rather than a private-purpose trust fund, would be appropriate. The funds included here are:
 - Civil Filing Fees Fund – 450000
 - Treasury Fund - 910000

² GASB Statement No. 34, paragraph 12.

Superior Court of California, County of Nevada
 Trial Court Operations Fund
 Balance Sheet
 As of June 30,
 (Unaudited)

	2014				2013	
	Governmental Funds			Fiduciary Funds	Total Funds (Info. Purposes Only)	Total Funds (Info. Purposes Only)
	General	Special Revenue				
Non-Grant		Grant				
ASSETS						
Operations	\$ 85,346	\$ 59,439	\$ 0	\$ 10,877	\$ 155,661	\$ (127,505)
Payroll	\$ 5,000				\$ 5,000	\$ 10,913
Jury	\$ 1,037			\$ 300	\$ 1,337	\$ 1,787
Revolving	\$ 30,000				\$ 30,000	\$ 30,000
Other	\$ 6,021				\$ 6,021	\$ 5,565
Distribution						
Cash on Hand	\$ 900				\$ 900	\$ 900
Cash with County				\$ 651,048	\$ 651,048	\$ 730,008
Cash Outside of the AOC	\$ 8,000			\$ 29,271	\$ 37,271	\$ 37,850
Total Cash	\$ 136,304	\$ 59,439	\$ 0	\$ 691,496	\$ 887,239	\$ 689,518
Short Term Investment	\$ 93,176			\$ 112,989	\$ 206,166	\$ 330,141
Total Investments	\$ 93,176			\$ 112,989	\$ 206,166	\$ 330,141
Accrued Revenue	\$ 413	\$ 0			\$ 413	\$ 63
Accounts Receivable - General	\$ 3,641	\$ 0	\$ 75,313		\$ 78,953	\$ 199,789
Dishonored Checks						
Due From Employee						
Civil Jury Fees						
Due From Other Funds	\$ 106,111				\$ 106,111	\$ 180,061
Due From Other Governments	\$ 8,482	\$ 38,355			\$ 46,837	\$ 20,223
Due From State	\$ 148,563	\$ 7,025	\$ 13,014		\$ 168,603	\$ 68,261
Distribution Due To/From						
General Due To/From						
Total Receivables	\$ 267,210	\$ 45,380	\$ 88,327	\$ 0	\$ 400,917	\$ 468,397
Prepaid Expenses - General						\$ 0
Salary and Travel Advances						\$ 0
Total Prepaid Expenses						\$ 0
Other Assets						
Total Other Assets						
Total Assets	\$ 496,690	\$ 104,819	\$ 88,327	\$ 804,485	\$ 1,494,322	\$ 1,488,056
LIABILITIES AND FUND BALANCES						
Accrued Liabilities	\$ 33,276	\$ 18,843	\$ 10,648		\$ 62,766	\$ (110,279)
Accounts Payable - General	\$ 33,545	\$ 264	\$ 1,950	\$ 0	\$ 35,759	\$ 134,337
Due to Other Funds	\$ 8,324	\$ 23,559	\$ 74,228		\$ 106,111	\$ 180,061
Due to Other Courts			\$ 1,049		\$ 1,049	\$ 2,421
Due to State	\$ 2,563		\$ 453		\$ 3,016	\$ 5,954
TC145 Liability				\$ 123,864	\$ 123,864	\$ 175,928
Due to Other Governments	\$ 2,711		\$ 0		\$ 2,711	\$ 10,236
AB145 Due to Other Government Agency						
Due to Other Public Agencies						
Interest				\$ 2	\$ 2	\$ 5
Miscellaneous Accts. Pay. and Accrued Liab.						
Total Accounts Payable and Accrued Liab.	\$ 80,418	\$ 42,666	\$ 88,327	\$ 123,866	\$ 335,277	\$ 398,663
Civil						
Criminal						
Trust Held Outside of the AOC				\$ 680,619	\$ 680,619	\$ 760,608
Trust Interest Payable						
Miscellaneous Trust						
Total Trust Deposits				\$ 680,619	\$ 680,619	\$ 760,608
Accrued Payroll	\$ 117,873	\$ 973			\$ 118,846	\$ 106,798
Benefits Payable	\$ 51,465				\$ 51,465	\$ 4,569
Deferred Compensation Payable	\$ 0				\$ 0	\$ 0
Deductions Payable	\$ 43,927				\$ 43,927	\$ 370
Payroll Clearing	\$ 0				\$ 0	\$ (7,987)
Total Payroll Liabilities	\$ 213,266	\$ 973			\$ 214,238	\$ 103,750
Revenue Collected in Advance	\$ 175,000				\$ 175,000	\$ 0
Liabilities For Deposits						
Jury Fees - Non-Interest						
Uncleared Collections	\$ (2,894)				\$ (2,894)	\$ 0
Other Miscellaneous Liabilities						
Total Other Liabilities	\$ 172,106				\$ 172,106	\$ 0
Total Liabilities	\$ 465,790	\$ 43,638	\$ 88,327	\$ 804,485	\$ 1,402,241	\$ 1,263,022
Total Fund Balance	\$ 30,900	\$ 61,180	\$ 0		\$ 92,080	\$ 225,035
Total Liabilities and Fund Balance	\$ 496,690	\$ 104,819	\$ 88,327	\$ 804,485	\$ 1,494,322	\$ 1,488,056

Superior Court of California, County of Nevada
 Trial Court Operations Fund
 Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Fiscal Year
 (Unaudited)

	2013-14				2012-13		
	Governmental Funds			Total Funds (Info. Purposes Only)	Current Budget (Annual)	Total Funds (Info. Purposes Only)	Final Budget (Annual)
	General	Special Revenue					
		Non-Grant	Grant				
REVENUES							
State Financing Sources							
Trial Court Trust Fund	\$ 4,978,403	\$ 49,944		\$ 5,028,347	\$ 5,010,268	\$ 4,814,434	\$ 4,705,344
Improvement and Modernization Fund	\$ 28,399			\$ 28,399	\$ 30,300	\$ 197,305	\$ 197,304
Judges' Compensation (45.25)	\$ 45,000			\$ 45,000	\$ 45,000	\$ 41,875	\$ 45,000
Court Interpreter (45.45)	\$ 26,160			\$ 26,160	\$ 19,533	\$ 16,981	\$ 34,347
MOU Reimbursements (45.10 and General)	\$ 292,848			\$ 292,848	\$ 290,822	\$ 402,795	\$ 467,954
Other Miscellaneous	\$ 95,494			\$ 95,494	\$ 95,494	\$ 222,253	\$ 41,277
	\$ 5,466,304	\$ 49,944		\$ 5,516,248	\$ 5,491,417	\$ 5,695,643	\$ 5,491,226
Grants							
AB 1058 Commissioner/Facilitator	\$ 1		\$ 570,286	\$ 570,286	\$ 583,608	\$ 582,740	\$ 583,608
Other AOC Grants	\$ 767		\$ 21,846	\$ 22,613	\$ 33,612	\$ 14,233	\$ 25,847
Non-AOC Grants							
	\$ 768		\$ 592,132	\$ 592,900	\$ 617,220	\$ 596,973	\$ 609,455
Other Financing Sources							
Interest Income	\$ 3,883	\$ 20		\$ 3,902	\$ 5,704	\$ 5,703	\$ 6,235
Donations						\$ 973	
Local Fees	\$ 37,176	\$ 0		\$ 37,176	\$ 54,262	\$ 54,261	\$ 65,433
Non-Fee Revenues	\$ 799	\$ 9,254		\$ 10,054	\$ 8,230	\$ 8,230	\$ 10,301
Enhanced Collections		\$ 243,734		\$ 243,734	\$ 237,566	\$ 169,690	\$ 221,182
Escheatment						\$ (61)	
Prior Year Revenue						\$ 35,118	\$ 15,516
County Program - Restricted		\$ 42,936		\$ 42,936	\$ 63,498	\$ 35,118	\$ 15,516
Reimbursement Other	\$ 75,716			\$ 75,716	\$ 282,311	\$ 88,781	\$ 83,992
Sale of Fixed Assets							
Other Miscellaneous	\$ 27,394			\$ 27,394	\$ 4,970	\$ 5,352	\$ 5,087
	\$ 144,968	\$ 295,945		\$ 440,913	\$ 656,541	\$ 368,047	\$ 407,746
Total Revenues	\$ 5,612,040	\$ 345,889	\$ 592,132	\$ 6,550,061	\$ 6,765,178	\$ 6,660,663	\$ 6,508,427
EXPENDITURES							
Personal Services							
Salaries - Permanent	\$ 2,824,316	\$ 59,842	\$ 319,899	\$ 3,204,057	\$ 3,234,938	\$ 3,248,793	\$ 2,896,775
Temp Help	\$ 41,430			\$ 41,430	\$ 50,004	\$ 41,231	\$ 63,551
Overtime	\$ 2,594		\$ 23	\$ 2,617	\$ 2,130	\$ 6,740	
Staff Benefits	\$ 1,854,071	\$ 34,571	\$ 202,976	\$ 2,091,618	\$ 2,161,526	\$ 2,097,296	\$ 2,213,507
	\$ 4,722,410	\$ 94,413	\$ 522,898	\$ 5,339,722	\$ 5,448,597	\$ 5,394,060	\$ 5,173,833
Operating Expenses and Equipment							
General Expense	\$ 101,880	\$ 9,410	\$ 20,738	\$ 132,028	\$ 141,163	\$ 132,889	\$ 206,953
Printing	\$ 11,198			\$ 11,198	\$ 13,445	\$ 14,005	\$ 21,323
Telecommunications	\$ 9,704	\$ 750	\$ 546	\$ 11,000	\$ 10,201	\$ 11,056	\$ 10,900
Postage	\$ 26,050		\$ 76	\$ 26,126	\$ 27,377	\$ 12,977	\$ 24,725
Insurance	\$ 3,320			\$ 3,320	\$ 3,800	\$ 3,717	\$ 2,300
In-State Travel	\$ 8,294		\$ 1,241	\$ 9,535	\$ 11,991	\$ 7,266	\$ 9,019
Out-of-State Travel							
Training	\$ 835			\$ 835	\$ 1,585	\$ 2,889	\$ 1,164
Security Services	\$ 79,862		\$ 8,075	\$ 87,937	\$ 85,222	\$ 84,401	\$ 84,240
Facility Operations	\$ 100,063		\$ 4,976	\$ 105,040	\$ 117,188	\$ 116,821	\$ 114,225
Contracted Services	\$ 564,449	\$ 176,454	\$ 28,956	\$ 769,859	\$ 815,202	\$ 994,133	\$ 1,120,792
Consulting and Professional Services	\$ 18,239		\$ 17,965	\$ 36,204	\$ 43,745	\$ 56,205	\$ 48,621
Information Technology	\$ 13,467	\$ 82,681		\$ 96,148	\$ 107,719	\$ 229,678	\$ 209,586
Major Equipment	\$ 36,282			\$ 36,282	\$ 36,253		
Other Items of Expense	\$ 3,491			\$ 3,491	\$ 3,131	\$ 2,375	\$ 4,200
	\$ 977,133	\$ 269,294	\$ 82,575	\$ 1,329,002	\$ 1,418,023	\$ 1,668,410	\$ 1,858,048
Special Items of Expense							
Grand Jury	\$ 850			\$ 850	\$ 850	\$ 850	\$ 850
Jury Costs	\$ 13,441			\$ 13,441	\$ 14,409	\$ 10,068	\$ 13,176
Judgements, Settlements and Claims							
Debt Service							
Other	\$ 0			\$ 0	\$ 718		
Capital Costs							
Internal Cost Recovery	\$ (117,455)	\$ 13,773	\$ 103,682	\$ 0	\$ (5,015)	\$ 0	\$ 0
Prior Year Expense Adjustment	\$ (13,257)	\$ 13,257		\$ 0			
	\$ (116,420)	\$ 27,030	\$ 103,682	\$ 14,291	\$ 10,962	\$ 10,918	\$ 14,026
Total Expenditures	\$ 5,583,124	\$ 390,737	\$ 709,154	\$ 6,683,015	\$ 6,877,582	\$ 7,073,388	\$ 7,045,906
Excess (Deficit) of Revenues Over Expenditures	\$ 28,917	\$ (44,848)	\$ (117,023)	\$ (132,954)	\$ (112,403)	\$ (412,725)	\$ (537,479)
Operating Transfers In (Out)	\$ (168,942)	\$ 51,919	\$ 117,023	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance (Deficit)							
Beginning Balance (Deficit)	\$ 170,925	\$ 54,109	\$ 0	\$ 225,035	\$ 225,035	\$ 637,760	\$ 637,760
Ending Balance (Deficit)	\$ 30,900	\$ 61,180	\$ 0	\$ 92,080	\$ 112,631	\$ 225,035	\$ 100,280

Source: Phoenix Financial Systems

**Superior Court of California, County of Nevada
 Trial Court Operations Fund
 Statement of Program Expenditures
 For the Fiscal Year
 (Unaudited)**

	2013-14						2012-13	
	Personal Services	Operating Expenses and Equipment	Special Items of Expense	Internal Cost Recovery	Total Actual Expense	Current Budget (Annual)	Total Actual Expense	Final Budget (Annual)
PROGRAM EXPENDITURES:								
Judges & Courtroom Support	\$ 974,821	\$ 144,437			\$ 1,119,258	\$ 1,099,480	\$ 1,102,353	\$ 1,079,676
Traffic & Other Infractions	\$ 407,038	\$ 8,204		\$ (4,091)	\$ 411,151	\$ 427,072	\$ 472,982	\$ 469,004
Other Criminal Cases	\$ 686,120	\$ 26,642		\$ (5,685)	\$ 707,077	\$ 758,643	\$ 703,870	\$ 711,481
Civil	\$ 511,844	\$ 12,975			\$ 524,819	\$ 491,306	\$ 535,659	\$ 470,957
Family & Children Services	\$ 1,033,352	\$ 188,603		\$ (829)	\$ 1,221,126	\$ 1,236,209	\$ 1,225,125	\$ 1,230,042
Probate, Guardianship & Mental Health Services	\$ 54,767	\$ 40,809			\$ 95,576	\$ 103,567	\$ 109,438	\$ 130,975
Juvenile Dependency Services	\$ 80,890	\$ 250,774			\$ 331,665	\$ 337,280	\$ 362,631	\$ 401,287
Juvenile Delinquency Services	\$ 16,762	\$ 1,500			\$ 18,262	\$ 59,577	\$ 65,280	\$ 61,993
Other Court Operations		\$ 10,509			\$ 10,509	\$ 13,000	\$ 9,100	\$ 12,515
Court Interpreters	\$ 52,586	\$ 23,607			\$ 76,193	\$ 102,341	\$ 82,504	\$ 78,955
Jury Services	\$ 59,566	\$ 20,265	\$ 14,291		\$ 94,122	\$ 91,665	\$ 53,824	\$ 74,630
Security	\$ 261,775	\$ 113,225			\$ 374,999	\$ 375,659	\$ 337,162	\$ 329,770
Trial Court Operations Program	\$ 4,139,521	\$ 841,551	\$ 14,291	\$ (10,605)	\$ 4,984,758	\$ 5,095,800	\$ 5,059,929	\$ 5,051,285
Enhanced Collections	\$ 56,490	\$ 175,169		\$ 12,075	\$ 243,734	\$ 222,713	\$ 169,690	\$ 214,152
Other Non-Court Operations								
Non-Court Operations Program	\$ 56,490	\$ 175,169		\$ 12,075	\$ 243,734	\$ 222,713	\$ 169,690	\$ 214,152
Executive Office	\$ 264,366	\$ 4,194		\$ (1,469)	\$ 267,091	\$ 264,977	\$ 266,269	\$ 250,732
Fiscal Services	\$ 250,925	\$ 17,638		\$ 0	\$ 268,563	\$ 266,505	\$ 263,754	\$ 242,311
Human Resources	\$ 341,040	\$ 23,208	\$ 0		\$ 364,248	\$ 431,930	\$ 466,689	\$ 468,003
Business & Facilities Services		\$ 138,868			\$ 138,868	\$ 154,680	\$ 160,930	\$ 199,698
Information Technology	\$ 287,378	\$ 128,375			\$ 415,753	\$ 440,977	\$ 686,128	\$ 619,725
Court Administration Program	\$ 1,143,710	\$ 312,282	\$ 0	\$ (1,469)	\$ 1,454,523	\$ 1,559,069	\$ 1,843,769	\$ 1,780,469
Prior Year Adjustments Not Posted to a Program								
Total	\$ 5,339,722	\$ 1,329,002	\$ 14,291	\$ 0	\$ 6,683,015	\$ 6,877,582	\$ 7,073,388	\$ 7,045,906

Source: Phoenix Financial Systems

PURPOSE AND SCOPE

The purpose of this review was to determine the extent to which the Superior Court of California, County of Nevada (Court) has:

- Designed and implemented an internal control structure that can be relied upon to ensure the reliability and integrity of information; compliance with policies, procedures, laws and regulations; the safeguarding of assets; and the economical and efficient use of resources.
- Complied with the Trial Court Financial Policies and Procedures Manual and the Court's own documented policies and procedures.
- Complied with various statutes and Rules of Court.

The scope of the audit included reviews of the Court's major functional areas, including: cash collections, contracts and procurement, accounts payable, payroll, financial accounting and reporting, information technology, domestic violence, and court security. The depth of audit coverage in each area is based on initial audit scope coverage decisions. Additionally, although we may have reviewed more recent transactions, the period covered by this review consisted primarily of fiscal year 2013–2014.

The Judicial Council in December 2009 adopted California Rule of Court Rule 10.500 with an effective date of January 1, 2010, that provides for public access to non-deliberative or non-adjudicative court records. Final audit reports are among the court 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. Therefore, any information considered confidential or sensitive in nature that would compromise the security of the Court or the safety of judicial branch personnel was omitted from this audit report.

TIMING AND REVIEWS WITH MANAGEMENT

The entrance letter was issued to the Court on February 6, 2014.

The entrance meeting was held with the Court on February 11, 2014.

Audit fieldwork commenced on March 3, 2014.

Fieldwork was completed in July 2014.

Preliminary results were communicated and discussed with Court management during the course of the review. A preliminary exit meeting to review the draft report and audit results was held on November 19, 2014, with the following Court management:

- G. Sean Metroka, Court Executive Officer
- Thea Palmiere, Human Resources and Administration Director
- Patricia Kmitta, Court Operations Director
- David Schlothauer, Information Technology, Facilities, and Security Director

Audit Services received the Court's final management responses to the audit recommendations on December 12, 2014, and final management responses to the Appendix A log items on January 6, 2015. Audit Services incorporated the Court's final responses in the audit report and subsequently provided the Court with a draft version of the completed audit report for its review and comment on January 8, 2015. On January 23, 2015 Audit Services received the Court's final comments and suggestions concerning its review of the audit report and indicated it did not consider another review of the report necessary before AS presented the report to the Judicial Council.

The audit assignment was completed by the following audit staff under the supervision of Robert Cabral, Internal Audit Supervisor:

Joe Azevedo, Senior Auditor (auditor-in-charge)

Ed Duran, Auditor II

Lorraine De Leon, Auditor II

ISSUES AND MANAGEMENT RESPONSES

1. Court Administration

Background

Trial courts are subject to rules and policies established by the Judicial Council to promote efficiency and uniformity within a system of trial court management. Within the boundaries established by the Judicial Council, each trial court has the authority and responsibility for managing its own operations. All employees are expected to fulfill at least the minimum requirements of their positions and to conduct themselves with honesty, integrity and professionalism. All employees must also operate within the specific levels of authority that may be established by the trial court for their positions.

California Rules of Court (CRC) and the *Trial Court Financial Policy and Procedures Manual* (FIN Manual) established under Government Code section (GC) 77001 and adopted under CRC 10.804, respectively, specify guidelines and requirements for court governance.

The table below presents the Superior Court of California, County of Nevada (Court), general ledger account balances that are considered associated with court administration. A description of the areas reviewed and how we reviewed them is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2013	2012		
Revenue				
833010 PROGRAM 45.25-JUDGES SALARIES	41,875.00	45,132.69	(3,257.69)	-7.22%
Expenditures				
906311 SALARIES - SUPERIOR COURT JUDGES	38,214.72	41,558.51	(3,343.79)	-8.05%
920599 DUES AND MEMBERSHIP	1,365.00	1,550.00	(185.00)	-11.94%
933100 - TRAINING	2,889.00	6,138.86	(3,249.86)	-52.94%

We assessed the Court's compliance related to trial court management, including duties of the presiding judge (PJ), duties of the court executive officer (CEO), and management of human resources, with CRC and FIN Manual requirements through a series of questionnaires and review of records. Primary areas reviewed included an evaluation of the following:

- Expense restrictions included in *Operating Guidelines and Directives for Budget Management in the Judicial Branch* (operating guidelines). Requirements include restrictions on the payment of professional association dues for individuals making over \$100,000 a year.
- Compliance with CRC relating to cases taken under submission.
- Approval requirements regarding training.

Additionally, we obtained an understanding of the Court's organizational structure and reviewed the cash handling and fiscal responsibilities of Court personnel to ensure that duties are sufficiently segregated.

There were minor issues associated with this area that are included in Appendix A to this report.

2. Fiscal Management and Budgets

Background

Trial courts must employ sound business, financial, and accounting practices to conduct their fiscal operations. To operate within the funding appropriated in the State Budget Act and allocated to courts, courts should establish budgetary controls to monitor their budgets on an ongoing basis to ensure that actual expenditures do not exceed available amounts. As personnel services costs account for the majority of trial court budgets, courts must establish a position management system that includes, at a minimum, a current and updated position roster, a process for abolishing vacant positions, and a process and procedures for requesting, evaluating, and approving new and reclassified positions.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them in this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2013	2012		
Assets				
120051 SHORT TERM INVESTMENTS	330,140.56	626,140.92	(296,000.36)	-47.27%
Liabilities				
374001 PAYROLL CLEARING ACCOUNT	(7,986.68)	-	(7,986.68)	-100.00%
374102 RETIREMENT BENEFITS- JUDGES	300.00	-	300.00	100.00%
374603 UNION DUES	70.00	-	70.00	100.00%
374701 HEALTH BENEFITS PAYABLE E	-	261.00	(261.00)	-100.00%
374702 BENEFITS PAYABLE-MEDICAL	-	45,180.53	(45,180.53)	-100.00%
374703 BENEFITS PAYABLE-DENTAL E	-	4,886.10	(4,886.10)	-100.00%
374704 BENEFITS PAYABLE-VISION E	-	1,103.15	(1,103.15)	-100.00%
374705 BENEFITS PAYABLE-LIFE EE	4.26	1,086.34	(1,082.08)	-99.61%
374706 BENEFITS PAYABLE-FLEX SPE	4,564.79	4,145.12	419.67	10.12%
375001 ACCRUED PAYROLL	106,797.98	97,450.70	9,347.28	9.59%
Expenditures				
900301 SALARIES - PERMANENT	3,027,364.31	3,179,174.56	(151,810.25)	-4.78%
900320 LUMP SUM PAYOUTS	84,012.70	101,468.53	(17,455.83)	-17.20%
900325 BILINGUAL PAY	3,427.84	3,613.56	(185.72)	-5.14%
900327 MISCELLANEOUS DIFFERENTIAL	15,264.90	15,645.26	(380.36)	-2.43%
900328 OTHER PAY	9,135.04	717.57	8,417.47	1173.05%
900336 LOCATION DIFFERENTIAL	31,629.95	35,228.69	(3,598.74)	-10.22%
900350 FURLOUGH & SALARY REDUCTION	(106,966.48)	(104,226.95)	(2,739.53)	-2.63%
903301 TEMPORARY EMPLOYEES	41,231.01	34,128.11	7,102.90	20.81%
906303 SALARIES - COMMISSIONERS	151,970.78	152,555.29	(584.51)	-0.38%
906311 SALARIES - SUPERIOR COURT JUDGES	38,214.72	41,558.51	(3,343.79)	-8.05%
906350 FURLOUGH SAVINGS - COMMISSIONER	(5,260.50)	(4,968.27)	(292.23)	-5.88%
908301 OVERTIME	6,739.66	(13.16)	6,752.82	51313.22%
** SALARIES TOTAL	3,296,763.93	3,454,881.70	(158,117.77)	-4.58%
910301 SOCIAL SECURITY INS & MED	190,908.16	200,039.34	(9,131.18)	-4.56%
910302 MEDICARE TAX	46,638.90	48,668.35	(2,029.45)	-4.17%

* 910300 - TAX	237,547.06	248,707.69	(11,160.63)	-4.49%
910401 DENTAL INSURANCE	49,949.83	52,479.78	(2,529.95)	-4.82%
910501 MEDICAL INSURANCE	365,217.72	345,640.43	19,577.29	5.66%
910503 RETIREE BENEFIT	168,755.47	521,597.58	(352,842.11)	-67.65%
910599 HEALTH INSURANCE	1,546.04	2,249.80	(703.76)	-31.28%
* 910400 - HEALTH INSURANCE	585,469.06	921,967.59	(336,498.53)	-36.50%
910601 RETIREMENT (NON-JUDICIAL OFFICERS)	947,365.48	961,060.47	(13,694.99)	-1.42%
912301 RETIREMENT (SUBORDINATE AND JUDICIAL OFFICERS)	51,948.91	50,830.84	1,118.07	2.20%
* 910600 - RETIREMENT	999,314.39	1,011,891.31	(12,576.92)	-1.24%
* 912500 - WORKERS' COMPENSATION	64,529.00	70,427.00	(5,898.00)	-8.37%
913301 UNEMPLOYMENT INSURANCE	29,329.31	29,704.25	(374.94)	-1.26%
913501 LIFE INSURANCE	2,110.09	2,175.90	(65.81)	-3.02%
913601 VISION CARE INSURANCE	10,792.90	11,998.89	(1,205.99)	-10.05%
913699 OTHER INSURANCE	3,171.05	3,093.64	77.41	2.50%
* 912700 - OTHER INSURANCE	45,403.35	46,972.68	(1,569.33)	-3.34%
913803 PAY ALLOWANCES	8,422.51	7,914.61	507.90	6.42%
913899 OTHER BENEFITS	156,610.68	143,346.51	13,264.17	9.25%
* 913800 - OTHER BENEFITS	165,033.19	151,261.12	13,772.07	9.10%
** STAFF BENEFITS TOTAL	2,097,296.05	2,451,227.39	(353,931.34)	-14.44%
*** PERSONAL SERVICES TOTAL	5,394,059.98	5,906,109.09	(512,049.11)	-8.67%

We assessed the Court's budgetary controls by obtaining an understanding of how the Court's annual budget is approved and monitored. In regards to personnel services costs, we compared actual to budgeted expenditures, and performed a trend analysis of prior year personnel services costs to identify and determine the causes of significant cost increases.

We also evaluated the Court's payroll controls through interviews with Court employees, and review of payroll reports and reconciliation documents. For selected employees, we validated payroll expenditures to supporting documents, including payroll registers, timesheets, and personnel files to determine whether work and leave time were appropriately approved and pay was correctly calculated. In addition, we reviewed the Court's Personnel Manual and employee bargaining agreements to determine whether any differential pay, leave accruals, and various benefits were made in accordance with court policy and agreements.

There were minor issues associated with this area that are included in Appendix A to this report.

3. Fund Accounting

Background

Trial courts must account for their receipt and use of public funds using the fund accounting and reporting standards published by the Government Accounting Standards Board. To assist courts in meeting this objective, the FIN Manual provides guidelines for courts to follow. Specifically, the FIN Manual requires trial courts to establish and maintain separate funds to segregate their financial resources and allow for the detailed accounting and accurate reporting of the courts' financial operations. The FIN Manual also defines a "fund" as a complete set of accounting records designed to segregate various financial resources and maintain separate accountability for resources designated for specific uses, so as to ensure that public monies are only spent for approved and legitimate purposes. The Judicial Council Phoenix Financial System includes governmental, fiduciary, and proprietary funds to serve this purpose. Furthermore, the Judicial Council has approved a fund balance policy to ensure that courts identify and reserve resources to meet statutory and contractual obligations, maintain a minimum level of operating and emergency funds, and to provide uniform standards for fund balance reporting.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them in this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2013	2012		
Fund Balance				
535001 RESERVE FOR ENCUMBRANCES	4,999.00	-	4,999.00	100.00%
551001 FUND BALANCE - NON SPENDA	30,900.00	30,900.00	0.00	0.00%
552001 FUND BALANCE - RESTRICTED	154,706.00	215,875.00	(61,169.00)	-28.34%
552002 FUND BALANCE - COMMITTED	334,169.00	727,012.75	(392,843.75)	-54.04%
553001 FUND BALANCE - ASSIGNED	117,984.80	290,142.11	(172,157.31)	-59.34%
615001 ENCUMBRANCES	(4,999.00)	-	(4,999.00)	-100.00%
***Fund Balances	637,759.80	1,263,929.86	(626,170.06)	-49.54%
Revenue				
** 837000-IMPROVEMENT FUND - REIMBUR	197,304.87	505,201.13	(307,896.26)	-60.95%
** 840000-COUNTY PROGRAM - RESTRICTED	35,118.13	83,265.02	(48,146.89)	-57.82%
Expenditures				
939420 SMALL CLAIMS ADVISORY SER	2,405.45	2,940.77	(535.32)	-18.20%
* 972200 - GRAND JURY COSTS	850.00	910.00	(60.00)	-6.59%
***701100 OPERATING TRANSFERS IN	(129,204.08)	(200,440.23)	71,236.15	35.54%
***701200 OPERATING TRANSFERS OUT	129,204.08	200,440.23	(71,236.15)	-35.54%

To determine whether the Court is properly accounting for its financial resources and expenditures in separate funds, we reviewed the trial balance of the Court's general fund and grant funds and certain detailed transactions, if necessary.

There were no issues associated with this area to report to management.

4. Accounting Principles and Practices

Background

Trial courts must accurately account for use of public funds, and demonstrate their accountability by producing financial reports that are understandable, reliable, relevant, timely, consistent, and comparable. To assist courts in meeting these objectives, the FIN Manual provides uniform accounting guidelines for trial courts to follow when recording revenues and expenditures associated with court operations. Trial courts use these accounting guidelines and are required to prepare various financial reports and submit them to the Judicial Council, as well as preparing and disseminating internal reports for monitoring purposes.

Since migrating onto the Phoenix Financial System, the Court receives, among other things, general ledger accounting, analysis, and reporting support services from the Judicial Council Trial Court Administrative Services (TCAS). Some of the benefits of the Phoenix Financial System are consistent application of FIN Manual accounting guidelines, and the ability to produce quarterly financial statements and other financial reports directly from the general ledger. Since the financial reporting capabilities are centralized with TCAS, our review of court financial statements is kept at a high level.

Courts may also receive various federal and state grants either directly or passed through to it from the Judicial Council. Restrictions on the use of these grant funds and other requirements may be found in the grant agreements. The grants courts receive are typically reimbursement-type grants that require them to document and report costs to receive payment. Courts must separately account for the financing sources and expenditures associated with each grant. As a part of the annual Single Audit the State Auditor conducts for the State of California, the Judicial Council requests courts to list and report the federal grant awards they received.

The table below presents account balances from the Court's general ledger that are considered associated with this section. A description of the areas reviewed and how we reviewed them in this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2013	2012		
Assets				
130001 A/R-ACCRUED REVENUE	63.02	4,782.28	(4,719.26)	-98.68%
131201 ACCOUNTS RECEIVABLE (CUST	2,407.53	17,680.80	(15,273.27)	-86.38%
131202 A/R-DUE FROM OTHER GOVERN	1,729.17	6,466.97	(4,737.80)	-73.26%
131204 A/R-DUE FROM AOC (CUSTOME	195,651.92	199,505.69	(3,853.77)	-1.93%
140014 GENERAL-DUE FROM SPECIAL	180,061.22	192,462.66	(12,401.44)	-6.44%
150001 A/R - DUE FROM OTHER GOVE	20,223.47	21,067.50	(844.03)	-4.01%
152000 A/R-DUE FROM STATE	68,261.11	239,780.33	(171,519.22)	-71.53%
** Receivables	468,397.44	681,746.23	(213,348.79)	-31.29%
172001 PREPAID EXPENSES	-	55,097.52	(55,097.52)	-100.00%
** Prepaid Expenses	-	55,097.52	(55,097.52)	-100.00%
*** Accounts Receivable	468,397.44	736,843.75	(268,446.31)	-36.43%

Revenue

** 812100-TCTF - PGM 10 OPERATIONS	4,814,434.18	5,455,694.08	(641,259.90)	-11.75%
** 816000-OTHER STATE RECEIPTS	222,253.00	54,271.00	167,982.00	309.52%
** 821000-LOCAL FEES REVENUE	54,260.50	65,436.25	(11,175.75)	-17.08%
** 821200-ENHANCED COLLECTIONS - REV	169,689.83	231,021.23	(61,331.40)	-26.55%
** 822000-LOCAL NON-FEES REVENUE	8,229.94	10,301.10	(2,071.16)	-20.11%
** 823000-OTHER - REVENUE	6,325.18	8,618.17	(2,292.99)	-26.61%
** 825000-INTEREST INCOME	5,703.40	6,234.93	(531.53)	-8.53%
** 831000-GENERAL FUND - MOU/REIMB	5,175.00	4,910.00	265.00	5.40%
** 832000-PROGRAM 45.10 - MOU/REIMB	397,620.00	395,409.00	2,211.00	0.56%
** 833000-PROGRAM 45.25 - REIMBURSEM	41,875.00	45,132.69	(3,257.69)	-7.22%
** 834000-PROGRAM 45.45 - REIMB	16,981.00	59,653.00	(42,672.00)	-71.53%
** 838000-AOC GRANTS - REIMB	596,973.01	591,128.32	5,844.69	0.99%
** 860000-REIMBURSEMENTS - OTHER	88,781.19	84,959.63	3,821.56	4.50%
** 890000-PRIOR YEAR REVENUE	(61.20)	-	(61.20)	-100.00%

We compared general ledger year-end account balances between the prior two complete fiscal years and reviewed accounts with material and significant year-to-year variances. We also assessed the Court's procedures for processing and accounting for trust deposits, disbursements, and refunds to determine whether its procedures ensure adequate control over trust funds. Further, we reviewed selected FY 2012–2013 encumbrances, adjusting entries, and accrual entries for compliance with the FIN Manual and other relevant accounting guidance.

The following issues were considered significant enough to bring to management's attention in this report. Additional minor issues are included in Appendix A to this report.

4.1 The Court Needs to Improve Its Financial Accounting and Reporting Practices

Background

Internal and external users of court financial information depend on reliable court financial data and reports to obtain the information they need to evaluate each court's finances. Accordingly, the FIN Manual, Policy No. FIN 5.01, establishes uniform guidelines and accounting principles for courts to follow when gathering, summarizing, and reporting accounting information associated with the fiscal operations of each court. This procedure requires that courts comply with the basic principles of accounting and reporting that apply to government units. It also requires that courts execute and account for financial transactions in conformity with generally accepted accounting principles and legal requirements.

Issues

To determine whether the Court properly recorded, classified, and reported its financial transactions, we reviewed its general ledger (GL) account balances and its accounting treatment of a limited number of financial transactions that we selected to review during the audit. Our review determined that the Court does not always properly account for and report its financial transactions. Specifically, we noted the following:

1. Our review of the Court's GL account balances revealed that it does not follow prescribed financial accounting requirements. For example, we noted the following accounting and reporting errors:
 - a. We identified several sources of revenue whose use is restricted by statute but that the Court does not account for properly. Specifically, in fiscal year (FY) 2012-2013, the Court received revenues that are restricted by statute for certain purposes. These included revenues designated for purposes such as family law facilitator, and family conciliation and mediation services, as well as fees received from fines levied related to underage tobacco possession and/or use. Although the Court accounts for these restricted revenue sources using separate revenue GL accounts, it did not assign certain unique accounting system codes that separately track their respective expenditures. As a result, it cannot assure that it used these revenues only for their restricted purposes.
 - b. A year-end posting error resulted in an abnormal debit balance in the Court's FY 2012-2013 accrued liabilities general ledger account. Specifically, due to cash flow shortage issues, the Court placed a stop payment on a pension prefunding check and decided to defer the prefunding expense to the next fiscal year. However, instead of simply reversing the cash payment transaction and debiting the cash general ledger account due to the stop payment, the Court instead debited the accrued liabilities general ledger account. As a result, this posting error created an abnormal debit balance in the accrued liabilities general ledger account that the Court should have detected when it reviewed its general ledger account balances or its financial statements at year-end.
2. Our review of the FY 2012-2013 State Comprehensive Annual Financial Report (CAFR) information the Court reported found that the Court did not accurately report some information. Specifically, the Court under-reported its FY 2012-2013 lease expenditures as it reported the amount in thousands of dollars instead of in whole dollars as required. Further, the Court misreported fixed assets in its FY 2012-2013 CAFR information that were disposed of in the prior fiscal year, FY 2011-2012.

Recommendations

To ensure it properly classifies, records, and reports its financial transactions, the Court should consider the following:

1. Assign certain unique accounting system codes to track the expenditures associated with statutorily restricted revenues. Also, periodically review general ledger account balances and financial statements to ensure general ledger accounts do not carry abnormal balances at the end of each reporting period.
2. Establish an internal CAFR review process to verify that it accurately reports its year-end CAFR information.

Superior Court Response By: G. Sean Metroka, CEO

Date: September 9, 2014

We agree with the issues outlined in the memorandum:

1. We now are now properly using WBS / O Project codes to record restricted revenue and related expenses. These account balances are reviewed periodically and all are analyzed at the end of reporting periods to ensure they do not carry abnormal balances.

Completion date: August 26, 2014

Responsible person: Pam Carcido, Senior Financial Analyst

2. A process for internal review of the CAFR is in place to ensure the information it contains is accurate. The discrepancies noted in the audit were clerical errors and missed in the review that year. We will redouble our efforts to avoid this in the future.

Completion date: August 26, 2014

Responsible person: Pam Carcido, Senior Financial Analyst

5. Cash Collections

Background

Trial courts must collect and process payments in a manner that protects the integrity of the court and its employees and promotes public confidence. Thus, trial courts should institute procedures and other internal controls that assure the safe and secure collection, and accurate accounting of all payments. The FIN Manual provides uniform guidelines for trial courts to use when collecting, processing, accounting, and reporting payments from the public in the form of fees, fines, forfeitures, restitutions, penalties, and assessments resulting from court orders.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them in this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2013	2012		
Cash Accounts				
100000 POOLED CASH	102,277.27	111,524.15	(9,246.88)	-8.29%
100011 OPS DEPOSIT	61.16	-	61.16	100.00%
100025 DISB CHECK-OPERATIONS	(229,843.15)	(182,004.58)	(47,838.57)	-26.28%
113000 CASH-JURY FUND	1,786.76	5,836.76	(4,050.00)	-69.39%
114000 CASH-REVOLVING	30,000.00	30,000.00	0.00	0.00%
115000 CASH-OTHER	5,564.79	5,145.12	419.67	8.16%
116000 CASH - PAYROLL	10,913.22	5,000.00	5,913.22	118.26%
119001 CASH ON HAND - CHANGE FUN	900.00	900.00	0.00	0.00%
120001 CASH WITH COUNTY	730,008.27	689,827.94	40,180.33	5.82%
120002 CASH OUTSIDE OF AOC	37,850.07	100,068.96	(62,218.89)	-62.18%
Overages/Shortages				
823004 CASHIER OVERAGES	153.57	444.65	(291.08)	-65.46%
952599 CASHIER SHORTAGES	54.25	-	54.25	100.00%

We visited selected court locations with cash handling responsibilities and assessed various cash handling processes and practices through observations and interviews with Court operations managers and staff. Specific processes and practices reviewed include the following:

- Beginning-of-day opening.
- End-of-day closeout, balancing, and reconciliation.
- Bank deposit preparation.
- Segregation of cash handling duties.
- Access to safe, keys, and other court assets.
- Physical and logical security of cashiering areas and information systems.

We also reviewed selected monetary and non-monetary transactions, and validated these transactions to supporting receipts, case files, and other records. In addition, we assessed controls over manual receipts to determine whether adequate physical controls existed, periodic oversight was performed, and other requisite controls were being followed.

Further, we reviewed the Court's comprehensive collections program for compliance with applicable statutory requirements to ensure that delinquent accounts are identified, monitored, and referred to its collections agency in a timely manner, and that collections received are promptly recorded and reconciled to the associated case.

The following issues were considered significant enough to bring to management's attention in this report. Additional minor issues are included in Appendix A to this report.

5.1 The Court Needs to Improve Its Control and Oversight over Handwritten Receipts

Background

The FIN Manual, Policy No. FIN 10.02, provides courts with uniform guidelines for receiving and accounting for payments from the public. Specifically, paragraph 6.3.7 of this procedure states, in part, that all payments to the court must be acknowledged by a sequentially numbered receipt that provides sufficient information, including receipt number, date of payment, case number, and amount received, to create an adequate audit trail that ensures proper distribution of the monies received. The court shall keep a record of all receipts issued, and periodically monitor receipt sequence numbers to identify gaps and assure that all receipts are accounted for.

In addition, paragraph 6.3.9 indicates that in the case of a failure of the automated accounting system, the supervisor or designated employee will issue books of pre-numbered receipts, the cashier will give the customer a handwritten receipt, and a copy of the handwritten receipt shall be retained by the Court. Also, the supervisor issuing the handwritten receipt books will monitor and maintain an accounting of the receipt books, including the receipt books issued, to whom the receipt books were issued, the date the receipt books were issued, the person returning the receipt books, the receipts used within each receipt book, and the date the receipt books were returned to the supervisor. Finally, handwritten receipt transactions must be processed as soon as possible after the automated system is restored.

Further, the FIN Manual, Policy No. FIN 1.01, paragraph 6.4.2, requires courts to document and obtain AOC approval of their alternative procedures if court procedures differ from the procedures in the FIN Manual. The paragraph further states that alternative procedures not approved by the AOC will not be considered valid for audit purposes.

Issue

Our review of handwritten receipts at the Courts' four divisions found that it lacked consistent control and oversight over handwritten receipts. Specifically, we noted the following weaknesses:

1. At the time of our review, the supervisor at each of the four divisions did not secure handwritten receipt books when not in use. Instead, the receipt books were placed where they are readily accessible, such as under the front counter or in an open vault. As a result, our review of seven handwritten receipt books revealed the following:

- The handwritten receipt books at all four court divisions included missing copies of used handwritten receipts that the court divisions could not account for. Therefore, the court divisions could not ensure that payments were received and appropriately entered in the CMS accurately and promptly. Also, the receipt books at three of the four court divisions included missing original copies of unused handwritten receipts with no explanation for the disposition of the original copies. Further, the last page of the handwritten receipt book for one court division was missing.
- Our review of 17 handwritten receipts at two of the four court divisions revealed that 16 handwritten receipts did not indicate, such as with a CMS receipt number noted on the used copy, that the payments were entered in the CMS, and one did not have the case number or case name noted on the handwritten receipt.
- Of the 12 handwritten receipts reviewed at one court division, the Court could not provide a CMS-generated receipt showing that the payment had been entered into the CMS for one handwritten receipt. For two other handwritten receipts, Court-provided documents did not reflect the same payment amount entered into the CMS as the payment noted on the handwritten receipt. For a fourth handwritten receipt, the Court asserted that the CMS receipt was destroyed with the case file after the case file had been imaged; therefore, it could not provide documentation showing that the payment had been appropriately entered in the CMS.

Since the handwritten receipt books at all four court divisions were not under supervisory control and accessible to all employees, there was no monitoring or accounting of the receipt books, including when and who used the receipt books, when and who returned the receipt books, and when and who used which receipts in each receipt book.

2. The Court's accounting unit does not maintain central oversight of the Court's handwritten receipt books. Specifically, the accounting unit does not maintain a log of handwritten receipt books issued to, as well as completely used handwritten receipt books returned from, the court divisions. Further, two of the four court divisions purchase their own handwritten receipt books

Recommendation

To ensure adequate control and oversight over handwritten receipts, the Court should consider the following:

1. Require managers or supervisors to secure and maintain physical custody of the handwritten receipt books when not in use. In addition, require managers or supervisors to periodically review the handwritten receipt books to ensure that all handwritten receipts are accounted for, include all pertinent information, including the case number and amount received, and entered into the CMS as soon as possible after the CMS is restored and available for posting payments.
2. Require the Court's accounting unit to maintain central oversight of the handwritten receipt books, including maintaining the required log showing handwritten receipts books issued,

when they were issued, and to which court division they were issued, as well as which handwritten receipt books have been returned, when they were returned, and which court division returned them.

3. If the Court cannot implement the FIN Manual procedures and oversee the use handwritten receipts as recommended, the Court should prepare an alternative procedure request and submit it to the AOC for approval. The request should identify the FIN Manual procedures the Court cannot implement, the reasons why it cannot implement the procedures, a description of its alternate procedure, and the controls it proposes to implement to mitigate the risks associated with not implementing the associated FIN Manual procedures.

Superior Court Response By: G. Sean Metroka, CEO Date: July 16, 2014

We agree with the issues outlined in the memorandum:

1. We have implemented new procedures to secure and control handwritten receipts. Our court has procured customized receipt books that cannot be easily duplicated (or purchased at an office supply store). Each operations department supervisor has been issued one book of receipts and they store them in locked cabinets. They now verify that all handwritten receipts are accounted for and timely entered into our case management system.
Completion date: March 20, 2014
Responsible person: Patricia Kmitta, Court Operations Director
2. Our court accounting department now maintains central oversight of blank receipt books including logging of the distribution of receipt books to the operations departments and verifying the return of completely exhausted receipt books.
Completion date: March 20, 2014
Responsible person: Thea Palmiere, Director of Human Resources & Administration
3. Our court has implemented FIN Manual 10.02 regarding handwritten receipts. Therefore, an alternative procedure is not necessary.

5.2 The Court Needs to Strengthen Its Cash Handling Procedures

Background

To protect the integrity of the court and its employees and promote public confidence, the FIN Manual, Policy No. FIN 10.02, provides courts with uniform guidelines for receiving and accounting for payments from the public. This procedure requires courts to observe certain guidelines to assure the safe and secure collection and accurate accounting of all payments. For example, paragraph 6.3.1 states that cashiers receive a nominal amount of money, secured in individually locked drawers or bags, to enable them to return change on cash transactions. Cashiers should verify receipt of their beginning cash funds with their supervisor, and any beginning cash discrepancies should be resolved before the cashier starts their daily cash collection duties.

In addition, paragraph 6.3.8 requires supervisory court staff to review and approve void transactions as follows:

Transactions that must be voided require the approval of a supervisor. When notified by a cashier, the supervisor is responsible for reviewing and approving the void transaction. All void receipts should be retained, not destroyed.

Also, paragraph 6.3.10 states that at the end of the workday, all cashiers must balance and closeout their own cash drawer or register. Balancing and closeout include completing and signing the daily report, attaching a calculator tape for checks, turning in the daily report with money collected to the supervisor, and verifying the daily report with the supervisor.

Further, paragraph 6.4 provides courts with the following guidance for processing payments received through the mail:

- Two-person teams are used to open and process mail to maintain accountability for payments received in the mail.
- Checks and money orders received in the mail should be processed on the day they are received and listed on a cash receipts log. The log should record certain key information, such as case number, check amount, check number, and date received, and be signed by the person logging the payments.
- Checks and money orders received through the mail but not processed on the day received should be placed in a locked area and processed on the next business day after notifying the supervisor.

The FIN Manual, Policy No. FIN 13.01, paragraph 6.3, requires, in part, that all court locations that have safes, vaults, or other comparable storage that is adequate to safeguard cash may accumulate collections until they amount to \$1,000 in coin/paper currency or \$10,000 in any combination of coin/paper currency, checks, money orders, and warrants (excluding state warrants and state checks), whichever occurs first. When bank messenger service is available in an area, courts may arrange for their non-coin/paper currency deposits to be picked up and delivered to a selected branch of an approved depository bank. Deposits will be placed in sealed bags and will be receipted by the bank messenger at the time the deposit is picked up. This receipt will be kept by the court along with any other documentation verifying the deposit. Bank messengers are restricted from picking up deposits that include coin or paper currency. Further, an employee other than the person who prepares the deposit (preferably a supervisor or higher level of management) must verify, sign, and date the deposit slip, or other similar document, evidencing that receipts have been deposited intact.

Also, the FIN Manual, Policy No. FIN 10.02, paragraph 6.3.12 requires courts to conduct surprise cash counts (an independent balancing of a cash drawer or register) on all trial court staff that handle payments in the normal course of their duties.

Finally, the FIN Manual, Policy No. FIN 1.01, paragraph 6.4.2, requires courts to document and obtain AOC approval of their alternative procedures if court procedures differ from the

procedures in the FIN Manual. The paragraph further states that alternative procedures not approved by the AOC will not be considered valid for audit purposes.

Issues

Our review of the Court's cash handling practices and associated documents found that the Court follows inconsistent cash handling and accounting practices. Specifically, the Court could strengthen its procedures in the following areas:

1. **Cash Collections** – Court cashiers at each of the Court's four divisions share one cash drawer, which makes it difficult, if not impossible, to hold any one cashier accountable for any cash discrepancies. Also, the supervisor at two court divisions does not perform the beginning cash count in front of another court employee, such as a lead Court Services Assistant (CSA). In addition, these two court divisions do not utilize a beginning cash verification log to document the beginning-of-day cash drawer count. Further, although a beginning cash verification log is used to document the beginning cash count at a third court division, the supervisor does not perform the beginning cash count in front of another court employee, such as a lead CSA. As a result, no one signs the beginning cash verification log to demonstrate verification of the beginning cash count. Finally, CSAs at one court division and the supervisor at another court division set up new cases in the CMS and perform the incompatible function of receiving and entering payments in the CMS for the same newly established cases.
2. **Void Transactions** – The Court has an excessive number of employees, more than 60 active user IDs, with the ability to reverse and adjust transactions in the CMS, including a court volunteer. In addition, lead CSAs and the supervisor at two court divisions receive and process payments in the CMS and perform the incompatible function of reviewing and approving reversals as well as processing reversals in the CMS. Also, accounting clerks at one court division receive and process counter, telephone, and Internet payments in the CMS and perform the incompatible function of processing reversals in the CMS without supervisory approval. As a result, of the 23 reversed CMS transactions reviewed, 15 were processed by the same court employee who processed the original CMS transaction. The same accounting clerks that process reversals in the CMS without supervisory approval also perform the incompatible functions of verifying opening cash balances and performing the end-of-day balancing of daily collections.
3. **Daily Closeout Process** – The end-of-day closeout at the two civil divisions are not verified by a manager or supervisor. Further, the mid-day closeout at one of the two criminal/traffic divisions is not verified by a supervisor or manager.
4. **Mail Payments** - The Court does not require two-person teams to open the mail nor does it use a mail payment log to record and track the mail payments it received. In addition, CSAs at two court divisions and the supervisor at a third court division open mail and drop box payments and perform the incompatible function of processing the mail and drop box payments in the CMS. Not requiring a two-person team to open mail and not completing a mail/drop box payment log may provide individuals who handle mail and subsequently

process mail and drop box payments on the same day with an opportunity to take money without being detected.

5. Bank Deposits – The supervisor at one court division does not verify the bank deposit. Another court division does not deposit its daily collections on a timely basis as required by the FIN Manual even though collections may total more than \$10,000. Further, the remaining two court divisions do not require the bank courier to sign some type of document, such as a log, documenting the courier's receipt of the bank deposit, including the date the deposit was retrieved and the amount of the deposit. Nevertheless, the bank courier is picking up coin and paper currency, which is prohibited by the FIN Manual. Without these controls in place, the Court risks having daily collections lost or stolen.
6. Surprise Cash Counts – The Court does not conduct surprise cash counts as required by the FIN Manual.

Recommendations

To ensure the safe and secure collection and accurate accounting of all payments, the Court should consider enhancing its procedures over cash handling operations as follows:

1. Assign individual cash bags to each cashier and make each cashier responsible and accountable for their assigned cash bag. Also, require that supervisors perform the beginning cash verification process in the presence of another court employee, such as a lead CSA, and document the beginning cash count on a beginning cash verification log or other similar document. Further, ensure that payments received for new cases are entered by someone other than the person who set up the new case in the CMS. If this isn't feasible, require supervisors to randomly verify new cases to ensure payment was posted accurately, as well as review deleted cases to ensure that there was reasonable cause for deleting the case.
2. Configure the Court's CMS so that only managers, supervisors, and lead CSAs can void transactions, other than their own, in the CMS. Also, ensure that court staff who receive and process payments in the CMS do not also review, approve, and process reversals in the CMS on the same day, and that court staff obtain supervisory approval prior to processing reversals in the CMS. Further, ensure court employees who process reversals in the CMS do not also verify opening cash balances or perform the end-of-day balancing of daily collections.
3. Require supervisors to sign and date the closeout/balancing reports to demonstrate their review and approval of the daily closeout process.
4. Ensure that the Court utilizes two-person teams to open and process mail, and record mail and drop box payments on a mail/drop box payment log. In addition, ensure court employees who open mail and drop box payments are not also processing the same payments in the CMS unless said payments are listed on a mail/drop box payment log.
5. Require supervisors to sign and date all deposit slips to demonstrate their review and approval of the deposit. Also, require all court divisions to deposit their daily collections on a timely basis as required by the FIN Manual. Further, restrict bank couriers from picking up

coin and paper currency for deposit and require bank couriers to sign a log or similar document documenting the courier's receipt of the bank deposit.

6. Ensure that the Court is conducting the surprise cash counts required by the FIN Manual.
7. Prepare alternative procedure requests and submit them to the AOC for approval if the Court cannot implement the FIN Manual procedures as recommended. The requests should identify the FIN Manual procedures the Court cannot implement, the reasons why it cannot implement the procedures, a description of its alternate procedure, and the controls it proposes to implement to mitigate the risks associated with not implementing the associated FIN Manual procedures.

Superior Court Response By: G. Sean Metroka, CEO Date: August 6, 2014

We agree with the issues outlined in the memorandum:

1. To fully implement the recommendation to assign individual cash bags would require additional expense for staffing and equipment that this court cannot afford currently. Our staffing is too limited to accommodate expanding the daily closeout process from four drawers to twelve bags. Additionally, we do not have sufficient lockable drawers or cabinets to secure these bags during the workday. We have not experienced any material loss or significant errors under the current process and believe the cost to fully implement this recommendation would greatly outweigh the potential risk it would mitigate. However, the Court will submit a request for approval of an alternate procedure to the Judicial Council.

We will implement a beginning cash verification process which includes two-person verification.

The recommendation to separate case initiation from posting of payments to those cases is not feasible given our staffing limitations. However, our operations supervisors will begin randomly verifying new cases to ensure payments are posted accurately and they will verify the reasonableness of any case deletion.

Completion date: October 31, 2014

Responsible person: Patricia Kmitta, Court Operations Director

2. We will reconfigure our CMS access so that only managers, supervisors and lead CSAs will be able to void transactions, other than their own, in the CMS. We will segregate payment receipt and processing from the process of reviewing, approving and processing reversals in the CMS. We will attempt to keep those processing reversals from verifying beginning cash balances however we may not always be able to given our limited staffing. The persons performing end-of-day balancing will not be allowed to reverse transactions in the CMS.

Completion date: October 31, 2014

Responsible person: Patricia Kmitta, Court Operations Director

3. We will require supervisors to sign and date the closeout/balancing reports to demonstrate their review and approval of the daily closeout process.

Completion date: September 5, 2014

Responsible person: Patricia Kmitta, Court Operations Director

4. We do not have enough staff to have two-person teams open and process the mail. However, we will begin recording payments received in the mail and drop boxes on a payment log in each department and will assign a separate individual to post those payments in the CMS.

Completion date: September 5, 2014

Responsible person: Patricia Kmitta, Court Operations Director

5. We will begin requiring supervisors to sign and date all deposit slips to demonstrate their review and approval of the deposit and will require all court departments to deposit their daily collections on a timely basis as required by the FIN Manual.

We have investigated alternatives to allowing bank couriers to pick up coin and paper currency for deposit and have found that it would greatly increase our cost to move our deposits to the bank – something we cannot afford to do with our limited operational funding. We have been using bonded bank couriers in this manner for at least 15 years and haven't ever experienced a loss as a result. We believe the cost to change this practice is far greater than the risk.

We will require bank couriers to sign a log or similar document documenting the courier's receipt of the bank deposit.

Completion date: September 5, 2014

Responsible persons: Patricia Kmitta, Court Operations Director

Thea Palmiere, Director of Human Resources & Administration

6. We will begin conducting surprise cash counts.

Completion date: September 5, 2014

Responsible person: Patricia Kmitta, Court Operations Director

6. Information Systems

Background

Courts make wide use of information technology (IT) to support their court operations. For example, courts use IT services to operate and maintain automated case management systems, cashiering systems, and local area networks. Because these information systems are integral to daily court operations, courts must maintain and protect these systems from interruptions and must have plans for system recovery from an unexpected system failure. Additionally, because courts maintain sensitive and confidential information in these systems, courts must also take steps to control and prevent unauthorized access to these systems and the information included in them.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2013	2012		
Expenditures				
943202 IT MAINTENANCE - HARDWARE	5,730.50	5,602.68	127.82	2.28%
943203 IT MAINTENANCE - SOFTWARE	91,704.14	24,638.50	67,065.64	272.20%
* 943200 - IT MAINTENANCE	97,434.64	30,241.18	67,193.46	222.19%
943301 IT COMMERCIAL CONTRACTS	27,682.50	39,522.50	(11,840.00)	-29.96%
* 943300 - IT COMMERCIAL CONTRACT	27,682.50	39,522.50	(11,840.00)	-29.96%
943501 IT REPAIRS & SUPPLIES	3,097.30	3,811.39	(714.09)	-18.74%
943502 IT SOFTWARE & LICENSING F	101,463.21	165,547.48	(64,084.27)	-38.71%
* 943500 - IT REPAIRS/SUPPLIES/LICE	104,560.51	169,358.87	(64,798.36)	-38.26%
** INFORMATION TECHNOLOGY (IT) TOTAL	229,677.65	239,122.55	(9,444.90)	-3.95%

We reviewed various information system (IS) controls through interviews with Court management, observation of IS facilities and equipment, and review of records. Some of the primary areas reviewed include the following:

- Systems backup and data storage procedures.
- Recovery and continuity plans and procedures in case of natural disasters and other disruptions to Court operations.
- Logical access controls, such as controls over user accounts and passwords.
- Physical security controls, such as controls over access to computer rooms and the environmental conditions of the computer rooms.
- Access controls to the Department of Motor Vehicles (DMV) database records.
- Automated distribution calculations of collected fines, penalties, fees, and assessments for selected criminal and traffic violations.

The following issues were considered significant enough to bring to management's attention in this report. Additional minor issues are included in Appendix A to this report.

6.1 The Court Needs to Improve Its Calculations and Distributions of Court Collections

Background

State statutes and local ordinances govern the distribution of the fines, penalties, fees, and other assessments that courts collect. Courts rely on the *Manual of Accounting and Audit Guidelines for Trial Courts – Appendix C* issued by the State Controller’s Office and the *Uniform Bail and Penalty Schedules* issued by the Judicial Council to calculate and distribute these court collections to the appropriate State and local funds. Courts use either an automated system, manual process, or a combination of both to perform the often complex calculations and distributions required by law.

Issues

Our review of the Court’s process for calculating and distributing the fines, penalties, fees, and other assessments it collects determined that the Court uses Courtview as its case management system (CMS) for all case types. Courtview has the fiscal capability to automatically calculate the required distributions of the monies collected. Monthly, the Court runs month-end reports from its CMS of non-civil fines, fees, and assessments collected in order to complete its portion of the Report to the SCO of Remittance to the State Treasury - TC-31 (TC-31). The Court subsequently submits the TC-31 to the County who then completes its portion of the TC-31 and submits it to the State. Similarly, the Court also prepares the TC-145 to report its collection and remittance of civil fines, fees, and assessments using its month-end CMS reports and submits this form to the Judicial Council.

To determine whether the Court correctly calculated and distributed its non-civil collections, we reviewed the calculated distributions of selected traffic and criminal cases with violations that the Court disposed from June 2013 through January 2014. In total, we reviewed 15 cases of the following case types:

- **Traffic Infraction (8 total)** – Red Light (2), Speeding (2), Child Seat (2), Proof of Correction (1), and Proof of Insurance (1).
- **Non-Traffic Infraction (1 total)** – Fish and Game (1).
- **Misdemeanor/Felony (6 total)** – DUI (3), Reckless Driving (1), Domestic Violence (1), and Health and Safety (1).

Our review of the Court’s calculated distributions of its non-civil collections noted the following calculation and distribution errors:

1. The Court combined the \$50 PC 1463.14(b) DUI Lab Test penalty with the PC 1463.14(a) DUI Lab Special Account allocation for one of three DUI cases reviewed. In addition, the Court did not transfer the GC 68090.8 two percent State Automation amount from the \$50 PC 1463.14(b) DUI Lab Test penalty.
2. For another DUI case reviewed, the Court ordered a \$120 State Restitution Fine instead of the required \$140 for misdemeanors that took effect January 1, 2013.

3. For the one reckless driving case reviewed, the Court assessed the \$50 PC 1463.25 Alcohol Education penalty even though this penalty is only applicable to DUI convictions, not reckless driving convictions.
4. For the one red light bail forfeiture case reviewed, the Court did not assess the \$4 GC 76000.10(c) EMAT penalty rather than prorate the distribution of the total underpaid bail because of a \$4 underpayment. The Court took immediate action to correct the distribution error.
5. The Court did not include the \$4 GC 76000.10(c) EMAT penalty as a part of the VC 42007 Traffic Violator School (TVS) fee in the two traffic school cases reviewed. Further, for the one red light traffic school case reviewed, the Court also did not include in the calculation of the VC 42007.3 30 percent Red Light Allocation the \$4 GC 76000.10(c) EMAT penalty. Instead, the Court distributed the \$4 GC 76000.10(c) EMAT penalty as a base fine to the county. The Court took immediate action to correct the distribution errors.
6. For the one child seat traffic school case reviewed, the Court incorrectly distributed the total bail as a traffic school case pursuant to VC 42007. However, VC 27360(e) exempts the child seat fines from the VC 42007 distribution and specifies the same distribution as a child seat bail forfeiture case. The Court took immediate action to correct the distribution error.
7. For the one proof of correction case reviewed with multiple violations, the Court distributed the first \$10 of each violation instead of the first \$10 of the citation per VC 40611(b). The Court took immediate action to correct the distribution error.
8. For the one fish and game case reviewed, the Court did not order the \$15 FG Secret Witness penalty.

Recommendations

To improve the accuracy of its calculations and distributions of Court collections, the Court should consider the following:

1. Analyze its Courtview CMS distribution tables to ensure that the \$50 PC 1463.14(b) DUI Lab Test penalty is distributed separately from the PC 1463.14(a) DUI Lab Special Account allocation. Further, the Court should configure its Courtview CMS to transfer the GC 68090.8 two percent State Automation amount from the \$50 PC 1463.14(b) DUI Lab Test penalty.
2. Analyze its Courtview CMS to ensure that the correct State Restitution Fine is assessed in misdemeanor DUI cases. Effective January 1, 2013, the State Restitution Fine amount for misdemeanor cases is \$140, and effective January 1, 2014, is \$150.
3. Analyze its Courtview CMS distribution tables to ensure that \$50 PC 1463.25 Alcohol Education penalty is assessed only in DUI cases.

4. Analyze its Courtview CMS distribution tables to ensure that it distributes underpaid total bail using a top-down prorated distribution methodology.
5. Analyze its Courtview CMS distribution tables to ensure that the \$4 GC 76000.10(c) EMAT penalty is included in the VC 42007 Traffic Violator School (TVS) fee in traffic school cases, and included in the calculation of the PC 1463.11 30 percent Red Light Allocation in red light cases.
6. Analyze its Courtview CMS distribution tables to ensure that the total bail in child seat traffic school cases are distributed the same as a child seat bail forfeiture case, rather than as a traffic school case pursuant to VC 42007.
7. Analyze its Courtview CMS distribution tables to ensure that the first \$10 of each citation in proof of correction cases with multiple violations is distributed pursuant to VC 40611(b) rather than the first \$10 of each violation.
8. Configure its Courtview CMS distribution tables to ensure that the \$15 FG Secret Witness penalty is assessed in fish and game cases with a violation for fishing without a license.

Superior Court Response By: G. Sean Metroka, CEO

Date: October 23, 2014

We agree with the issues outlined in the memorandum.

1. The Court has analyzed its CourtView CMS distribution tables to ensure that the \$50 PC 1463.14(b) DUI Lab Test penalty is distributed separately from the PC 1463.14(a) DUI Lab Special Account allocation. The Court has configured its CourtView CMS to transfer the GC 68090.8 two percent State Automation amount from the \$50 PC 1463.14(b) DUI Lab Test penalty.
Completion date: March 19, 2014
Responsible person: Sean Metroka, Court Executive Officer
2. The Court has analyzed its CourtView CMS to ensure that the correct State Restitution Fine is assessed in misdemeanor DUI cases. Our judicial officers have been reminded to impose the correct State Restitution Fine amount.
Completion date: March 19, 2014
Responsible person: Sean Metroka, Court Executive Officer
3. The Court has corrected its CourtView CMS distribution tables to ensure that \$50 PC 1463.25 Alcohol Education penalty is assessed only in DUI cases.
Completion date: March 20, 2014
Responsible person: Sean Metroka, Court Executive Officer
4. The Court has analyzed its CourtView CMS distribution tables to ensure that it distributes underpaid total bail using a top-down prorated distribution methodology.
Completion date: March 19, 2014
Responsible person: Sean Metroka, Court Executive Officer

5. The Court has corrected its CourtView CMS distribution tables to ensure that the \$4 GC 76000.10(c) EMAT penalty is included in the VC 42007 Traffic Violator School (TVS) fee in traffic school cases, and included in the calculation of the PC 1463.11 30 percent Red Light Allocation in red light cases.
Completion date: March 21, 2014
Responsible person: Sean Metroka, Court Executive Officer

6. The Court has corrected its CourtView CMS distribution tables to ensure that the total bail in child seat traffic school cases are distributed the same as a child seat bail forfeiture case, rather than as a traffic school case pursuant to VC 42007.
Completion date: March 21, 2014
Responsible person: Sean Metroka, Court Executive Officer

7. The Court has analyzed its CourtView CMS distribution tables to ensure that the first \$10 of each citation in proof of correction cases with multiple violations is distributed pursuant to VC 40611(b) rather than the first \$10 of each violation. All clerks have been trained and reminded to select the correct docket code for second and subsequent proofs of correction on individual cases.
Completion date: March 20, 2014
Responsible person: Sean Metroka, Court Executive Officer

8. The Court has configured its CourtView CMS distribution tables to ensure that the \$15 FG Secret Witness penalty is assessed in fish and game cases with fishing without a license violation. Judicial officers have been reminded to impose this penalty in appropriate cases.
Completion date: March 21, 2014
Responsible person: Sean Metroka, Court Executive Officer

7. Banking and Treasury

Background

GC 77009 authorizes the Judicial Council to establish bank accounts for trial courts to deposit trial court operations funds and other funds under court control. The FIN Manual, Policy No. FIN 13.01, establishes the conditions and operational controls under which trial courts may open these bank accounts and maintain funds. Trial courts may earn interest income on all court funds wherever located, including interest income on funds deposited in the Judicial Council established bank accounts. Courts typically deposit in Judicial Council established accounts allocations for court operations, civil filing fees, and civil trust deposits. Courts may also deposit monies with the county, including collections for criminal and traffic fines and fees, and bail trust deposits.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2013	2012		
Assets				
100000 POOLED CASH	102,277.27	111,524.15	(9,246.88)	-8.29%
100011 OPS DEPOSIT	61.16	-	61.16	100.00%
100025 DISB CHECK-OPERATIONS	(229,843.15)	(182,004.58)	(47,838.57)	-26.28%
113000 CASH-JURY FUND	1,786.76	5,836.76	(4,050.00)	-69.39%
114000 CASH-REVOLVING	30,000.00	30,000.00	0.00	0.00%
115000 CASH-OTHER	5,564.79	5,145.12	419.67	8.16%
116000 CASH - PAYROLL	10,913.22	5,000.00	5,913.22	118.26%
119001 CASH ON HAND - CHANGE FUN	900.00	900.00	0.00	0.00%
120001 CASH WITH COUNTY	730,008.27	689,827.94	40,180.33	5.82%
120002 CASH OUTSIDE OF AOC	37,850.07	100,068.96	(62,218.89)	-62.18%
120051 SHORT TERM INVESTMENTS-CA	330,140.56	626,140.92	(296,000.36)	-47.27%
*** Cash and Cash Equivalents	1,019,658.95	1,392,439.27	(372,780.32)	-26.77%
Liabilities				
301001 A/P - GENERAL	132,376.33	-	132,376.33	100.00%
301004 A/P - ELECTRONIC PAYABLES	1,960.24	-	1,960.24	100.00%
314014 SPECIAL REVENUE-DUE TO GE	180,061.22	192,462.66	(12,401.44)	-6.44%
321001 A/P - DUE TO COURTS	2,420.85	4,250.72	(1,829.87)	-43.05%
321501 A/P DUE TO STATE	5,954.41	5,845.54	108.87	1.86%
321600 A/P - TC145 LIABILITY	175,928.39	211,014.90	(35,086.51)	-16.63%
322001 A/P - DUE TO OTHER GOVERN	10,236.29	9,241.62	994.67	10.76%
323010 TREASURY INTEREST PAYABLE	4.77	26.07	(21.30)	-81.70%
330001 A/P - ACCRUED LIABILITIES	(110,279.37)	202,390.58	(312,669.95)	-154.49%
*** Accounts Payable	398,663.13	625,232.09	(226,568.96)	-36.24%
353090 FUNDS HELD OUTSIDE OF THE	760,608.34	712,178.19	48,430.15	6.80%
Revenue				
** 825000-INTEREST INCOME	5,703.40	6,234.93	(531.53)	-8.53%
Expenditures				
920302 BANK FEES	2,491.76	3,102.84	(611.08)	-19.69%

Many courts rely on the Judicial Council Treasury Unit for many banking services, such as performing monthly bank reconciliations to the general ledger, overseeing the investment of trial court funds, and providing periodic reports to trial courts and other stakeholders. Therefore, we reviewed only the following procedures associated with funds not deposited in bank accounts established by the Judicial Council, including funds on deposit with the County:

- Processes for reconciling general ledger trust balances to supporting documentation; including daily deposit, CMS, and case file records.
- Whether Judicial Council approval was obtained prior to opening and closing bank accounts.

The following issues were considered significant enough to bring to management's attention in this report. Additional minor issues are included in Appendix A to this report.

7.1 The Court Needs to Reconcile All of Its Trust Account Balances

Background

Trial courts receive and hold trust funds in a fiduciary capacity on behalf of others and are responsible for properly managing, monitoring, and safeguarding these funds. Specifically, the FIN Manual, Policy No. 13.01, requires courts to implement procedures and controls to manage and safeguard these funds. For example, section 6.2, of this policy requires that courts keep a detailed record of all money received in trust such as for bail, litigation deposits, jury fee deposits, and payments on judgments. These are monies for which trial courts have a fiduciary responsibility to hold in trust. This record must be maintained by case number at a sufficient level of detail to properly account for all funds held by the court. Records must contain at a minimum the following information: date received, from whom payment was received, purpose, case number, payments received, disbursements made, and method of payment. Therefore, a complete reconciliation would involve reconciling the bank account, the fiscal system, and the detailed subsidiary record system for trust account activity, usually the case management system.

Issues

Our review of the Court's banking and treasury practices revealed the following:

1. The Court does not reconcile its bail trust balances that it holds in county accounts to the CMS. In fact, the bail trust balance reconciliation for one of the two Court locations simply uses the previous month's ending balance as the next month's beginning balance rather than obtaining the cumulative balance for all bail trust accounts from the CMS and using this CMS bail trust balance as the beginning balance. Therefore, the Court cannot ensure that its reconciliations are an accurate analysis of its CMS bail trust account balances.

In addition, for one of the two Court locations, the Court has not performed the civil trust balance reconciliation since December 2012. The Court asserts that it was not aware that this reconciliation was not being performed until our request for the reconciliation. The Court stated it would begin working on performing the reconciliations momentarily.

2. The Court also does not perform a three-way reconciliation of its individual civil trust account balances between the county treasury, the CMS, and the general ledger. The Court asserts that it does not record the individual civil trust account balances in the Phoenix-FI system. Consequently, it cannot reconcile the individual account balances recorded in the CMS to the county treasury and the general ledger.

Recommendations

To ensure it adequately manages, safeguards, and accounts for court trust funds, the Court should consider the following:

1. Ensure that trust account balance reconciliations are performed monthly and are reconciled to the trust account balances reflected in the CMS.
2. Record individual civil trust account balances in Phoenix-FI to facilitate performing a three-way reconciliation of these account balances between the county treasury, the CMS, and the general ledger.

Superior Court Response By: G. Sean Metroka, CEO Date: August 6, 2014

We agree with the issues outlined in the memorandum with one exception. Issue number 1 stated that the “the bail trust balance reconciliation for one of the two Court locations simply uses the previous month’s ending balance as the next month’s beginning balance rather than obtaining the cumulative balance for all bail trust accounts from the CMS and using this CMS bail trust balance as the beginning balance.” We believe that both court locations are not reconciling to the CMS:

1. We are working to implement this recommendation fully. In order to do so, we will have to develop a report from our CMS which details the month-end trust account balances. Our IT Department will work on this and then we will integrate the report into our reconciliation process.
Completion date: October 31, 2014
Responsible persons: David Schlothauer, Director of IT, Facilities and Security
Patricia Kmitta, Court Operations Director
2. We are unaware of a process for recording individual civil trust account balances in Phoenix. Our Accounting Department will investigate this to learn how and then will update Phoenix with this information. Once complete, we will integrate Phoenix into the civil trust account reconciliation process.
Completion date: September 30, 2014
Responsible person: Patricia Kmitta, Court Operations Director

8. Court Security

Background

Appropriate law enforcement services are essential to trial court operations and public safety. Accordingly, each court enters into a memorandum of understanding (MOU) with the county sheriff for court security services, such as bailiff services and perimeter security services. The sheriff specifies the level of security services it agrees to provide, and these services are typically included in an MOU.

Additionally, each court must prepare and implement a comprehensive court security plan that addresses the sheriff's plan for providing public safety and law enforcement services to the court in accordance with the Superior Court Law Enforcement Act of 2002. The Judicial Council Office of Security (OS) provides courts with guidance in developing a sound court security plan, including a court security plan template and a court security best practices document. OS also has a template for courts to use in developing an Emergency Plan.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2013	2012		
Expenditures				
934503 PERIMETER SECURITY-SHERIF	-	1,372.82	(1,372.82)	-100.00%
934504 PERIMETER SECURITY-CONTRA	82,852.82	93,245.96	(10,393.14)	-11.15%
934510 COURTROOM SECURITY-SHERIF	-	19,514.67	(19,514.67)	-100.00%
934599 SECURITY	1,548.00	2,700.00	(1,152.00)	-42.67%
* 934500 - SECURITY	84,400.82	116,833.45	(32,432.63)	-27.76%
941101 SHERIFF – REIMBURSEMENTS	5,175.00	4,565.00	610.00	13.36%
* 941100 – SHERIFF	5,175.00	4,565.00	610.00	13.36%

We reviewed the Court's security controls through interviews with Court management and county sheriff service providers, observation of security conditions, and review of records. We also reviewed the Court's MOU with the County Sheriff for court security services, including the stationing of bailiffs in courtrooms and the control of in-custodies transported to the courthouse.

There were minor issues associated with this area that are included in Appendix A to this report.

9. Procurement

Background

The Judicial Branch Contracting Manual (JBCM) provides uniform guidelines for trial courts to use in procuring necessary goods and services and to document 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 correct account codes, verifies that budgeted funds are available for the purchase, completes the requisition form, and forwards it to the court manager or supervisor authorized to approve the procurement. This court manager or supervisor is responsible for verifying that the correct account codes are specified and assuring that funds are available before approving the request for procurement. Depending on the type, cost, and frequency of the goods or services to be procured, trial court employees may need to perform varying degrees of procurement research to generate an appropriate level of competition and obtain the best value. Court employees may also need to prepare and enter into purchase orders, service agreements, or contracts to document the terms and conditions of the procurement transaction.

The table below presents account balances from the Court's general ledger that are considered associated with this section. A description of the areas and how they were reviewed as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2013	2012		
Expenditures				
* 920500 - DUES AND MEMBERSHIPS	1,365.00	1,550.00	(185.00)	-11.94%
* 920600 - OFFICE EXPENSE	33,262.73	48,779.35	(15,516.62)	-31.81%
* 921500 - ADVERTISING	1,071.94	232.50	839.44	361.05%
* 921700 - MEETINGS, CONFERENCES, E	2,078.81	1,389.14	689.67	49.65%
* 922300 - LIBRARY PURCHASES AND SU	62,902.26	50,996.93	11,905.33	23.35%
* 922600 - MINOR EQUIPMENT - UNDER	6,993.53	76,699.50	(69,705.97)	-90.88%
* 922800 - EQUIPMENT MAINTENANCE	11,788.48	12,963.91	(1,175.43)	-9.07%
* 923900 - GENERAL EXPENSE - SERVIC	10,441.81	7,969.49	2,472.32	31.02%
* 924500 - PRINTING	14,004.91	21,381.57	(7,376.66)	-34.50%
* 925100 - TELECOMMUNICATIONS	11,055.90	11,608.08	(552.18)	-4.76%
* 926200 - STAMPS, STAMPED ENVELOPE	1,178.82	1,150.30	28.52	2.48%
* 926300 - POSTAGE METER	11,798.06	43,664.08	(31,866.02)	-72.98%
* 928800 - INSURANCE	3,717.00	2,278.00	1,439.00	63.17%
* 933100 - TRAINING	2,889.00	6,138.86	(3,249.86)	-52.94%
* 934500 - SECURITY	84,400.82	116,833.45	(32,432.63)	-27.76%
* 935200 - RENT/LEASE	40,836.64	40,089.24	747.40	1.86%
* 935300 - JANITORIAL	75,984.41	70,446.40	5,538.01	7.86%
* 938300 - GENERAL CONSULTANT AND P	218,286.26	385,026.79	(166,740.53)	-43.31%
* 938500 - COURT INTERPRETER SERVIC	32,312.68	37,205.55	(4,892.87)	-13.15%
* 938600 - COURT REPORTER SERVICES	83,194.17	78,426.82	4,767.35	6.08%
* 938700 - COURT TRANSCRIPTS	43,308.25	28,764.01	14,544.24	50.56%
* 938800 - COURT APPOINTED COUNSEL	319,797.14	418,343.31	(98,546.17)	-23.56%

* 938900 - INVESTIGATIVE SERVICES	617.83	656.51	(38.68)	-5.89%
* 939000 - COURT ORDERED PROFESSIO	64,566.00	151,372.13	(86,806.13)	-57.35%
* 939100 - MEDIATORS/ARBITRATORS	77,312.50	116,115.19	(38,802.69)	-33.42%
* 939200 - COLLECTION SERVICES	145,223.78	205,178.58	(59,954.80)	-29.22%
* 939400 - LEGAL	2,405.45	2,940.77	(535.32)	-18.20%
* 939800 - OTHER CONTRACT SERVICES	7,108.48	41,894.92	(34,786.44)	-83.03%
* 943200 - IT MAINTENANCE	97,434.64	30,241.18	67,193.46	222.19%
* 943300 - IT COMMERCIAL CONTRACT	27,682.50	39,522.50	(11,840.00)	-29.96%
* 943500 - IT REPAIRS/SUPPLIES/LIC	104,560.51	169,358.87	(64,798.36)	-38.26%
* 945200 - MAJOR EQUIPMENT	-	7,016.84	(7,016.84)	-100.00%
* 952300 - VEHICLE OPERATIONS	2,306.13	3,724.63	(1,418.50)	-38.08%

We reviewed the Court's procurement procedures and practices to determine whether its approval, purchasing, receipt, and payment roles are adequately segregated. We also reviewed selected purchases to determine whether the Court obtained approvals from authorized individuals, followed open and competitive procurement practices, and complied with other applicable JCBM procurement requirements.

The following issues were considered significant enough to bring to management's attention in this report. Additional minor issues are included in Appendix A to this report.

9.1 The Court Needs to Improve Its Procurement Practices

Background

With certain exceptions, the California Judicial Branch Contract Law (JBCL) requires that superior courts, as well as other judicial branch entities (JBEs), comply with provisions of the Public Contract Code (PCC) that are applicable to state agencies and departments related to the procurement of goods and services. PCC Section 19206 of the JBCL requires the Judicial Council to adopt and publish a Judicial Branch Contracting Manual (JBCM) incorporating procurement and contracting policies and procedures that JBEs must follow. The JBCM supersedes policy number FIN 6.01 of the Trial Court Financial Policies and Procedures Manual. In interpreting the requirements of the JBCM and applying those requirements in the context of their own local operations and specific procurements, JBEs should seek to achieve the objectives of PCC Section 100, including ensuring full compliance with competitive bidding statutes; providing all qualified bidders with a fair opportunity to enter the bidding process; and eliminating favoritism, fraud, and corruption in the awarding of public contracts. To meet the unique needs of the court and ultimately achieve the goals set forth in PCC Sections 100–102, each presiding judge has the authority to vary the Court's application of any non-mandatory business or accounting practice set forth in the JBCM. Any variances should be documented in the court's Local Contracting Manual.

Chapters 4 and 5 of the JBCM provide procurement requirements for competitive and non-competitive procurements, respectively. Additionally, Chapter 9, Section 9.2, of the JBCM discusses requirements for procurements using court purchase cards.

Issues

To determine whether the Court follows the procurement policies and procedures in the JBCM, we interviewed Court management and staff regarding its procurement practices. We also selected 20 payment transactions and 10 purchase card transactions for the period July 2013 through February 2014 to review the Court's procurement practices. Our review indicates that the Court did not always follow the required Judicial Branch procurement policies and procedures. Specifically, we noted the following:

1. The Court could not demonstrate prior written purchase authorization for many of its procurements. Specifically, the Court did not have on file written purchase authorizations, such as an approved purchase requisition or other written purchase authorization, for 11 of the 20 procurements we reviewed. In addition, of the eight procurements reviewed where a purchase requisition was completed, the purchase requisitions for three procurements were not signed approved. Further, of the three purchase requisitions not signed approved, two were also not dated; therefore, the Court could not demonstrate that it completed these purchase requisitions prior to the procurements.

In addition, of the five procurements where the purchase requisitions were signed approved, two purchase requisitions were signed approved by individuals who did not have the requisite authorization to approve the procurements. Specifically, the Court specifies in its local contracting manual a purchase authorization matrix that specifies those individuals authorized to sign their approval of procurements and their respective purchase limits. However, for two of the signed purchase requisitions, the individuals who signed approved were not listed on the purchase authorization matrix or exceeded their authorized purchase limit. This is partly a result of the Court's practice of allowing managers, supervisors, and other court employees not listed on the purchase authorization matrix to approve procurements.

2. The Court did not always follow the JBCM procurement requirements. Specifically, the Court could not provide documentation supporting the reasons why it could not competitively procure two of four sole source procurements. Also, in 15 of 17 non-IT procurements, the Court did not require the vendor to sign a Darfur Contracting Act certification.
3. The Court also allowed unauthorized users the use of its purchase cards. Specifically, in four of ten purchase card transactions reviewed, the authorized user of the purchase card allowed an unauthorized user to use the Court purchase card. In fact, for one of these four purchase card transactions, the total purchase amount exceeded the \$1,500 per transaction limit required by the JBCM.

In addition, the Court could not demonstrate prior written purchase authorization for many of its purchase card transactions. Specifically, although a purchase requisition was completed for all nine purchase card transactions reviewed requiring prior approval, the purchase requisitions for five purchase card transactions were dated after the purchase of the goods or services.

Further, of the nine purchase card transactions reviewed where a purchase requisition was completed, four purchase requisitions were not signed approved and two were signed approved by an individual who did not have the requisite authorization to approve the purchases. As discussed earlier, the Court's practice allows managers, supervisors, and other court employees not listed on its purchase authorization matrix to approve purchases. In addition, for all six of these purchase card transactions, the individual who purchased the goods or services was the same individual who signed the purchase requisition as either the purchase requisitioner with no approval signature or the purchase approver with no requisitioner signature.

Recommendations

To ensure that it can demonstrate its prudent use of public funds when procuring goods and services, the Court should consider strengthening its procurement practices as follows:

1. Require the use of fully completed and appropriately approved purchase requisitions prior to procuring goods and services to adequately demonstrate pre-authorization of its procurements. Further, update its purchase authorization matrix to clarify and reflect its actual practice of allowing managers, supervisors, and other court employees to approve certain procurements.
2. Obtain and retain in its procurement files the documentation required to support its procurement activities, including justifications and approvals for sole source procurements and the Darfur Contracting Act vendor certifications for procurements of non-IT goods or services.
3. Inform purchase card holders that they should allow only authorized users to use the purchase cards. Also, remind purchase card users not to exceed the \$1,500 per transaction limit. Further, require purchase card users to prepare and document, prior to use of the purchase card, fully completed and appropriately approved purchase requisitions to adequately demonstrate pre-authorization of its procurements.

Superior Court Response By: G. Sean Metroka, CEO

Date: October 23, 2014

We agree with the issues outlined in the memorandum.

1. The Court will refine its purchase authorization process to consistently require the use of fully completed and appropriately approved purchase requisitions prior to procuring goods and services. Additionally, we will update our purchase authorization matrix to clarify and reflect our practice of allowing managers, supervisors, and other court employees to approve certain procurements.

Completion date: December 31, 2014

Responsible person: Thea Palmiere, Director of Human Resources & Administration

2. The Court will establish complete procurement files which include justifications and approvals for sole source procurements and the Darfur Contracting Act vendor certifications for procurements of non-IT goods or services.

Completion date: December 31, 2014

Responsible person: Thea Palmiere, Director of Human Resources & Administration

3. Court purchase card holders have been notified that they should allow only authorized users to use the purchase cards and that \$1,500 per transaction limit must be observed. Fully completed and appropriately approved purchase requisitions will be prepared prior to use of a purchase card, to adequately demonstrate pre-authorization of its procurements.

Completion date: December 31, 2014

Responsible person: Thea Palmiere, Director of Human Resources & Administration

10. Contracts

Background

The Judicial Branch Contracting Manual establishes uniform guidelines for trial courts to follow in preparing, reviewing, negotiating, and entering into contractual agreements with qualified vendors. Trial courts must issue a contract when entering into agreements for services or complex procurements of goods. It is the responsibility of every court employee authorized to commit trial court resources to apply appropriate contract principles and procedures that protect the best interests of the court.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2013	2012		
Expenditures – Contracted Services				
* 938300 - GENERAL CONSULTANT AND P	218,286.26	385,026.79	(166,740.53)	-43.31%
* 938500 - COURT INTERPRETER SERVIC	32,312.68	37,205.55	(4,892.87)	-13.15%
* 938600 - COURT REPORTER SERVICES	83,194.17	78,426.82	4,767.35	6.08%
* 938700 - COURT TRANSCRIPTS	43,308.25	28,764.01	14,544.24	50.56%
* 938800 - COURT APPOINTED COUNSEL	319,797.14	418,343.31	(98,546.17)	-23.56%
* 938900 - INVESTIGATIVE SERVICES	617.83	656.51	(38.68)	-5.89%
* 939000 - COURT ORDERED PROFESS	64,566.00	151,372.13	(86,806.13)	-57.35%
* 939100 - MEDIATORS/ARBITRATORS	77,312.50	116,115.19	(38,802.69)	-33.42%
* 939200 - COLLECTION SERVICES	145,223.78	205,178.58	(59,954.80)	-29.22%
* 939400 - LEGAL	2,405.45	2,940.77	(535.32)	-18.20%
* 939800 - OTHER CONTRACT SERVICES	7,108.48	41,894.92	(34,786.44)	-83.03%
* 942100 - COUNTY-PROVIDED SERVICES	51,030.11	54,655.60	(3,625.49)	-6.63%

We evaluated the Court's contract monitoring practices through interviews with various Court personnel and review of selected contract files. We also reviewed selected contracts to determine whether they contain adequate terms and conditions to protect the Court's interest.

Further, we reviewed the Court MOUs with the County to determine whether they are current, comprehensive of all services received or provided, and contain all required terms and conditions. We also reviewed selected County invoices to determine whether the services billed were allowable and sufficiently documented and supported, and whether the Court appropriately accounted for the costs and had a process to determine if County billed cost were reasonable.

There were minor issues associated with this area that are included in Appendix A of this report.

11. Accounts Payable

Background

The FIN Manual provides courts with various policies on payment processing and provides uniform guidelines for processing vendor invoices, in-court service provider claims, and court-appointed counsel. 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 purchase agreements. All invoices must be matched to the proper supporting documentation and must be approved for payment by authorized court personnel acting within the scope of their authority.

In addition, trial court judges and employees may be required to travel as a 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.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2013	2012		
Liabilities				
*** Accounts Payable	398,663.13	625,232.09	(226,568.96)	-36.24%
* 353090-FUNDS HELD OUTSIDE OF AOC	760,608.34	712,178.19	48,430.15	6.80%
Reimbursements - Other				
** 860000-REIMBURSEMENTS - OTHER	88,781.19	84,959.63	3,821.56	4.50%
Expenditures				
* 920600 - OFFICE EXPENSE	33,262.73	48,779.35	(15,516.62)	-31.81%
* 921500 - ADVERTISING	1,071.94	232.50	839.44	361.05%
* 921700 - MEETINGS, CONFERENCES, E	2,078.81	1,389.14	689.67	49.65%
* 922300 - LIBRARY PURCHASES AND SU	62,902.26	50,996.93	11,905.33	23.35%
* 922800 - EQUIPMENT MAINTENANCE	11,788.48	12,963.91	(1,175.43)	-9.07%
* 924500 - PRINTING	14,004.91	21,381.57	(7,376.66)	-34.50%
* 925100 - TELECOMMUNICATIONS	11,055.90	11,608.08	(552.18)	-4.76%
* 926200 - STAMPS, STAMPED ENVELOPE	1,178.82	1,150.30	28.52	2.48%
* 926300 - POSTAGE METER	11,798.06	43,664.08	(31,866.02)	-72.98%
* 928800 - INSURANCE	3,717.00	2,278.00	1,439.00	63.17%
* 929200 - TRAVEL- IN STATE	7,265.64	17,762.85	(10,497.21)	-59.10%
* 933100 - TRAINING	2,889.00	6,138.86	(3,249.86)	-52.94%
* 935300 - JANITORIAL	75,984.41	70,446.40	5,538.01	7.86%
* 938300 - GENERAL CONSULTANT AND P	218,286.26	385,026.79	(166,740.53)	-43.31%
* 938500 - COURT INTERPRETER SERVIC	32,312.68	37,205.55	(4,892.87)	-13.15%
* 938600 - COURT REPORTER SERVICES	83,194.17	78,426.82	4,767.35	6.08%
* 938700 - COURT TRANSCRIPTS	43,308.25	28,764.01	14,544.24	50.56%

* 938800 - COURT APPOINTED COUNSEL	319,797.14	418,343.31	(98,546.17)	-23.56%
* 938900 - INVESTIGATIVE SERVICES	617.83	656.51	(38.68)	-5.89%
* 939000 - COURT ORDERED PROFESSION	64,566.00	151,372.13	(86,806.13)	-57.35%
* 939100 - MEDIATORS/ARBITRATORS	77,312.50	116,115.19	(38,802.69)	-33.42%
* 939200 - COLLECTION SERVICES	145,223.78	205,178.58	(59,954.80)	-29.22%
* 939400 - LEGAL	2,405.45	2,940.77	(535.32)	-18.20%
* 939800 - OTHER CONTRACT SERVICES	7,108.48	41,894.92	(34,786.44)	-83.03%
* 965100 - JUROR COSTS	10,068.10	10,340.83	(272.73)	-2.64%

We assessed the Court's compliance with the invoice and claim processing requirements specified in the FIN Manual through interviews with fiscal accounts payable staff. We also reviewed selected invoices and claims to determine whether the accounts payable processing controls were followed, payments were appropriate, and amounts paid were accurately recorded in the general ledger.

We also assessed compliance with additional requirements provided in statute or policy for some of these invoices and claims, such as court transcripts, contract interpreter claims, and jury per diems and mileage reimbursements. Further, we reviewed selected travel expense claims and business meal expenses to assess compliance with the *AOC Travel Reimbursement Guidelines* and *Business-Related Meals Reimbursement Guidelines* provided in the FIN Manual.

The following issues were considered significant enough to bring to management's attention in this report. Additional minor issues are included in Appendix A to this report.

11.1 The Court Should Improve Its Travel Expense Reimbursement Procedures

Background

Government Code section 69505(a) requires trial court judges and employees to follow the procedures recommended by the Administrative Director of the Courts and approved by the Judicial Council for reimbursement of business-related travel. The Administrative Office of the Courts (AOC) Travel Rate Guidelines are approved annually by the Judicial Council and provides specific information regarding the current limitations that apply to allowable travel expenses.

The rules and limits for arranging, engaging in, and claiming reimbursement for travel on official court business are further specified in the FIN Manual. Specifically, Policy No. FIN 8.03, 3.0 states:

The trial court reimburse[s] its judges and employees for their reasonable and necessary travel expenses incurred while traveling on court business within the limits of the trial court's maximum reimbursement guidelines. Under Government Code section 69505, the AOC's Travel Rate Guidelines must be used. All exceptions to the Judicial Branch Travel Guidelines, including any terms of an executed memorandum of understanding agreement by and between a recognized employee organization and a trial court, must be submitted in writing and have prior approval in accordance with alternative procedures guidelines established in Policy Number FIN 1.01, 6.4 (4).

Policy No. FIN 8.03, provides specific travel procedures for trial courts to follow. FIN 8.03, 6.3, states that it is necessary to document business travel expenses with original receipts showing the actual amounts spent on lodging, transportation, and other miscellaneous items. Specifically, lodging receipts must be on a pre-printed bill head with a zero balance showing. Further, FIN 8.03, 6.1.6 states that an Exception Request for Lodging form and supporting documentation must be submitted in advance of travel and must be approved by the PJ or written designee when lodging above the maximum rate is the only lodging available or when it is cost-effective.

FIN 8.03, 6.3, further states that original receipts are needed for reimbursement of \$3.50 or more for other forms of transportation such as bus, train, taxi, etc. In addition, Policy No. FIN 8.03, 6.3.2, states, in part, that when travel commences from home, reimbursed mileage will be calculated from the traveler's designated headquarters or home, whichever results in the lesser distance, to the business destination.

In addition, Policy Number FIN 8.03, 6.4, provides that reimbursable travel expenses are limited to the authorized, actual, and necessary costs of conducting the official business of the trial court and the limits established in the published AOC Travel Rate Guidelines. Judges and employees who incur reimbursable business travel costs, must submit a TEC form that notes the business purpose of the trip, includes only allowable expenses paid, is supported by required receipts, and is signed approved by the judge's or employee's appropriate approval level.

For example, travelers may be reimbursed for the actual costs of overnight lodging and meals consumed during business travel up to the maximum rates published in the AOC Travel Rate Guidelines. According to these travel rate guidelines, actual expenses for breakfast, lunch, dinner, and incidentals are limited to the following maximum rates for continuous travel of more than 24 hours:

MEALS	MAXIMUM REIMBURSEMENT
Breakfast	Not to Exceed \$ 6 (\$ 8 effective 8/23/2013)
Lunch	Not to Exceed \$10 (\$12 effective 8/23/2013)
Dinner	Not to Exceed \$18 (\$20 effective 8/23/2013)
Incidentals	Not to Exceed \$ 6

For travel of less than 24 hours, lunch and incidentals may not be claimed. However, breakfast may be claimed if travel begins one hour before normal work hours, and dinner may be claimed if travel ends one hour after normal work hours.

Issues

To determine whether the Court followed the travel expense guidelines required in the FIN Manual, we made inquiries of appropriate Court staff regarding current travel reimbursement practices. We also reviewed selected travel expense transactions in fiscal year 2012-2013. Our review determined that the Court needs to improve its business travel expense reimbursement procedures. Specifically, we noted the following:

1. Claimants did not always submit sufficient information in their TEC when claiming reimbursement for travel on official court business. For example, one of the 10 TECs reviewed did not contain the start and end times of business travel. Therefore, we could not determine whether the dinner paid on the last day of travel was appropriate.

In addition, for six of 10 TECs reviewed, the Court could not demonstrate that it reimbursed for the lesser mileage of home or court location to the destination because it did not require the claimant to disclose the home address on the TEC. For a seventh claim, the Court did not adequately verify that the mileage claimed was reasonable. Specifically, our review of the mileage claimed determined that it was overstated by 112 miles because it was from the claimant's home address rather than from the shorter distance when measured from the Court, resulting in an excess reimbursement of more than \$60.

Further, the Court did not require that claimed travel costs be supported by appropriate receipts. Specifically, for one TEC, the Court did not require the claimant to complete an Exception Request for Lodging form for lodging costs where the per-night rate claimed was higher than the allowed maximum per-night rate. Also, for another TEC, the Court reimbursed the claimant without a required receipt for a \$10 shuttle transportation expense.

2. For one of 10 TECs reviewed, the claimant's appropriate approval level did not sign the TEC to demonstrate supervisory review and approval of claimed travel expenses. Specifically, a commissioner's TEC was reviewed and approved by the Court Executive Officer (CEO). In these instances, the appropriate approval level for TECs submitted by judicial officers, including subordinate judicial officers, is the PJ or assistant PJ.

Recommendations

To ensure it complies with the required AOC travel expense reimbursement policy and procedures, and to ensure its travel expenses are an appropriate and necessary use of public funds, the Court should consider the following:

1. Require that all Court employees and officials who travel on Court business provide the information and documentation necessary to allow for the proper review and approval of allowable travel expenses. Instruction should include information on how to properly complete the Travel Expense Claim form, as well as appropriate documentation needed to support claimed travel expenses.
2. Require appropriate level review and approval signatures on TEC forms from the employee's supervisor or above. If the TEC is submitted by a judicial officer, the PJ or a supervising judge would be the appropriate review and approval level who would sign the TEC approving the travel expenses of judicial officers. In addition, instruct Court accounts payable staff to not process TECs for payment until the appropriate approval levels sign the TEC approving reimbursement of the travel expenses.

Superior Court Response By: G. Sean Metroka, CEO

Date: August 21, 2014

We agree with the issues outlined in the memorandum:

1. We are working to improve our review and approval process for travel expense claims and are planning to utilize the “completing Your Travel Claim” document distributed by the AOC in an effort to better educate our judicial officers and staff who travel on court business.
Completion date: October 31, 2014
Responsible persons: Sean Metroka, Court Executive Officer
2. We will ensure that travel claims are properly approved and that judicial officer claims are approved by the PJ or supervising judge.
Completion date: August 21, 2014
Responsible persons: Candace Heidelberger, Presiding Judge
Sean Metroka, Court Executive Officer

11.2 The Court Needs to Strengthen Its Business Meal Expense Procedures

Background

The FIN Manual acknowledges that it is necessary for trial court judges and employees to occasionally conduct official court business during a meal. Thus, the FIN Manual, Policy No. FIN 8.05, defines the rules and limits that courts must observe when arranging or claiming reimbursement for meals associated with official court business. Specifically, to be reimbursable, these business meals must have the written advance approval of the presiding judge (PJ) or, if delegated in writing, the Court Executive Officer (CEO) or another judge. FIN 8.05, 6.2, states the following:

All business meal expenditures must be supported by an original receipt, reflecting the actual costs incurred and a completed-approved business-related meal expense form, memo, or e-mail authorizing the expenditure in advance. The business-related meal expense form, memo, or e-mail will include the following information:

- a. Date of the business meal(s).
- b. Scheduled start and end time of the meeting.
- c. Statement explaining the business purpose of the meeting.
- d. Category and duration of business meal. Example: 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, their titles, and affiliations.

Business meal expenses not approved in advance by the PJ or his or her written delegate will be considered a personal expense and will not be reimbursed or paid. In addition, business meal expenses are not authorized for informal meetings or meetings with existing or potential vendors.

FIN 8.05, 6.4, requires all group meals be arranged in accordance with procurement and contracting guidelines. It also requires 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.

Allowable business meal expenses vary depending on when, where, and how many people are involved with the meal or function. For further information regarding the specific requirements for allowable business meal expenses, please refer to the following paragraphs in Policy No. FIN 8.05:

- 6.3, Business Meal Reimbursement via a Travel Expense Claim
- 6.4, Group Business Meals
- 6.5, Authorized Business Meal Timeframes
- 6.6, Authorized Business Meal Rates
- 6.7, Requests for Exceptions to Business Meal Expense Guidelines
- 6.8, Unallowable Business Meal Expenses

Issues

To determine whether the Court followed the business meal expense rules required in the FIN Manual, we interviewed appropriate Court staff regarding its business-related meal expense reimbursement practices. We also reviewed selected business-related meal expense transactions from FY 2012-2013. Our review determined that the Court needs to improve its procedures to adequately justify its business-related meal expenditures. Specifically, we noted the following:

1. The Court acknowledged it does not obtain all required information when pre-approving business-related meals. As a result, for four business-related meal expenses reviewed where a purchase requisition was completed in lieu of a business-related meal expense form, the purchase requisition did not always include the event date, event start and end times, event location, the meal category, and event attendees. In fact, for one these four business-related meal expenses, the Court did not document whether the expense was for a group business meal and the start and end times of the event. Consequently, we could not determine whether the meal was arranged in accordance with the procurement and contracting guidelines established in the Judicial Branch Contracting Manual and whether the business event met the time frames established in the FIN Manual for allowable business meals.

Also, for two of the four business-related meal expenses reviewed where a purchase requisition was completed, the expenses were not pre-approved by the PJ or written delegate. Further, for the four business-related meal expenses reviewed where a purchase requisition was completed, the documented reason for the meal was for an unallowable purpose. Specifically, three of the expenses were for retirement celebrations. The fourth expense was for a recruitment lunch where the purchase requisition was prepared after the meal, was not signed approved, and without an explanation as to why this court business could not be conducted at a time other than during a meal period.

For a fifth business-related meal expense reviewed, the Court did not prepare a business-related meal form, memo, or e-mail pre-approving the expense. Since the Court did not document whether this business-related meal expense was for a group meal and the start and end times of the meal, we could not determine whether the meal was arranged in accordance with the procurement and contracting guidelines established in the Judicial Branch

Contracting Manual and whether the business event met the time frames established in the FIN Manual for allowable business meals.

Finally, for all five business-related meal expenses reviewed, the Court did not document sufficient information to determine whether the expense per person was within the allowable per person limits established in the FIN Manual.

Recommendations

To ensure its business meal expenses are consistent with the FIN Manual business meals policy and procedures and an appropriate and necessary use of public funds, the Court should consider the following:

1. Require advance written approval by the PJ, or written designee, of the business-related meal expenditure on a business-related meal expense form, memo, or e-mail. Also, ensure that the business-related meal expense form, memo, or e-mail is completed with all pertinent information, including the event date, event start and end times, event location, the meal category, event attendees and the reason why court business could not be conducted at a time other than during a meal period.
2. Ensure Court staff are aware of allowable business meal expense requirements, and unallowable business meal expenses, such as for retirement events, informal meetings that could be conducted at times other than during a meal period, or for meals not pre-approved in writing by the PJ or authorized written delegate.

Superior Court Response By: G. Sean Metroka, CEO

Date: August 21, 2014

We agree with the issues outlined in the memorandum:

1. We now require advance written approval of business related meal expenses on the appropriate form and will ensure that the required information is included.
Completion date: August 15, 2014
Responsible persons: Sean Metroka, Court Executive Officer
2. Appropriate court staff members have been notified of the allowable business meal expense requirements and that requests must be approved in advance by the PJ or designee.
Completion date: August 15, 2014
Responsible persons: Sean Metroka, Court Executive Officer

11.3 The Court Needs to Strengthen Its Invoice Review and Approval Procedures

Background

As stewards of public funds, courts have an obligation to demonstrate responsible and economical use of public funds. As such, the FIN Manual provides trial courts with policy and procedures to ensure courts process invoices timely and in accordance with the terms and conditions of agreements.

Specifically, FIN 8.01 and FIN 8.02 provide uniform guidelines for courts to use when processing vendor invoices and individual claims (also referred to as invoices) for payment. These guidelines include procedures for establishing and maintaining a payment authorization matrix listing court employees who are permitted to approve invoices for payment along with dollar limits and scope of authority of each authorized court employee. The guidelines also include preparing invoices for processing, matching invoices to purchase documents and proof of receipt, reviewing invoices for accuracy, approving invoices for payment, and reconciling approved invoices to payment transactions recorded in the accounting records.

Issues

To determine whether the Court adheres to the invoice processing policies and procedures in the FIN Manual, we interviewed appropriate Court staff regarding the Court's current invoice processing practices. We also reviewed selected invoices and claims paid in fiscal year 2013-2014 and identified the following weaknesses and areas of noncompliance:

1. The Court did not consistently follow the FIN Manual procedures for processing the 40 paid invoices and claims we selected to review. For example, we noted the following:
 - a. There was no evidence of approval for payment, such as initials or a signature indicating payment approval, for six invoices. For another eight invoices, unauthorized court staff, per the Court's payment approval authorization matrix, approved the invoices.
 - b. For six invoices, the same individual who purchased the item performed the incompatible duty of approving the payment of the corresponding invoice.
 - c. For 16 invoices, the Court could not provide procurement documents that the Court accounts payable staff used to match and agree the invoices to the associated procurement document terms. As a result, the Court could not demonstrate how accounts payable staff determined that the invoice payment agreed to the terms of the applicable procurement. For another four invoices, accounts payable staff did not match and agree the invoice payment rates to the payment rates specified in the supporting procurement documents. As a result, the Court overpaid for services in one of these four invoices.
 - d. For nine invoices, the Court could not demonstrate how it verified the receipt of the goods and/or services billed on the invoice as part of the three-point match verification process.
 - e. The Court paid five claims that did not indicate the associated case numbers and/or case names for which the claimant performed services.
 - f. The Court paid four claims without a copy of the court authorization listing the services and the payment rates authorized and any dollar or hour limits. In fact, accounts payable staff paid one court interpreter claim without written court authorization for exceeding the Judicial Council-approved court interpreter rates and without written CEO pre-authorization for paying travel time.
 - g. The Court paid two invoices containing unallowable expenditures per the California Rules of Court. Specifically, the Court paid for grand jury expenses and juror parking which are unallowable Rule 10.810 court operations costs.

- h. For two juror mileage invoices, the Court miscalculated and overpaid the mileage reimbursement.
2. For two expenditure transactions reviewed, the Court configured the accounting system to automatically process monthly payment transactions without a supporting invoice, which bypasses the invoice review and approval process to ensure acceptable goods were delivered or services were provided at the agreed upon price.

Recommendations

To ensure the Court can demonstrate responsible and economical use of public funds when processing invoices for payment, it should consider the following:

1. Provide training and instruction to accounts payable staff to ensure they follow the FIN Manual uniform guidelines for processing invoices and claims for payment. For example, ensure that appropriate authorized officials sign-approve invoices for payment, verify items and rates billed agree with the terms of the associated procurement document, obtain proof of acceptable receipt of goods and/or services as a part of the three-point match verification process, and ensure expenditures are Rule 10.810 allowable court operations costs before processing the invoice for payment. Also, ensure that all claims contain related case numbers and/or case names as well as appropriate court authorization for services and payment rates prior to payment.
2. Configure the accounting system to no longer automatically process monthly payment transactions without a supporting invoice so that the Court can review and approve invoices prior to payment and ensure goods were delivered or acceptable services were provided at the agreed upon price.

Superior Court Response By: G. Sean Metroka, CEO Date: December 5, 2014

We agree with Issue No. 1 outlined in the memorandum and disagree with Issue No. 2:

1. The Court will provide training and instruction to accounts payable staff to ensure they follow the FIN Manual uniform guidelines for processing invoices and claims for payment. This will include instruction to verify appropriate authorization for payment, verify that items and rates are correct, and obtain verification of receipt of goods and services as part of a 3 point verification match. The Court will instruct staff to ensure, costs are allowable before processing them for payment, and that case related expenses contain case numbers and/or case names as well as appropriate authorization for payment.

Completion Date: February 1, 2015

Responsible Person: Thea Palmiere, Director of Human Resources & Administration

2. We disagree with Issue No. 2. Both of these expenditures are documented and payment is authorized in writing. One expenditure is authorized under a monthly lease for parking and the other is authorized by a Memorandum of Understanding for services. Both expenditures are set up in the accounting system with Purchase Orders. We do not believe the Court's current process bypasses the approval process. The reason they are set to automatically pay,

is specifically because the obligations are approved in advance and no invoice is generated. Automatic pay reduces the likelihood of missed or late payments resulting in penalties.

The Court will continue with its current process.

Completion Date: N/A

Responsible Person: N/A

12. Fixed Assets Management

Background

The FIN Manual provides uniform guidelines for trial court to use when acquiring, capitalizing, monitoring, and disposing of assets. Specifically, trial courts must establish and maintain a Fixed Asset Management System (FAMS) to record, control, and report all court assets. The primary objectives of the system are to:

- Ensure that court assets are properly identified and recorded,
- Ensure that court assets are effectively utilized, and
- Safeguard court assets against loss or misuse.

The table below presents the Court's general ledger account balances that are considered associated with this section.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2013	2012		
Expenditures				
922699 MINOR EQUIPMENT	6,993.53	76,699.50	(69,705.97)	-90.88%
* 922600 - MINOR EQUIPMENT	6,993.53	76,699.50	(69,705.97)	-90.88%
945301 MAJOR EQUIPMENT - NON-IT	-	7,016.84	(7,016.84)	-100.00%
* 945200 - MAJOR EQUIPMENT	-	7,016.84	(7,016.84)	-100.00%

Due to other audit planning considerations and the size of the Court, we did not review this area.

13. Audits

Background

Many legal requirements and restrictions surround the use of public resources that can lead to audits of trial court operations and finances. The court must, as part of its standard management practice, conduct its operations and account for its resources in a manner that will withstand the scrutiny of an audit. During an audit, courts must fully cooperate with the auditors and demonstrate accountability, efficient use of public resources, and compliance with all applicable requirements. Courts should strive to investigate and correct substantiated audit findings in a timely manner.

We reviewed prior audits conducted on the Court to obtain an overview of the types of issues identified and to assess during the course of this audit whether the Court appropriately corrected or resolved these issues. Specifically, external consultants performed a review of the Court in 2008 that included a review of various fiscal and operational processes. Issues from the 2008 audit that the Court did not appropriately correct or resolve and that resulted in repeat issues may be identified in various sections of this report as “repeat” issues.

There were no issues to report to management in this area. Issues that repeat from the prior audit are identified in Appendix A to this report as “repeat” issues.

14. Records Retention

Background

The FIN Manual establishes uniform guidelines for trial courts to follow in retaining financial and accounting records. According to the FIN Manual, it is the policy of trial courts to retain financial and accounting records in compliance with all statutory requirements. Where legal requirements are not established, trial courts shall employ sound business practices that best serve the interests of courts. The trial courts shall apply efficient and economical management methods regarding the creation, utilization, maintenance, retention, preservation, and disposal of court financial and accounting records.

The table below presents the Court's general ledger account balances that are considered associated with this section. A description of the areas reviewed and how we reviewed them as a part of this audit is included below.

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2013	2012		
Expenditures				
935203 STORAGE	0.00	0.00	0.00	0.00%

We assessed the Court's compliance with the record retention requirements provided in statute and in the FIN Manual through a self-assessment questionnaire. Furthermore, we observed and evaluated the Court's retention of various operational and fiscal records throughout the audit.

There were no issues to report to management in this area.

15. Domestic Violence

Background

In June 2003, the Joint Legislative Audit Committee (JLAC) requested Audit Services to conduct an audit of the court-ordered fines and fees in specified domestic violence cases in California. JLAC had approved an audit on the funding for domestic violence shelters based on a request from a member of the Assembly. As a part of the March 2004 report, Audit Services agreed to test the assessment of fines and fees in domestic violence cases on an on-going basis.

We identified the statutory requirements for assessments of criminal domestic violence fines, fees, penalties, and assessments, and obtained an understanding of how the Court ensures compliance with these requirements. We also selected certain criminal domestic violence cases with convictions and reviewed their corresponding CMS and case file information to determine whether the Court assessed the statutorily mandated fines and fees.

The following issues were considered significant enough to bring to management's attention in this report.

15.1 The Court Could More Accurately and Consistently Impose the Statutorily Required Domestic Violence Fines and Fees

Background

Domestic violence (DV) is one of the leading causes of injuries to women in the United States. A nationwide survey reported that nearly one-third of American women had reported being physically or sexually abused by their husbands or boyfriends at some time in their lives. Effects can also extend to the children of the victims, elderly persons, or any family members within the household.

In 2003, the Legislature held a public hearing to examine DV shelter services. DV shelters obtain funding not only from state and federal sources; they also receive funding from the fines ordered through judicial proceedings of DV cases. Legislative members expressed concerns about the wide disparities from county to county in the amount of resources available for shelter services, as well as concerns about the lack of consistency in the assessment of fines. As a result, the Joint Legislative Audit Committee requested that Audit Services conduct an audit of court-ordered fines and fees in certain DV cases.

As a part of the audit report that Audit Services issued in March 2004, Audit Services agreed to review the fines and fees in DV cases on an on-going basis. For example, courts are required to impose or assess the following statutory fines and fees in DV cases:

- Penal Code (PC) 1202.4 (b) State Restitution Fine
Effective January 2013, courts must impose a separate and additional State Restitution Fine of not less than \$280 for a felony conviction and not less than \$140 for a misdemeanor conviction in every case where a person is convicted of a crime.

Courts must impose this fine unless it finds compelling and extraordinary reasons for not doing so and states those reasons on the record. Inability to pay is not considered a compelling and extraordinary reason not to impose this restitution fine, but may be considered only in assessing the amount of the fine in excess of the minimum.

- PC 1202.44 (or PC 1202.45) Probation (or Parole) Revocation Restitution Fine
Effective January 2005, courts must impose an additional Probation (or Parole) Revocation Restitution Fine in the same amount as the restitution fine imposed under PC 1202.4 (b) in every case in which a person is convicted of a crime and a probation (or parole) sentence is imposed. This additional fine is effective upon the revocation of probation or of a conditional sentence (or parole), and shall not be waived or reduced by the court, absent compelling and extraordinary reasons stated on record.
- PC 1203.097 Domestic Violence Fee
Effective January 2004, if courts grant a person probation for committing a DV crime, courts must include in the terms of probation a minimum period of probation of 36 months and a \$400 DV Fee. The legislation that amended the DV Fee from \$200 to \$400 sunset on January 1, 2010, but a bill enacted on August 13, 2010, amended the fee back to \$400. However, a bill enacted on September 24, 2012, increased the fee to \$500, effective January 1, 2013. Courts may reduce or waive this fee if they find that the defendant does not have the ability to pay.
- PC 1465.8 (a)(1) Court Operations Assessment
Effective July 28, 2009, courts must impose a \$30 (\$40 effective October 19, 2010) Court Security Fee on each criminal offense conviction. Effective June 30, 2011, this code section was amended to reflect the change from a court security fee to a court operations assessment.
- Government Code (GC) 70373 Criminal Conviction Assessment
Effective January 1, 2009, courts must impose a \$30 Criminal Conviction Assessment for each misdemeanor or felony conviction, and a \$35 assessment for each infraction conviction.

Issues

Our review of the case files for 27 criminal cases where the defendant was convicted of a DV charge (DV cases) from July 2013 through January 2014 found that the Court did not always impose the correct fines and fees. Specifically, our review noted the following exceptions:

- For six of the 22 DV cases reviewed where probation was ordered, the Court did not order the \$500 DV Fee amount pursuant to PC 1203.097(a)(5).
- For three of the 16 DV cases where probation was ordered and the Court ordered a DV fee pursuant to PC 1203.097(a)(5), the Court assessed \$400 instead of the \$500 DV Fee in effect at the time of sentencing and did not state a reason on the record explaining why the Court reduced the fee.

- For one of the 22 DV cases reviewed where probation was ordered, the Court did not order the 36-month minimum length of probation pursuant to PC 1203.097(a). For another DV case, the Court did not order the \$140 Probation Revocation Restitution fine pursuant to PC 1202.44.
- For one of the 27 DV cases reviewed, the Court did not order the required \$140 State Restitution fine pursuant to PC 1202.4(b), the \$40 Court Operations assessment pursuant to PC 1465.8, and the \$30 Criminal Conviction assessment pursuant to GC 70373.
- Of the 26 DV cases where the \$40 Court Operations assessment pursuant to PC 1465.8 and the \$30 Criminal Conviction assessment pursuant to GC 70373 were ordered, the Court ordered the assessments for only one of the multiple convictions in the four cases with multiple convictions.

Recommendations

To ensure it consistently imposes the statutorily required minimum fines and fees on criminal DV cases, the Court should consider the following:

1. Create and distribute a bench schedule of the required minimum DV fines and fees as a tool for judicial officers and staff to reference and use when imposing fines and fees during sentencing. The Court should periodically update this schedule to reflect any changes in statute. In addition, it should consider inserting these required minimum DV fine and fee amounts on the official order of probation forms.
2. Document in DV case minute orders, and also its case management system, any compelling and extraordinary reasons, waivers, and determinations from financial hearings to support why the Court did not impose the required minimum fines and fees.

Superior Court Response By: G. Sean Metroka, CEO Date: July 16, 2014

We agree with the issues outlined in the memorandum:

1. We have developed a bench tool for sentencing in domestic violence cases and will review this tool with our judicial officers and courtroom staff to ensure a common understanding of the requirements. The minimum domestic violence fines and fees have been included on our probation order forms for many years.
Completion date: August 29, 2014
Responsible person: Patricia Kmitta, Court Operations Director
2. Our clerks will be reminded to specifically document in minute orders the court's decisions regarding waivers or reduction of required fines and fees in domestic violence cases.
Completion date: August 15, 2014
Responsible person: Patricia Kmitta, Court Operations Director

16. Exhibits

Background

Exhibits are oftentimes presented as evidence in both criminal and civil cases. Trial courts are responsible for properly handling, safeguarding, and transferring these exhibits. Trial court and security personnel with these responsibilities are expected to exercise different levels of caution depending on the types of exhibits presented. For example, compared to paper documents, extra precautions should be taken when handling weapons and ammunition, drugs and narcotics, money and other valuable items, hazardous or toxic materials, and biological materials.

To ensure the consistent and appropriate handling of exhibits, some trial courts establish written exhibit room procedures manuals. These manuals normally define the term “exhibit” as evidence in the form of papers, documents, or other items produced during a trial or hearing and offered as proof of facts in a criminal or civil case. While some exhibits have little monetary value or do not present a safety hazard, such as documents and photographs, other exhibits are valuable or hazardous and may include: contracts or deeds, weapons, drugs or drug paraphernalia, toxic substances such as PCP, ether, and phosphorus, as well as cash, jewelry, or goods. To minimize the risk of exhibits being lost, stolen, damaged, spilled, and/or disbursed into the environment, a manual should be prepared and used to guide and direct exhibit custodians in the proper handling of exhibits. Depending on the type and volume of exhibits, court manuals can be brief or very extensive. Manuals would provide exhibit custodians with procedures and practices for the consistent and proper handling, storing, and safeguarding of evidence until final disposition of the case.

We evaluated Court controls over exhibit handling and storage by interviewing Court managers and staff with exhibit handling responsibilities, reviewing the Court’s exhibit handling policy and procedures, and observing the physical conditions of exhibit storage areas. In addition, we validated selected exhibit records and listings to actual exhibit items and vice-versa to determine whether all exhibit items have been accurately accounted for and to evaluate the efficacy of the Court’s exhibit tracking system.

There were minor issues associated with this area that are included in Appendix A to this report.

17. Bail

Background

In general, bail is used to influence the presence of a defendant before the court and is most commonly submitted in the form of cash or a surety bond. Surety bonds are contracts guaranteeing that specific obligations will be fulfilled and may involve meeting a contractual commitment, paying a debt, or performing certain duties. Bail bonds are one type of surety bond. If someone is arrested on a criminal charge the court may direct the individual be held in custody until trial, unless the individual furnishes the required bail. The posting of a bail bond acquired by or on behalf of the incarcerated person is one means of meeting the required bail. When a bond is issued, the bonding company guarantees that the defendant will appear in court at a given time and place. "Bail Agents" licensed by the State of California specialize in underwriting and issuing bail bonds and act as the appointed representatives of licensed surety insurance companies.

California Rules of Court (CRC) 3.1130(a) indicate that corporation must not be accepted or approved as a surety on a bond or undertaking unless the following conditions are met:

- The Insurance Commissioner has certified the corporation as being admitted to do business in the State as a surety insurer;
- There is filed in the office of the clerk a copy, duly certified by the proper authority, of the transcript or record of appointment entitling or authorizing the person or persons purporting to execute the bond or undertaking for and in behalf of the corporation to act in the premises, and
- The bond or undertaking has been executed under penalty of perjury as provided in Code of Civil Procedures section 995.630, or the fact of execution of the bond or undertaking by the officer or agent of the corporation purporting to become surety has been duly acknowledged before an officer of the state authorized to take and certify acknowledgements.

Further, Penal Code Sections 1268 through 1276.5, 1305, and 1306 outline certain bail procedures for trial courts to follow such as annual preparation, revision, and adoption of a uniform countywide bail schedule and processes for courts to follow when bail is posted.

We interviewed Court managers and staff to understand the Court's processes in establishing and tracking bail as well as validating posted bail bonds. We also reviewed the County Uniform Bail Schedule and selected case files where bail was posted to determine compliance with CRC and applicable Penal Code Sections.

There were minor issues associated with this area that is included in Appendix A to this report.

APPENDIX A

**Superior Court of California,
County of Nevada**

Issue Control Log

The Issue Control Log summarizes the issues identified in the audit. Any issues discussed in the body of the audit report are cross-referenced in the “Report No.” column. Those issues with “Log” in the Report No. column are only listed in this appendix. Additionally, issues that were not significant enough to be included in this report were discussed with Court management as “informational” issues.

Those issues for which corrective action is considered complete at the end of the audit indicate a “C” in the column labeled C. Issues that remain open at the end of the audit indicate an “I” for incomplete in the column labeled I and include an Estimated Completion Date.

Audit Services will periodically contact the Court to follow-up on the status of the corrective efforts indicated by the Court.

July 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
1 Court Administration								
		Log	The Court does not review its manually compiled logs of cases with submitted matters to ensure no submitted matter is in jeopardy of remaining undecided and pending for longer than 90 days by the end of the month.		C	On a monthly basis, the Presiding Judge is reviewing the Court's submitted matters log and the log is published to all judicial officers.	Hon. Candace S. Heidelberger, Presiding Judge	September 2014
		Log	The Court does not compile a comprehensive submitted matters list and circulate this submitted matters list to all judges of the Court as required by Rules of Court, rule 10.603.		C	A comprehensive list of submitted matters is compiled and maintained and this list is circulated to all judicial officers on a monthly basis.	Hon. Candace S. Heidelberger, Presiding Judge	September 2014
		Log	The Court acknowledged that at the time of our review, it had not yet established procedures for the presiding judge to review the submitted matters list as required by Rules of Court, rule 10.603.		C	The Court has established a procedure for review by the Presiding Judge of all submitted matters monthly.	Hon. Candace S. Heidelberger, Presiding Judge	September 2014
		Log	Our review of selected cases with matters under submission found that although a judge ruled on one matter before signing the monthly affidavit correctly affirming that no matter remained undecided for more than 90 days by the end of the month, the matter was actually under submission for longer than 90 days by the time the judge ruled on the matter. Specifically, a judge took a Habeas Corpus matter under submission on May 28, 2013, and issued a ruling on the matter on August 27, 2013, or 92 days later.		C	This matter has been addressed.	Hon. Candace S. Heidelberger, Presiding Judge	September 2014
2 Fiscal Management and Budgets								
		Log	The Court does not have the work order in place that is required to document the work the Court authorized under the master agreement with its payroll services provider.		C	The Court has had the Master Agreement in place since 2006 and is subject to its amendments. Although a copy of the most recent amendment was not in the Court's file at the time of audit, it was available on the Serranus website. The Court has printed a paper copy and placed it in our file.	Thea Palmiere, Director of Human Resources & Administration	November 2014
		Log	The Court is not reconciling its payroll expense data reported on the "Company Totals" report to the accounting system payroll journal entry.	I		The Court's payroll expense data is currently reconciled to SAP by TCAS and the Court reviews the TCAS reconciliation. The Court will also reconcile the data.	Thea Palmiere, Director of Human Resources & Administration	January 2015
		Log	For two of 10 employees reviewed, the Court did not pay the correct pay rate, resulting in the Court under-paying these two employees.		C	These errors have been corrected.	Thea Palmiere, Director of Human Resources & Administration	March and July 2014
		Log	For one of the 10 employees reviewed, the Court did not have on file the employee applications authorizing the employee's life insurance and supplemental life insurance deductions.		C	The original enrollment form cannot be located. Coverage was confirmed.	Thea Palmiere, Director of Human Resources & Administration	August 2014
		Log	Even though Court policy requires pre-approval of overtime, the Court did not pre-approve overtime for one of the two employees reviewed and who worked and was paid overtime.		C	The Court could not pre-approve the overtime because the employee worked without the Court's knowledge. As soon as the Court became aware, the overtime was paid. The employee was counseled regarding our pre-approval policy.	Thea Palmiere, Director of Human Resources & Administration	March 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The payroll service provider uses leave accrual rates that do not correspond to the labor agreement. Specifically, the labor agreement provides employees with a leave accrual rate of 11.08 hours per pay period once an employee has 13 years of service with the Court. However, the payroll service provider applied the 11.08 leave accrual rate prematurely to one employee we reviewed who reached 12 years of service.	I		The Court disagrees. The employee payroll system correctly applied the accrual. The employee completed her 145th month of service and was in her 13th year of service which complies with the labor agreement.	Thea Palmiere, Director of Human Resources & Administration	N/A
3	Fund Accounting		No issues reported.					
4	Accounting Principles and Practices							
	4.1		The Court Needs to Improve Its Accounting for Financial Transactions					
		7	The Court did not record several legally restricted revenues in specific special revenue funds or track them using unique WBS element codes. Specifically, legally restricted revenue recorded in general ledger accounts 812151 TCTF-program 45.10-custody/visitation-mediation, 812158 TCTF-program 45.10-custody/visitation-family law facilitator, and 821170 GC 26840.3 marriage license conciliation were recorded in the Court's general fund without an assigned WBS code to track the subsequent use of these legally restricted monies.		C	We are now properly using WBS / O Project codes to record restricted revenue and related expenses. These account balances are reviewed periodically and all are analyzed at the end of reporting periods to ensure they do not carry abnormal balances.	Pam Carcido, Senior Financial Analyst	August 2014
		7	Legally restricted revenue received by the Court pursuant to PC 308(a) is not recorded in a specific special revenue fund or tracked separately, such as by a unique WBS element code. Instead, this legally restricted revenue is recorded in general ledger account 821123 Local Fee 3 in the Court's general fund.		C	See response above.	Pam Carcido, Senior Financial Analyst	August 2014
		7	A year-end posting error resulted an abnormal debit balance in the Court's FY 2012-13 accrued liabilities general ledger account. Specifically, due to cash flow shortage issues, the Court placed a stop payment on a pension prefunding check and decided to defer the prefunding expense to the next fiscal year, FY 2013-14. However, instead of simply reversing the cash payment transaction and debiting the cash general ledger account due to the stop payment, the Court instead debited the accrued liabilities general account. As a result, this posting error created an abnormal debit balance in the accrued liabilities general ledger account that the Court should have detected by a review of its year-end general ledger account balances or its year-end financial statements.		C	See response above.	Pam Carcido, Senior Financial Analyst	August 2014
		7	The Court under-reported its lease expenditures in its FY 2012-13 year-end report as it reported the amount in thousands of dollars instead of in whole dollars as required.		C	A process for internal review of the CAFR is in place to ensure the information it contains is accurate. The discrepancies noted in the audit were clerical errors and missed in the review that year. We will redouble our efforts to avoid this in the future.	Pam Carcido, Senior Financial Analyst	August 2014
		7	The Court misreported fixed assets in its FY 2012-13 CAFR that were disposed in FY 2011-12.		C	See response above.	Pam Carcido, Senior Financial Analyst	August 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court could not provide documentation demonstrating CEO approval for the disassembling and disposal of the Court's old telephone system.		C	Court completed a Surplus Property Disposal Form on November 11, 2014, for the disposal of the Court's old telephone system and provided a copy to the auditors	David Schlothauer, Director of IT, Facilities, and Security	November 2014
		Log	The Court did not record OPEB prefunding in the correct general ledger account. Specifically, the Court recorded OPEB prefunding in general ledger account 910503 Retiree Benefits instead of 971101 Other Post Employment Benefits (OPEB).		C	This items refers to prefunding done on 6/27/2013 which was recorded according to instructions from TCAS. We did not receive new instructions until 5/28/2014. The Court has not made any additional prefunding contributions since 6/27/2013. However, when the Court does make a prefunding contribution in the future, we will record it in GL 971101.	Thea Palmiere, Director of Human Resources & Administration	N/A
5	Cash Collections							
	5.1		The Court Needs to Improve Its Control and Oversight over Handwritten Receipts					
		1	The Court's accounting unit is not providing oversight of manual receipt books. Specifically, a log of manual receipt books issued and completely used books returned is not kept.		C	Our Court accounting department now maintains central oversight of blank receipt books including logging of the distribution of receipt books to the operations departments and verifying the return of completely exhausted receipt books.	Thea Palmiere, Director of Human Resources & Administration	March 2014
		1	One court division's handwritten receipt book contained the following: 15 blank carbon copy receipts with no explanation for the disposition of the original receipts, one receipt where both the original and carbon copies were missing, and the entire last page of receipts was missing.		C	We have implemented new procedures to secure and control handwritten receipts. Our Court has procured customized receipt books that cannot be easily duplicated (or purchased at an office supply store). Each operations department supervisor has been issued one book of receipts and they store them in locked cabinets. They now verify that all handwritten receipts are accounted for and timely entered into our case management system.	Patricia Kmitta, Court Operations Director	March 2014
		1	For one court division's handwritten receipt book, no notations were made, such as noting the CMS receipt number on the carbon copy, to indicate that the payment was entered in the CMS for the five handwritten receipts reviewed.		C	See response above.	Patricia Kmitta, Court Operations Director	March 2014
		1	The handwritten receipt books at two court divisions are not reviewed by a supervisor to ensure all receipts are accounted for and used receipts are promptly entered in the CMS.		C	See response above.	Patricia Kmitta, Court Operations Director	March 2014
		1	The handwritten receipt books at one court division are not kept secured and under supervisory control when not in use. The receipt book is kept in the vault that remains open throughout the day and is accessible to any court employee.		C	See response above.	Patricia Kmitta, Court Operations Director	March 2014
		1	The court location's handwritten receipt books are not kept secured and under supervisory control when not in use. The receipt books are kept at the front counter. Since the receipt books are accessible to all employees and the supervisor does not control the receipt books, no one monitors or accounts for the use of the handwritten receipt books, including when and who used the receipt book, when and who returned the receipt book, and when and who used which receipts in the receipt book.		C	See response above.	Patricia Kmitta, Court Operations Director	March 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		1	Handwritten receipt books for one court location are not controlled centrally by the Court's fiscal division. Instead, this court location independently purchases handwritten receipt books when purchasing supplies.		C	See response above.	Patricia Kmitta, Court Operations Director	March 2014
		1	One court division's handwritten receipt book was missing the carbon copies of used handwritten receipts; therefore, the Court could not ensure that payments were received and appropriately entered in the CMS accurately and promptly.		C	See response above.	Patricia Kmitta, Court Operations Director	March 2014
		1	Of the 12 handwritten receipts reviewed at one court division, 11 did not indicate, such as with a CMS receipt number noted on the carbon copy of the used handwritten receipt, that the payments were entered in the CMS.		C	See response above.	Patricia Kmitta, Court Operations Director	March 2014
		1	Of the 12 handwritten receipts reviewed at one court division, the Court could not provide a CMS-generated receipt showing that the payment had been entered into the CMS for one handwritten receipt. For two other handwritten receipts, Court-provided documents did not reflect the same payment amount entered into the CMS as the payment amount noted on the handwritten receipt. For a fourth handwritten receipt, the Court asserted that the CMS receipt was destroyed with the case file after the case file had been imaged; therefore, it could not provide documentation showing that the payment had been appropriately entered in the CMS.		C	See response above.	Patricia Kmitta, Court Operations Director	March 2014
		1	A review of one court location's five handwritten receipt books revealed that the carbon copy of 74 used handwritten receipts were missing; therefore, the Court could not ensure that payments were received and appropriately entered in the CMS accurately and promptly.		C	See response above.	Patricia Kmitta, Court Operations Director	March 2014
		1	For one of the five handwritten receipt books reviewed at one court location, the original copies of four unused handwritten receipts were missing and without reasonable explanations noted on the book copies.		C	See response above.	Patricia Kmitta, Court Operations Director	March 2014
	5.2		The Court Needs to Strengthen Its Cash Handling Procedures					
		2	Court policy is to allow Court Services Assistants to share one cash drawer in each court division rather than being assigned individual cash drawers/bags to better hold CSAs accountable for any cash discrepancies. As a result, when cash shortages occur, the Court cannot determine the individual responsible for the cash shortage because it does not provide and make each cashier responsible for their individual cash bag. (Repeat)	I		To fully implement the recommendation to assign individual cash bags would require additional expense for staffing and equipment that this Court cannot afford currently. Our staffing is too limited to accommodate expanding the daily closeout process from four drawers to twelve bags. Additionally, we do not have sufficient lockable drawers or cabinets to secure these bags during the workday. We have not experienced any material loss or significant errors under the current process and believe the cost to fully implement this recommendation would greatly outweigh the potential risk it would mitigate. However, the Court will submit a request for approval of an alternate procedure to the Judicial Council.	Patricia Kmitta, Court Operations Director	October 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		2	Two court divisions do not utilize a beginning cash verification log to document the beginning-of-day cash drawer count. Also, the beginning cash count is not performed in the presence of another court employee, such as a lead CSA.	I		We will implement a beginning cash verification process which includes two-person verification.	Patricia Kmitta, Court Operations Director	October 2014
		2	One court division supervisor does not count the beginning cash drawer in the presence of another court employee, such as a lead CSA. As a result, no one signs the beginning cash verification log to demonstrate verification of the beginning cash count.	I		See response above.	Patricia Kmitta, Court Operations Director	October 2014
		2	Court Services Assistants (CSAs) at one court division and the supervisor at another court division set up new cases and perform the incompatible activity of receiving and entering payments in the CMS for the same newly established cases.	I		The recommendation to separate case initiation from posting of payments to those cases is not feasible given our staffing limitations. However, our operations supervisors will begin randomly verifying new cases to ensure payments are posted accurately and they will verify the reasonableness of any case deletion.	Patricia Kmitta, Court Operations Director	October 2014
		2	The Court has an excessive number of employees, more than 60 active user ID's, with the ability to reverse and adjust entries in the CMS.	I		We will reconfigure our CMS access so that only managers, supervisors and lead CSAs will be able to void transactions, other than their own, in the CMS.	Patricia Kmitta, Court Operations Director	October 2014.
		2	The Court provides a court volunteer with the ability to reverse and adjust transactions in the CMS. (Repeat)	I		See response above.	Patricia Kmitta, Court Operations Director	October 2014.
		2	Of the 23 CMS reversal transactions reviewed, 15 were processed by the same Court Services Assistant who processed the original transaction in the CMS. (Repeat)	I		See response above.	Patricia Kmitta, Court Operations Director	October 2014.
		2	Lead CSAs and the supervisor at two court divisions receive and enter payments in the CMS and perform the incompatible activities of reviewing and approving reversals as well as processing reversals in the CMS.	I		We will segregate payment receipt and processing from the process of reviewing, approving and processing reversals in the CMS.	Patricia Kmitta, Court Operations Director	October 2014
		2	Accounting clerks at one court division receive and enter counter, telephone, and Internet payments in the CMS and perform the incompatible activity of processing reversals in the CMS without supervisory review and approval.	I		See response above.	Patricia Kmitta, Court Operations Director	October 2014
		2	Accounting clerks at one court division process reversals in the CMS and perform the incompatible activities of verifying opening cash balances and performing end-of-day balancing of daily collections.	I		We will attempt to keep those processing reversals from verifying beginning cash balances, however we may not always be able to given our limited staffing. The persons performing end-of-day balancing will not be allowed to reverse transactions in the CMS.	Patricia Kmitta, Court Operations Director	October 2014
		2	The end-of-day closeout at two court divisions is not verified by a supervisor or manager. (Repeat)	I		We will require supervisors to sign and date the closeout/balancing reports to demonstrate their review and approval of the daily closeout process.	Patricia Kmitta, Court Operations Director	September 2014
		2	The mid-day closeout at one court division is not verified by a supervisor or manager. (Repeat)	I		See response above.	Patricia Kmitta, Court Operations Director	September 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		2	All court divisions do not utilize a two-person team to open mail or utilize a mail payment log to document a record of receiving the mail payments on a given day.	I		We do not have enough staff to have two-person teams open and process the mail. However, we will begin recording payments received in the mail and drop boxes on a payment log in each department and will assign a separate individual to post those payments in the CMS.	Patricia Kmitta, Court Operations Director	September 2014
		2	CSAs at two court divisions and the supervisor at a third court division open mail and drop box payments and perform the incompatible activity of entering the mail and drop box payments in the CMS.	I		See response above.	Patricia Kmitta, Court Operations Director	September 2014
		2	At one court division, the deposit is not verified by a supervisor or manager.	I		We will begin requiring supervisors to sign and date all deposit slips to demonstrate their review and approval of the deposit and will require all court departments to deposit their daily collections on a timely basis as required by the FIN Manual.	Patricia Kmitta, Court Operations Director and Thea Palmiere, Director of Human Resources & Administration	September 2014
		2	The Nevada City court location does not deposit its civil collections on a timely basis as required by the FIN Manual, even though collections may total more than \$10,000.	I		See response above.	Patricia Kmitta, Court Operations Director and Thea Palmiere, Director of Human Resources & Administration	September 2014
		2	The Court criminal and traffic locations do not require the bank courier to sign a transfer log acknowledging that the courier received custody of the bank deposit. Moreover, the Court includes coin and paper currency in the bank deposit the courier receives, which is prohibited by the FIN Manual.	I		We have investigated alternatives to allowing bank couriers to pick up coin and paper currency for deposit and have found that it would greatly increase our cost to move our deposits to the bank – something we cannot afford to do with our limited operational funding. We have been using bonded bank couriers in this manner for at least 15 years and haven't ever experienced a loss as a result. We believe the cost to change this practice is far greater than the risk. We will require bank couriers to sign a log or similar document documenting the courier's receipt of the bank deposit.	Patricia Kmitta, Court Operations Director and Thea Palmiere, Director of Human Resources & Administration	September 2014
		2	The Court does not conduct the required surprise cash counts.	I		We will begin conducting surprise cash counts.	Patricia Kmitta, Court Operations Director	September 2014
		Log	Of the 20 payment plans reviewed, 11 were delinquent and did not follow court policy to mail a collections notice to the defendant providing an additional 60 days to pay before being referred to the third-party collection agency.		C	The 60 day policy applies only to defendants who have been convicted of criminal charges and placed on Supervised Probation. The Court has since hired a full time clerk who has been assigned exclusively to the handling of delinquent fines, including identifying such accounts, mailing warning notices pursuant to PC 1214.1, and referral of the accounts to the third-party collections agency in case of no payment or court appearance.	Patricia Kmitta, Court Operations Director	September 2014
		Log	Of the 11 delinquent payment plans reviewed, 8 were more than 60 days delinquent; therefore these accounts should have been referred to the third-party collection agency.		C	See response above.	Patricia Kmitta, Court Operations Director	September 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Four retired court employees have not been removed from accessing the Court's CMS because its IT unit did not receive a request to remove system access for the retired employees.		C	IT has requested HR to notify them when employees terminate. IT will follow up with the Dept managers to get proper paperwork with account dispositions.	David Schlothauer, Director of IT, Facilities, and Security	October 2014
		Log	All 19 overpayments of \$10 or less we reviewed and that should have been recorded as miscellaneous revenue in Phoenix-FI were not recorded as revenue. Instead, the Court distributed the overpayments to the county as a fine distribution.		C	The issue has been corrected. Overpayments of \$10 or less are now being recorded in the accounting system as miscellaneous revenue.	Patricia Kmitta, Court Operations Director	August 2014
		Log	One CMS reversal transaction was processed by a CTSI employee who, at the time of our review, was not required to obtain court approval prior to processing the reversal. The Court has since modified its policy and now requires court supervisors or lead Court Services Assistants to process CTSI reversals. (Repeat)		C	The Court now requires all reversals to be processed by supervisors, Court Services Assistants III's, or managers only	Patricia Kmitta, Court Operations Director	August 2014
		Log	At one court location, the accounting clerks responsible for performing daily balancing and closeout work in the same work area as the CSAs, and the Court acknowledged that it does not secure accounting records to restrict the CSAs' access to the daily closeout records.		C	The accounting clerks in the one court location also perform other duties not related to daily balancing, such as provide assistance to the public at the counter and on the telephone, process daily mail and filings, and act as courtroom clerks. For that reason, and also due to office space limitations all clerks share the same work area. The Court acknowledges that it has not secured accounting daily closeout records. Copies of these records are faxed daily to the Accounting Department at the Nevada City location, immediately upon completion of closeout which mitigates the risk that the records might be changed. Regardless, we are now securing them in a locked cabinet.	Patricia Kmitta, Court Operations Director	August 2014
		Log	One court division does not keep a record of the date the vault combination was last changed or of the court staff who know the present combination.		C	Such record does not exist. The current supervisor of the one court division has begun to keep a record from this point forward.	Patricia Kmitta, Court Operations Director	October 2014
		Log	Redacted - see discussion on page xv of the report.					
		Log	At the time of our review, the required fee waiver sign was not posted at one court civil division.	I		All filing packets and flyers distributed to the public contain information regarding fee waiver. The required fee waiver sign will be installed.	Patricia Kmitta, Court Operations Director	December 2014
		Log	Nearly all court employees at one court location know the combination to the keypad box containing the key to the safe.		C	The combination has been changed and it is known only by the operations department's supervisor, the Court Services Assistant III, and one Court Services Assistant II who is normally responsible for the daily opening.	Patricia Kmitta, Court Operations Director	August 2014
		Log	At one court location, the combination to the keypad box has not been changed in eight years.		C	The combination has since been changed.	Patricia Kmitta, Court Operations Director	August 2014
		Log	At the time of our review, the handwritten receipt book at one court division was not kept secured or under supervisory control when not in use. The Court took immediate action to correct the issue once it was made aware of the situation.		C	New policy compliant with FIN 10.02 was adopted immediately after the Court was made aware of the situation.	Patricia Kmitta, Court Operations Director	March 2014
		Log	Of the 12 handwritten receipts reviewed at one court division, one did not have a case number or case name noted on the receipt.		C	See response above.	Patricia Kmitta, Court Operations Director	March 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Daily collections not deposited the same day at one court division are kept in a locked cash box in the division's vault. However, the vault is kept open during the day.	I		The vault, which is located in the supervisor's office, is kept open during the day due to its age, and difficulty in opening its door daily at the beginning of the work day. As previously stated, daily collections not deposited, although placed in the vault, are kept in a locked cash box.	Patricia Kmitta, Court Operations Director	N/A
		Log	One court location allows non-Court employees unabated access to the location's work area. Court staff advised that District Attorney, Probation, and Public Defender staff, as well as law enforcement and contract court reporters enter the work area through the half-door at the end of the front counter. These individuals appear to be performing their job duties, but some of these non-Court employees also enter the backroom at times to use the copier or fax machine. However, the backroom is also where the court location performs its daily opening and closing activities, prepares the deposit, and keeps the safe wherein it secures daily collections, unprocessed mail payments, court employee payroll, and library book deposits.	I		The Court is unclear what change is being requested. The Court intends to continue its current practice since it cannot identify an appreciable risk.	Patricia Kmitta, Court Operations Director	N/A
		Log	The Court did not possess the most current master agreement between its third-party collection agency and the Judicial Council. As a result, the Court cannot ensure that it is being billed the correct commission rates.		C	This has been corrected and the Court implemented a new contract/participation agreement with GC Services in October.	G. Sean Metroka, Court Executive Officer	October 2014
		Log	The Court acknowledged that it does not have a participation agreement with its third-party collection agency as required by the master agreement between the collection agency and the Judicial Council.		C	See response above.	G. Sean Metroka, Court Executive Officer	October 2014
		Log	Although Court policy is to refer delinquent cases to an outside collection agency 30 days after becoming delinquent, the Court referred five of 10 cases reviewed between 151 and 233 days after becoming delinquent.	I		The Court hired a clerk in Nevada City who is assigned exclusively to managing and referring delinquent cases to our outside collection agency. A similar position has been established in our Truckee Branch and we are recruiting to fill the position. These clerks will ensure delinquent cases are referred on time.	G. Sean Metroka, Court Executive Officer	January 2015
		Log	Of the ten cases reviewed that were referred to an outside collection agency, one case did not have a DMV failure-to-appear hold in place at the time of our review. No entries in the case records indicate that the defendant initiated action that would have resulted in the Court releasing the hold.		C	DMV failure to appear hold placed on 06/20/14	Patricia Kmitta, Court Operations Director	June 2014
		Log	Of the ten cases reviewed that were referred to an outside collection agency, one case did not have a DMV failure-to-pay hold in place at the time of our review. No entries in the case records indicate that the defendant initiated action that would have resulted in the Court releasing the hold. Further, the installment administrative fee pursuant to PC 1205(d) was not assessed.		C	DMV failure-to-pay hold was placed and subsequently removed due to full payment to the collections agency on 08/22/14.	Patricia Kmitta, Court Operations Director	August 2014
		Log	Of the ten cases reviewed where the outside collection agency received a payment, one case did not have a DMV failure-to-pay hold in place even though the case was not paid in full.		C	The Court cannot offer explanation as to why the DMV failure-to-pay hold was not placed. Due to the violation date being older than 5 years, the Court can no longer place the hold.	Patricia Kmitta, Court Operations Director	N/A
		Log	The Court does not have a process in place to discharge accountability of cases deemed to be uncollectible.	I		The Court is developing this process.	G. Sean Metroka, Court Executive Officer	June 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
6								
		6.1	The Court Needs to Improve Its Calculations and Distributions of Court Collections					
		8	For one of the three DUI cases reviewed, the Court combined the PC 1463.14(b) \$50 DUI Lab Test penalty with the PC 1463.14(a) DUI Lab Special Account allocation. Further, the Court did not transfer the 2 percent State Automation amount from the PC 1463.14(b) \$50 DUI Lab Test penalty.	C		The Court has analyzed its CourtView CMS distribution tables to ensure that the \$50 PC 1463.14(b) DUI Lab Test penalty is distributed separately from the PC 1463.14(a) DUI Lab Special Account allocation. The Court has configured its CourtView CMS to transfer the GC 68090.8 two percent State Automation amount from the \$50 PC 1463.14(b) DUI Lab Test penalty.	G. Sean Metroka, Court Executive Officer	March 2014
		8	For another DUI case reviewed, the Court ordered a \$120 State Restitution fine instead of the required \$140 State Restitution fine that took effect January 1, 2013, for misdemeanors.	C		The Court has analyzed its CourtView CMS to ensure that the correct State Restitution Fine is assessed in misdemeanor DUI cases. Our judicial officers have been reminded to impose the correct State Restitution Fine amount.	G. Sean Metroka, Court Executive Officer	March 2014
		8	For the one reckless driving case reviewed, the Court assessed the PC 1463.25 \$50 Alcohol Education penalty even though it is not applicable to reckless driving cases.	C		The Court has corrected its CourtView CMS distribution tables to ensure that \$50 PC 1463.25 Alcohol Education penalty is assessed only in DUI cases.	G. Sean Metroka, Court Executive Officer	March 2014
		8	For the one red light bail forfeiture case reviewed, rather than prorate the distribution because of a \$4 underpayment of total bail, the Court instead did not assess the GC 76000.10(c) \$4 EMAT penalty. The Court took immediate action to correct the distribution error.	C		The Court has analyzed its CourtView CMS distribution tables to ensure that it distributes underpaid total bail using a top-down prorated distribution methodology.	G. Sean Metroka, Court Executive Officer	March 2014
		8	For the one red light traffic school case reviewed, the Court did not include the GC 76000.10(c) \$4 EMAT penalty in the VC 42007 TVS fee or in the calculation of the VC 42007.3 30 percent red light allocation. Instead, it incorrectly distributed the EMAT penalty as a base fine to the county. Subsequent to our review, the Court took immediate action to correct the distribution error.	C		The Court has corrected its CourtView CMS distribution tables to ensure that the \$4 GC 76000.10(c) EMAT penalty is included in the VC 42007 Traffic Violator School (TVS) fee in traffic school cases, and included in the calculation of the PC 1463.11 30 percent Red Light Allocation in red light cases.	G. Sean Metroka, Court Executive Officer	March 2014
		8	For the one speeding traffic school case reviewed, the Court did not include the GC 76000.10(c) \$4 EMAT penalty in the VC 42007 TVS fee. Instead, it incorrectly distributed the EMAT penalty as a base fine to the county. Subsequent to our review, the Court took immediate action to correct the distribution error.	C		See response above.	G. Sean Metroka, Court Executive Officer	March 2014
		8	For the one child seat traffic school case reviewed, the Court distributed the total bail as a regular VC 42007 traffic school case rather than distributing as a child seat bail forfeiture case. Subsequent to our review, the Court took immediate action to correct the distribution error.	C		The Court has corrected its CourtView CMS distribution tables to ensure that the total bail in child seat traffic school cases are distributed the same as a child seat bail forfeiture case, rather than as a traffic school case pursuant to VC 42007.	G. Sean Metroka, Court Executive Officer	March 2014
		8	For the one proof of correction case reviewed with multiple violations, the Court distributed the first \$10 of each violation instead of the first \$10 of the citation per VC 40611(b). Subsequent to our review, the Court took immediate action to correct the distribution error.	C		The Court has analyzed its CourtView CMS distribution tables to ensure that the first \$10 of each citation in proof of correction cases with multiple violations is distributed pursuant to VC 40611(b) rather than the first \$10 of each violation. All clerks have been trained and reminded to select the correct docket code for second and subsequent proofs of correction on individual cases.	G. Sean Metroka, Court Executive Officer	March 2014
		8	For the one fish and game case reviewed, the Court did not order the FG 12021 \$15 Secret Witness Penalty.	C		The Court has configured its CourtView CMS distribution tables to ensure that the \$15 FG Secret Witness penalty is assessed in fish and game cases with fishing without a license violation. Judicial officers have been reminded to impose this penalty in appropriate cases.	G. Sean Metroka, Court Executive Officer	March 2014

Key as of close of fieldwork:
I = Incomplete
C = Complete

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court does not have an MOU with the county for the services it needs from the county to implement the Court's business continuity plan (BCP). According to the Court, the county does not provide mission-critical services to the Court; therefore, county services would not be required to execute the BCP. However, the Court would request manpower assistance from the county to implement the BCP.	I		The Court will work cooperatively with the County CIOs Office in an effort to add the needed manpower services as a part of the County/Court MOU prior to the next renewal.	David Schlothauer, Director of IT, Facilities, and Security	April 2015
		Log	The Court does not have written agreements with vendors whose services are required during the execution of the BCP. According to the Court, this level of service level agreement is on a time/materials basis due to cost.	I		The Court will work cooperatively with the vendors in an effort to add the needed services as a part of the vendor contracts at the next time of renewal. If a vendor currently under contract will provide the needed BCP services, the Court will attempt to add the needed services as a part of the vendor contract.	David Schlothauer, Director of IT, Facilities, and Security	Completion of this corrective action will vary based on contract renewal dates
		Log	The Court has never tested its BCP. According to the Court, lack of resources has prevented it from testing its BCP.	I		The Court will update the COOP this fall. Upon completion, the Court will perform the AOC table top exercises as outlined in the COOP	David Schlothauer, Director of IT, Facilities, and Security	December 2014
		Log	The Court has never tested its backup recovery site. According to the Court, lack of resources has prevented it from testing its backup site.	I		We will have at least one spare VMWare server capable of performing this sometime after the new fiscal year. The downtime would be significant, so tests could only be done during non-production hours.	David Schlothauer, Director of IT, Facilities, and Security	July 2015
		Log	Redacted - see discussion on page xv of the report.	I				
		Log	Redacted - see discussion on page xv of the report.	I				
		Log	Redacted - see discussion on page xv of the report.	I				
		Log	Redacted - see discussion on page xv of the report.	I				
		Log	Redacted - see discussion on page xv of the report.	I				
		Log	Redacted - see discussion on page xv of the report.	I				
		Log	Although the Court's computer room has an air conditioning unit, the computer room does not have any type of humidity controller to help maintain an appropriate environment.	I		Humidity related issues have never occurred. The Court does not have a budget to retrofit the computer room to compensate for this issue.	David Schlothauer, Director of IT, Facilities, and Security	October 2014
		Log	The Court's computer room does not have power cut-off switches or use smoke or water detectors to prevent or limit major damage to its computer equipment.	I		The Court does not have a budget to retrofit the computer room to compensate for this issue.	David Schlothauer, Director of IT, Facilities, and Security	October 2014
		Log	According to the Court, the one fire extinguisher located in the computer room is serviced bi-annually instead of at least annually.	I		All fire extinguishers in the entire building are scheduled to be inspected annually.	David Schlothauer, Director of IT, Facilities, and Security	January 2015
		Log	The Court's computer room does not have flood alarms installed to help prevent major damage to its computer equipment.	I		Equipment was elevated to a sufficient height that prevented it from sustaining major damage during a recent water related issue. The Court does not have a budget to retrofit the computer room to compensate for this issue.	David Schlothauer, Director of IT, Facilities, and Security	October 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court is not sufficiently monitoring the propriety of employee DMV query activity. Specifically, the Court's system does not automatically log when employees query the DMV database. As a result, the Court requires employees to record on a manual log when they access the DMV database. Using this manual procedure creates the risk that not all DMV query activity will get noted on the manual log, including inappropriate DMV queries. By not having an electronic log to generate DMV query activity reports to help it track and monitor all DMV queries, the Court cannot sufficiently monitor employee DMV query activity for propriety.	I		IT to work with our current 3270 application provider for directions on how to setup their trace utility to automatically capture all session activity (this is currently a manual process). Eventually managers will need to know how to access the logs for each workstation. IF the 3270 trace utility can not be automatically started or if it can be terminated by the user, IT will research other 3270 alternatives that can provide this level of security and functionality.	David Schlothauer, Director of IT, Facilities, and Security; and Patricia Kmitta, Court Operations Director	November 2014
		Log	Our review of 10 cases with FTA holds found one case where the Court did not report the FTA hold to DMV even though the defendant has not appeared before the Court.		C	The date of birth listed on the citation did not match the date shown on the defendant's DMV record, thus the failure of communication between the Court's case management system and the DMV database when the request to place the hold was submitted electronically. The date of birth was confirmed with the DMV and a failure-to-appear hold was placed.	Patricia Kmitta, Court Operations Director	November 2014
		Log	Our review of six unpaid cases with delinquent payments found that the Court did not report an FTP hold to DMV in four of these cases. The Court asserts that its CMS does not currently have the capability to identify FTP cases, but that it is in the process of developing procedures to identify FTP cases.		C	The Court has since hired a full time clerk who has been assigned exclusively to the handling of delinquent fines, including identifying such accounts, mailing warning notices pursuant to PC 1214.1, and referral of the accounts to the third-party collections agency in case of no payment or Court appearance.	Patricia Kmitta, Court Operations Director	September 2014
		Log	Our review of 10 cases with payment plans found four cases with delinquent payments and for which the Court did not report an FTP hold to DMV. The Court asserts that its CMS does not currently have the capability to identify FTP cases, but that it is in the process of developing procedures to identify FTP cases.		C	See response above.	Patricia Kmitta, Court Operations Director	September 2014
7	Banking and Treasury							
	7.1		The Court Needs to Reconcile All of Its Trust Account Balances					
		4	The Court does not reconcile its Nevada City bail trust account to the CMS. (Repeat)	I		We are working to implement this recommendation fully. In order to do so, we will have to develop a report from our CMS which details the month-end trust account balances. Our IT Department will work on this and then we will integrate the report into our reconciliation process.	David Schlothauer, Director of IT, Facilities, and Security; and Patricia Kmitta, Court Operations Director	October 2014
		4	The Court has not reconciled its Truckee civil trust account since December 2012.	I		See response above.	David Schlothauer, Director of IT, Facilities, and Security; and Patricia Kmitta, Court Operations Director	October 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		4	The Court does not reconcile the Truckee bail trust account to the CMS. (Repeat)	I		See response above.	David Schlothauer, Director of IT, Facilities, and Security; and Patricia Kmitta, Court Operations Director	October 2014
		4	The Court does not perform a three-way reconciliation of its individual civil trust accounts. Specifically, it does not record these civil trust accounts in Phoenix-FI; therefore, it cannot reconcile to its official general ledger account balances.	I		We are unaware of a process for recording individual civil trust account balances in Phoenix. Our Accounting Department will investigate this to learn how and then will update Phoenix with this information. Once complete, we will integrate Phoenix into the civil trust account reconciliation process.	Patricia Kmitta, Court Operations Director	September 2014
		Log	The Court did not complete and submit the required Schedule D - Notification to Close Bank Account for two closed bank accounts until at least two years after the bank accounts were closed.		C	The former supervisor of this department retired and the Court was unaware that this requirement had not been met. As soon as we became aware of the requirement, we completed Schedule D.	Thea Palmiere, Director of Human Resources & Administration	November 2014
		Log	The Court does not secure the working check stock for the Jury Reimbursement account separate from the bulk check stock. The Court locks both in the same wall cabinet.		C	Bulk check stock for the Jury Reimbursement Account is now being kept in a separate location from the working check stock.	Thea Palmiere, Director of Human Resources & Administration	November 2014
		Log	The Court does not maintain a check register of its bulk check stock to track its use of check stock for its Jury Reimbursement account.		C	A check register for the Jury Reimbursement account has been created and is currently being used.	Thea Palmiere, Director of Human Resources & Administration	March 2014
		Log	The Court does not maximize interest earnings on its local bank account deposits as these local bank accounts do not earn interest.	I		The amounts maintained in these accounts are too small to qualify for interest bearing accounts. The impact to the Court is minimal and the Court intends to continue its current practice.	Thea Palmiere, Director of Human Resources & Administration	N/A
		Log	The Court does not retain records of past bank reconciliations for its Nevada City bail trust account.		C	The issue has been addressed. The Court now retains printed copies of the bank reconciliation report for the Nevada City bail trust account.	Patricia Kmitta, Court Operations Director	March 2014
		Log	The Court has not taken steps to address checks that remain uncashed for over 30 days in its Jury Reimbursement and Nevada City bail trust accounts. The Court asserts that it does not have the resources to timely address these items due to a reduction in court staff.		C	A process has been put in place to perform both these functions.	Thea Palmiere, Director of Human Resources & Administration and Patricia Kmitta, Court Operations Director	November 2014
		Log	The Court adds the stale dated check amounts to the Truckee bail trust account CMS balance instead of subtracting these uncashed stale check amounts from the Truckee bail trust account balance in the county treasury to arrive at the true adjusted trust account balance.	I		The issue has been identified and is being corrected.	Patricia Kmitta, Court Operations Director	December 2014
8			Court Security					

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Neither Court location has conducted a building evacuation drill within the last 12 months. The Court did not know when a drill was last conducted.	I		The Court will plan and execute building evacuation drills in both locations.	David Schlothauer, Director of IT, Facilities, and Security	June 2015
		Log	Redacted - see discussion on page xv of the report.	I				
		Log	The Nevada City location does not have an automatic fire suppression system in its records storage area, but it does use smoke detectors.	I		The Court would gladly install automatic fire suppression systems if the State would provide the funding to pay for it.	G. Sean Metroka, Court Executive Officer	N/A
		Log	Redacted - see discussion on page xv of the report.	I				
		Log	The Truckee location does not maintain a key log that accounts for all court keys and identifies the individuals who are assigned court keys.	I		We are working with County Facilities to obtain a log book for all keys issued to Court employees.	David Schlothauer, Director of IT, Facilities, and Security	December 2014
		Log	Redacted - see discussion on page xv of the report.	I				
9	Procurement							
	9.1		The Court Needs to Improve Its Procurement Practices					
		9	In 11 of 20 procurements reviewed, the Court did not prepare a purchase requisition. Therefore, we could not determine whether the Court pre-authorized the purchase.	I		The Court will refine its purchase authorization process to consistently require the use of fully completed and appropriately approved purchase requisitions prior to procuring goods and services. Additionally, we will update our purchase authorization matrix to clarify and reflect our practice of allowing managers, supervisors, and other court employees to approve certain procurements.	Thea Palmiere, Director of Human Resources & Administration	December 2014
		9	In two of eight procurements reviewed where a purchase requisition was prepared, the purchase requisition was not dated. Therefore, we could not determine whether the Court approved the requisition before initiating the purchase.	I		See response above.	Thea Palmiere, Director of Human Resources & Administration	December 2014
		9	In three of eight procurements reviewed where a purchase requisition was prepared, the purchase requisition did not contain an approval signature.	I		See response above.	Thea Palmiere, Director of Human Resources & Administration	December 2014
		9	In two of five procurements reviewed where a purchase requisition contained an approval signature, the individual approving the purchase did not have the requisite authorization to approve the purchase.	I		See response above.	Thea Palmiere, Director of Human Resources & Administration	December 2014
		9	The Court's authorization matrices are not up-to-date. Specifically, the Court does not adhere to the purchase authorization matrix published in its local contracting manual. In practice, the Court allows managers, supervisors, and other court employees not listed on the purchase authorization matrix to approve purchases.	I		See response above.	Thea Palmiere, Director of Human Resources & Administration	December 2014
		9	In 15 of 17 applicable procurements for non-IT goods and non-IT services, the Court did not require from the vendor a signed Darfur statement.	I		The Court will establish complete procurement files which include justifications and approvals for sole source procurements and the Darfur Contracting Act vendor certifications for procurements of non-IT goods or services.	Thea Palmiere, Director of Human Resources & Administration	December 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		9	In two of four applicable contracts and agreements, the Court could not provide support justifying the sole-source procurement.	I		See response above.	Thea Palmiere, Director of Human Resources & Administration	December 2014
		9	In six of nine purchase card transactions reviewed where a purchase requisition was prepared, the purchase requisition was not signed by an individual acting within their authorized approval limits. In all six cases, the individual purchasing the goods or services was the same individual who approved the purchase requisition.	I		Court purchase card holders have been notified that they should allow only authorized users to use the purchase cards and that \$1,500 per transaction limit must be observed. Fully completed and appropriately approved purchase requisitions will be prepared prior to use of a purchase card, to adequately demonstrate pre-authorization of its procurements.	Thea Palmiere, Director of Human Resources & Administration	December 2014
		9	In five of nine purchase card transactions reviewed where a purchase requisition was prepared, the purchase requisition was dated after the procurement of the goods or services.	I		See response above.	Thea Palmiere, Director of Human Resources & Administration	December 2014
		9	In four of nine purchase card transactions reviewed where a purchase requisition was prepared, the purchase was not made by an authorized user of the purchase card. Instead, the authorized user of the purchase card allowed an unauthorized user to use the Court purchase card.	I		See response above.	Thea Palmiere, Director of Human Resources & Administration	December 2014
		9	The Court does not adhere to the \$1,500 per transaction limit required by the Judicial Branch Contracting Manual. In one of nine purchase card transactions reviewed where a purchase requisition was prepared, the total purchase amount was greater than \$1,500.	I		See response above.	Thea Palmiere, Director of Human Resources & Administration	December 2014
		Log	Contrary to the Judicial Branch Contracting Manual, the Court allows Court staff to use any purchase card to pay for travel expenses. Specifically, the Court does not use a designated purchase card or a Court travel account to pay for Court employee travel expenses.	I		The Court will research the cost of establishing a separate purchase card for travel expenses.	Thea Palmiere, Director of Human Resources & Administration	January 2015
		Log	The Court has not established a daily maximum purchase limit or the JBCM recommended \$5,000 daily maximum purchase limit as a part of its purchase card procedures.	I		Although the Court has not established a daily limit, the cards have a total \$5,000 purchase limit with the exception of the IT Director's card which has a \$10,000 limit.	Thea Palmiere, Director of Human Resources & Administration	January 2015
		Log	In 11 of 16 procurements reviewed that exceeded \$500, as well as two other procurements with corresponding contracts valued over \$500, the Court did not process the purchase order needed in the accounting system to encumber and reserve fund balance. (Repeat)	I		Of the 11 procurements listed, 6 have contracts in place, therefore a purchase order is not required. Two of the procurements are for Court appointed counsel and have minute orders authorizing payment and a purchase order is not required. The Court will look at the other 3 procurements, if these vendors will be used again, we will determine whether to use a P.O. or a standard agreement to authorize the procurement.	Thea Palmiere, Director of Human Resources & Administration	February 2015
		Log	In one of ten purchase card transactions reviewed, the Court paid \$39 in finance charges because it was late in paying the previous month's purchase card balance.		C	This payment was processed late due to an adjustment of pay date settings to net 30 in the accounting system. This has been corrected.	Thea Palmiere, Director of Human Resources & Administration	November 2014
		Log	In one of nine purchase card transactions reviewed where a purchase requisition was prepared, the Court used the purchase card to purchase more than \$100 in snacks and supplies for non-sequestered jurors. In another purchase card transaction, the Court purchased over \$400 in gifts for children who go through the adoption process.		C	We will discontinue purchasing snacks for non-sequestered juries. The Court did not use Court Operations funding to purchase the gifts for children in the adoption process.	Thea Palmiere, Director of Human Resources & Administration	November 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
10	Contracts							
		Log	Of the three applicable contracts reviewed, one contract does not include a certification clause that the vendor will comply with antitrust claims requirements.	I		This contract will be amended to include the certification that the vendor will comply with antitrust claims requirements per GC 4554-4554	Thea Palmiere, Director of Human Resources & Administration	February 2015
		Log	Of the four applicable contracts reviewed, two contracts excluded a provision that the contractor will not assist, promote, or deter union organizing activities.	I		These contracts will be amended to include the provision that the contractor will not assist, promote or deter union organizing activities.	Thea Palmiere, Director of Human Resources & Administration	February 2015
		Log	All five contracts reviewed did not contain the California State Auditor audit rights provision.		C	The JB Contracting Manual Appendix B page 20, item 11 provides that the "General audit and records provision" is recommended but not mandatory. The Court has chosen not to include this provision in these contracts.	Thea Palmiere, Director of Human Resources & Administration	N/A
		Log	All five contract files reviewed did not contain evidence of contract monitoring or copies of current certificates of insurance.	I		The Court will create a template and a process for monitoring these contracts. Three of the certificates of insurance have already been provided. The Court will provide the other two certifications.	Thea Palmiere, Director of Human Resources & Administration	February 2015
		Log	For the two contracts requiring vendor licenses, the contract files did not contain copies of the vendor licenses.	I		The Vendor License for one contract was provided to Auditors on 4/14/14. The Court will obtain a copy of the other license.	Thea Palmiere, Director of Human Resources & Administration	January 2015
		Log	Purchase orders were not set up in Phoenix-FI to encumber and reserve fund balance for three of five contracts reviewed.	I		The Court does not believe it is required to utilize Purchase Orders when a contract is in place.	Thea Palmiere, Director of Human Resources & Administration	N/A
		Log	The Court-County MOU does not contain a provision allowing the Judicial Council or its designee to audit the county figures to ensure compliance with GC 77212 and determine the reasonableness of the indirect or overhead costs charged to the Court.	I		The Court will recommend and negotiate changes to the Court-County MOU to address this issue.	G. Sean Metroka, Court Executive Officer	March 2015
		Log	The Court-County MOU does not state the method of service delivery for each service the county provides to the Court.	I		The Court will recommend and negotiate changes to the Court-County MOU to address this issue.	G. Sean Metroka, Court Executive Officer	March 2015
		Log	The Court-County MOU does not state the anticipated service outcome for each county service provided to the Court.	I		The Court will recommend and negotiate changes to the Court-County MOU to address this issue.	G. Sean Metroka, Court Executive Officer	March 2015
		Log	Of the four county invoices reviewed, one did not contain evidence that the Court accepted the goods; therefore, the Court could not demonstrate that it performed a three-point match verification before payment processing.		C	This invoice was for software which was downloaded to the Court's system. Receipt was confirmed upon successful download.	Thea Palmiere, Director of Human Resources & Administration	August 2013
		Log	Of the four county invoices reviewed, two were not approved by authorized court personnel. For a third invoice, no initials or signature were written on the invoice to identify who approved the invoice for payment; therefore, we could not determine whether the invoice was approved by authorized court personnel.	I		Our expense approval matrix is currently being updated. We will train accounts payable staff to ensure that invoices are approved.	Thea Palmiere, Director of Human Resources & Administration	January 2015
		Log	The Court did not use an appropriate general ledger account for reimbursement to the County for CalPERS retirement benefits, such as GL 910503 Retiree Health Benefits, instead of GL 938301 Accounting Service.		C	This was an inadvertent error and has been corrected.	Thea Palmiere, Director of Human Resources & Administration	November 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
11	Accounts Payable							
		11.1	The Court Should Improve Its Travel Expense Reimbursement Procedures					
		5	For one travel expense claim reviewed where the hotel rate is higher than the maximum lodging rate allowed, the Court did not require the claimant to complete the Exception Request for Lodging form or provide a reasonable explanation for the higher lodging rate.	I		We are working to improve our review and approval process for travel expense claims and are planning to utilize the "completing Your Travel Claim" document distributed by the Judicial Council in an effort to better educate our judicial officers and staff who travel on court business.	G. Sean Metroka, Court Executive Officer	October 2014
		5	One travel expense claim reviewed that claimed a \$10 expense for shuttle transportation did not include the required receipt.	I		See response above.	G. Sean Metroka, Court Executive Officer	October 2014
		5	In one of four applicable travel expense claims reviewed where meals were reimbursed, we could not determine whether dinner on the last travel day should have been reimbursed since the claim form did not include the claimant's beginning and ending travel times.	I		See response above.	G. Sean Metroka, Court Executive Officer	October 2014
		5	In one of 10 travel expense claims reviewed, the Court did not verify that the mileage claimed was reasonable. Specifically, our review of the mileage claimed found that it was overstated by 112 miles because it was from home rather than from the shorter distance when measured from the Court, resulting in an excess reimbursement to the claimant of nearly \$64.	I		See response above.	G. Sean Metroka, Court Executive Officer	October 2014
		5	In six of ten travel expense claims reviewed, we could not determine whether the Court reimbursed the claimant for the lesser mileage of home or court to the destination because the Court did not require the claimant to disclose the home address on the claim form.	I		See response above.	G. Sean Metroka, Court Executive Officer	October 2014
		5	In one of 10 travel claims reviewed, an appropriate level supervisor did not approve the travel claim. Specifically, the CEO instead of the PJ approved a commissioner's travel expense claim.		C	We will ensure that travel claims are properly approved and that judicial officer claims are approved by the PJ or supervising judge.	Hon. Candace S. Heidelberger, Presiding Judge and G. Sean Metroka, Court Executive Officer	August 2014
		11.2	The Court Needs to Strengthen Its Business Meal Expense Procedures					
		6	When approving business-related meals via email, the Court acknowledged that it does not obtain all required information as outlined in the FIN Manual and as required by the Internal Revenue Service.		C	We now require advance written approval of business related meal expenses on the appropriate form and will ensure that the required information is included.	G. Sean Metroka, Court Executive Officer	August 2014
		6	In the four business-related meal expenses where a purchase requisition was prepared for business-related meal event, the requisition did not always include the event date, start and end times, event location, meal category, and attendees.		C	See response above.	G. Sean Metroka, Court Executive Officer	August 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		6	In one of five business-related meal expenses reviewed, the Court did not document whether the expense was for a group business meal and the start and end times of the meal. Consequently, we could not determine whether the meal was arranged in accordance with the procurement and contracting guidelines established in the Judicial Branch Contracting Manual and whether the business event met the time frames established in the FIN Manual for allowable business meals.		C	See response above.	G. Sean Metroka, Court Executive Officer	August 2014
		6	In one of five business-related meal expenses reviewed, the Court did not prepare a business-related meal form or email that was pre-approved by the PJ or written delegate.		C	Appropriate court staff members have been notified of the allowable business meal expense requirements and that requests must be approved in advance by the PJ or designee.	G. Sean Metroka, Court Executive Officer	August 2014
		6	In two of four business-related meal expenses reviewed where a purchase requisition was prepared for the business-related meal event, the expense was not pre-approved by the PJ or written delegate.		C	See response above.	G. Sean Metroka, Court Executive Officer	August 2014
		6	In the four business-related meal expenses where a purchase requisition was prepared for the business-related meal event, the documented reason for the meal is for an unallowable purpose. Specifically, three of the expenses are for a retirement celebration, while the fourth expense is for a recruitment lunch without an explanation as to why this court business could not be conducted at a time other than during a meal period.		C	See response above.	G. Sean Metroka, Court Executive Officer	August 2014
		6	For the five business-related meal expenses reviewed, the Court did not document sufficient information to determine whether the expense per person was within the allowable per person limits established in the FIN Manual.		C	See response above.	G. Sean Metroka, Court Executive Officer	August 2014
		11.3	The Court Needs to Strengthen Its Invoice Review and Approval Procedures					
		10	Of the 40 invoices and claims reviewed, six invoices did not demonstrate payment approval, such as initials or a signature indicating payment approval. (Repeat)	I		The Court will provide training and instruction to accounts payable staff to ensure they follow the FIN Manual uniform guidelines for processing invoices and claims for payment. This will include instruction to verify appropriate authorization for payment, verify that items and rates are correct, and obtain verification of receipt of goods and services as part of a 3 point verification match. The Court will instruct staff to ensure, costs are allowable before processing them for payment, and that case related expenses contain case numbers and/or case names as well as appropriate authorization for payment.	Thea Palmiere, Director of Human Resources & Administration	February 2015
		10	Of the 40 invoices and claims reviewed, unauthorized court staff, per the Court's payment approval authorization matrix, approved eight invoices for payment.	I		See response above.	Thea Palmiere, Director of Human Resources & Administration	February 2015
		10	Of the 40 invoices and claims reviewed, the same individual who purchased the goods or services also approved the payment of six invoices associated with these same goods and services.	I		See response above.	Thea Palmiere, Director of Human Resources & Administration	February 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		10	Of the 40 invoices and claims reviewed, accounts payable staff did not match and agree 16 invoices to the terms in the supporting procurement documents as part of a three-point match verification process. (Repeat)	I		See response above.	Thea Palmiere, Director of Human Resources & Administration	February 2015
		10	Of the 40 invoices and claims reviewed, the Court did not completely vouch three invoices to the supporting procurement documents. Specifically, accounts payable staff did not vouch the invoice payment rates to the payment rates specified in the supporting procurement documents. (Repeat)	I		See response above.	Thea Palmiere, Director of Human Resources & Administration	February 2015
		10	Of the 40 invoices and claims reviewed, accounts payable staff did not vouch nine invoices to proof that the Court received acceptable goods or services as a part of the three-point match verification process. (Repeat)	I		See response above.	Thea Palmiere, Director of Human Resources & Administration	February 2015
		10	Of the 40 invoices and claims reviewed, one invoice payment exceeded the agreed upon payment amount in the supporting procurement document.	I		See response above.	Thea Palmiere, Director of Human Resources & Administration	February 2015
		10	Of the 11 in-court service provider claims reviewed, the Court paid five claims that did not indicate the associated case numbers and/or case names.	I		See response above.	Thea Palmiere, Director of Human Resources & Administration	February 2015
		10	Of the 11 in-court service provider claims reviewed, the Court paid four claims without a copy of the court authorization listing the services and the payment rates authorized and any dollar or hour limits.	I		See response above.	Thea Palmiere, Director of Human Resources & Administration	February 2015
		10	For one of the two court interpreter claims reviewed, the accounts payable staff paid the claim without written court authorization for exceeding the Judicial Council-approved court interpreter rates, and without written CEO pre-authorization for paying travel time.	I		See response above.	Thea Palmiere, Director of Human Resources & Administration	February 2015
		10	Expenditures for two of the 40 invoices and claims reviewed are unallowable per Rules of Court. Specifically, the Court paid for grand jury expenses and juror parking which are not allowable Rule 10.810 court operations costs.	I		See response above.	Thea Palmiere, Director of Human Resources & Administration	February 2015
		10	For the two invoices reviewed where the Court paid juror mileage, the Court miscalculated and overpaid the mileage reimbursement.	I		See response above.	Thea Palmiere, Director of Human Resources & Administration	February 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		10	For two expenditure transactions reviewed, the Court configured the accounting system to automatically process monthly payment transactions without a supporting invoice. This automated payment processing bypasses the invoice review and approval process that ensures acceptable goods were delivered or services were provided at the agreed upon price before allowing the invoice to proceed to payment processing.	I		We disagree. Both of these expenditures are documented and payment is authorized in writing. One expenditure is authorized under a monthly lease for parking and the other is authorized by a Memorandum of Understanding for services. Both expenditures are set up in the accounting system with Purchase Orders. We do not believe the Court's current process bypasses the approval process. The reason they are set to automatically pay, is specifically because the obligations are approved in advance and no invoice is generated. Automatic pay reduces the likelihood of missed or late payments resulting in penalties. The Court will continue with its current process.	N/A	N/A
		Log	When judicial officers charge travel expenses to a court purchase card, the expenses are not reviewed and approved by the judicial officers' appropriate level supervisor, the PJ or a supervising judge.	I		The Court will put a process in place to have the PJ review and approve judicial officers' travel expenses.	Thea Palmiere, Director of Human Resources & Administration	February 2015
		Log	Of the 40 invoices and claims reviewed, the vendor address on four invoices did not match the address in the accounting system vendor master file.	I		TCAS is responsible for maintaining the vendor address list in the accounting system. Any updates are promptly forwarded to them.	Thea Palmiere, Director of Human Resources & Administration	N/A
		Log	Of the 40 invoices and claims reviewed, three invoices were not date stamped.		C	This was an oversight. Staff has been instructed to be sure that invoices are date stamped.	Thea Palmiere, Director of Human Resources & Administration	November 2014
12	Fixed Assets Management		Not reviewed.					
13	Audits		No issues reported.					
14	Records Retention		No issues reported.					
15	Domestic Violence							
		15.1	The Court Could More Accurately and Consistently Impose the Statutorily Required Domestic Violence Fines and Fees					
		3	In six of 22 cases reviewed where probation was ordered, the Court did not order the \$500 DV fee pursuant to PC 1203.097(a)(5). (Repeat)		C	We have developed a bench tool for sentencing in domestic violence cases and will review this tool with our judicial officers and courtroom staff to ensure a common understanding of the requirements. The minimum domestic violence fines and fees have been included on our probation order forms for many years. Our clerks will be reminded to specifically document in minute orders the court's decisions regarding waivers or reduction of required fines and fees in domestic violence cases.	Patricia Kmitta, Court Operations Director	August 2014
		3	In three of 16 cases reviewed where probation was ordered and the Court ordered a DV fee pursuant to PC 1203.097(a)(5), the Court did not order the correct DV fee amount. (Repeat)		C	See response above.	Patricia Kmitta, Court Operations Director	August 2014

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		3	In one of 22 cases reviewed where probation was ordered, the Court did not order the 36-month minimum length of probation pursuant to PC 1203.097(a).		C	See response above.	Patricia Kmitta, Court Operations Director	August 2014
		3	In one of 22 cases reviewed where probation was ordered, the Court did not order the \$140 Probation Revocation Restitution fine pursuant to PC 1202.44.		C	See response above.	Patricia Kmitta, Court Operations Director	August 2014
		3	In one of 27 applicable cases reviewed, the Court did not order the \$140 State Restitution fine pursuant to PC1202.4(b), the \$40 Court Operations assessment pursuant to PC 1465.8, and the \$30 Criminal Conviction assessment pursuant to GC 70373.		C	See response above.	Patricia Kmitta, Court Operations Director	August 2014
		3	In four of the 26 cases reviewed, the Court ordered the Court Operations assessment pursuant to PC1465.8 and the Criminal Conviction assessment pursuant to GC 70373 for only one of the multiple convictions.		C	See response above.	Patricia Kmitta, Court Operations Director	August 2014
16 Exhibits								
		Log	The Court does not have a designated person charged with exhibits handling oversight responsibilities.	I		In the Nevada City Civil Division each clerk is responsible for handling her own exhibits, including inventory, timely return and destruction. In the Truckee Branch and the Nevada City Criminal Division, the exhibits are placed in the division's safe and dealt with upon demand of interested party, or availability of court staff.	Patricia Kmitta, Court Operations Director	N/A
		Log	The Court division does not conduct annual inventories of its exhibits. (Repeat)	I		An inventory and purging procedure will be implemented court wide	Patricia Kmitta, Court Operations Director	February 2015
		Log	The Court division acknowledged that it is not timely in returning or destroying exhibits due to staffing shortages.	I		See response above.	Patricia Kmitta, Court Operations Director	February 2015
17 Bail								
		Log	The Court has not adopted and published a local countywide criminal misdemeanor bail schedule. As a result, the county sheriff used the local countywide felony bail schedule to set bail for two of the 10 cases reviewed with misdemeanor offenses.		C	The Court published a new countywide bail schedule for misdemeanors in October 2014 and has published an update to this schedule for 2015.	Hon. Candace S. Heidelberger, Presiding Judge	October 2014
		Log	For two other cases reviewed, the county sheriff did not set bail in accordance with the local countywide felony bail schedule. Specifically, the countywide felony bail schedule indicates that bail for multiple offenses committed on the same date is double the highest bail amount. However, the county sheriff set bail for the two cases reviewed at the highest bail amount even though one case had two felony offenses and the second case had three felony offenses.		C	We have conferred with the Jail Commander and informed him of these errors in setting bail. He assured the Court that they would conduct refresher training for their staff on this issue.	Hon. Candace S. Heidelberger, Presiding Judge	September 2014