



Audit of the Superior Court of California, County of Kern

NOVEMBER 2024



Judicial Council of California

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Superior Court of California, County of Kern

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EXECUTIVE SUMMARY

Introduction

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

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

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

Summary of Audit Results

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

Table 1 Audit Results – At A Glance – California Superior Court, County of Kern

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

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

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

The Court demonstrated consistent adherence with many of the different compliance requirements evaluated during the audit, as shown in Table 1. In particular, the Court demonstrated good compliance in the areas of reporting year-end encumbrances and in meeting enhanced collections requirements. For example, our review of the Court's fund balance found that the Court properly supported the encumbrances it reported on its final FY 2022-23 calculation form with valid contracts for goods or services not received by June 30, 2023. In addition, our review found that the Court properly supports its timekeeping and other expenses charged to enhanced collections activities.

However, our audit did identify three reportable audit findings where we believe the Court should consider taking corrective action to improve its operations and more fully comply with the Judicial Council's policies. These three findings are identified in Table 1 under the column "Reportable Findings" and include reference numbers indicating where the reader can view in further detail the specific findings and the Court's perspective.

One particular area of focus for the Court as it considers opportunities for improvement should include strengthening its controls over its reporting of new case filing counts to the Judicial Branch Statistical Information System (JBSIS). Specifically, we found that while the Court reported to JBSIS a materially accurate total count of new case filings in fiscal year 2022-23, the count did not always agree to the number of filings supported by the Court's case type reports. For example, we found variances greater than the 2% tolerable error rate for three different RAS case categories. In addition, we also found that the Court did not always report its new case filings in a manner that agreed with JBSIS Manual guidance. When courts do not classify and report case filings correctly, not only may the Judicial Council report flawed JBSIS case filings data to internal and external stakeholders, but it may also use filings data that can negatively affect the annual budget allocations of both the Court and/or other superior courts. The Court agreed with our finding and recommendation in this area and indicated that it had taken action to review its current processes and make any necessary changes to accurately report new case filings data. The Court also stated that it is in the middle of conversion to a new case management system (CMS) and believes the technological advantages of the new CMS will increase data accuracy.

Summary Perspective of Court Officials

Audit Services initiated its audit of the Court on March 5, 2024, and completed its fieldwork in September 2024. Audit Services shared the draft findings with the Court starting on June 7, 2024, and received the Court's final official responses on September 26, 2024. The Court generally agreed with the findings, and its specific responses are included in the body of the report after each finding.

BACKGROUND ON THE COURT’S OPERATIONS

The Superior Court of California, County of Kern (Court) operates nine court facilities in various localities throughout the county, including Bakersfield, Delano, Lamont, Mojave, Ridgecrest, and Shafter. The Court operates under the authority and direction of the Presiding Judge, who is responsible for ensuring the effective management and administration of the Court, consistent with any rules, policies, strategic plan, and the funding provided by the Judicial Council.

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

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

Statistic	Kern Superior Court	Average of All Superior Courts				
		Cluster 1 Courts	Cluster 2 Courts	Cluster 3 Courts	Cluster 4 Courts	All 58 Courts
Financial Highlights (Fiscal Year 2023-24)						
Total Revenue	\$ 99,121,531	\$ 3,376,457	\$ 15,000,011	\$ 57,522,113	\$ 297,502,687	\$ 60,490,622
Total Expenditures	\$ 102,668,479	\$ 3,494,275	\$ 15,091,980	\$ 57,533,804	\$ 289,753,339	\$ 59,489,721
Staff Salaries & Benefits As a % of Total Expenditures	\$ 68,964,347 67.2%	\$ 2,181,311 62.4%	\$ 11,118,697 73.7%	\$ 42,462,619 73.8%	\$ 224,968,133 77.6%	\$ 45,329,140 76.2%
Judicial Officers and Staff (2024 Court Statistics Report)						
Judges	40	2	8	30	144	30
Commissioners/Referees	7	-	1	4	21	4
Non-Judicial Staff (approx.)	571	19	96	330	1,528	326
Total	618	21	105	364	1,693	360
New Case Filings (Fiscal Year 2022-23)						
Appeal Filings	107	9	80	152	214	96
Civil Filings						
Civil	13,811	272	2,068	9,548	60,529	11,344
Family Law	9,620	253	1,547	5,527	25,717	5,438
Juvenile Delinquency	804	32	160	653	1,694	449
Juvenile Dependency	1,121	29	171	504	3,374	651
Mental Health	1,522	14	234	1,368	9,130	1,658
Probate	1,403	56	318	1,023	4,894	1,039
Small Claims	1,166	33	240	1,026	6,967	1,291
Criminal Filings						
Felonies	7,942	222	1,173	3,853	13,562	3,236
Misdemeanors / Infractions	99,450	3,770	17,293	55,832	237,196	52,765
Total	136,946	4,690	23,284	79,486	363,277	77,967

Source: Financial and case filings data maintained by the Judicial Council. The date ranges differ for the above information due to the different sources of data. The financial data is from the Judicial Council's Phoenix financial system, the judicial officer and staff counts are from the most recent Court Statistics Report, and the case filing counts are from the Judicial Branch Statistical Information System data as of September 13, 2024, and may not agree with other reports as this data is continuously updated.

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

AUDIT SCOPE AND METHODOLOGY

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

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

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

	<p>activities. Specifically, our review included the following:</p> <ul style="list-style-type: none"> ▪ Determine whether the Court’s procurement transactions complied with the applicable requirements in the Judicial Branch Contracting Manual or the Trial Court Financial Policies and Procedures Manual. ▪ Determine whether the Court’s payment transactions—including but not limited to vendor payments and claim payments—were reasonable and in compliance with the Trial Court Financial Policies and Procedures Manual and applicable Judicial Council policies and rules. 	<p>receiving the goods, and paying for the goods or services.</p> <p>We also judgmentally selected a sample of 25 procurement transactions and assessed whether each transaction:</p> <ul style="list-style-type: none"> • Was properly authorized and approved by authorized court management. • Adhered to competitive bidding requirements, when applicable. • Had contracts, when applicable, that contained certain terms required to protect the Court’s interests. <p>We selected a sample of 40 FY 2022-23 payments pertaining to various purchase orders, contracts, or in-court services, and determined whether:</p> <ul style="list-style-type: none"> • The Court followed the 3-point match process as described in the FIN Manual to ensure goods and services are received and accepted, and in accordance with contract terms prior to payment. • Appropriate court staff authorized payment based on the Court’s payment controls and authorization matrix. • The payment reasonably represented an allowable “court operations” cost per Rule of Court, Rule 10.810. • The payments to in-court service providers adhered to applicable Judicial Council policies.
4	<p>Determine whether the Court properly classified its year-end encumbrances for the most recent completed fiscal year.</p>	<p>We obtained the Court’s Year-End Encumbrance Calculation Worksheet for the most recently completed fiscal year at the time of our testing (FY 2022-23) and traced and verified year-end</p>

	<p>Determine whether the Court spent any funds the Judicial Council approved the Court to hold from prior year excess fund balance funds only for the purposes approved by the Judicial Council.</p>	<p>encumbrances to supporting records and the Phoenix accounting system.</p> <p>We obtained any Judicial Council-approved requests by the Court to hold excess prior year fund balances. To the extent that the Court had and spent any of these held funds, we verified that such spending was limited for the purposes previously approved by the Judicial Council.</p>
5	<p>Determine whether the Court accurately reports case filings data to the Judicial Council through the Judicial Branch Statistics Information System (JBSIS).</p>	<p>We obtained an understanding of the Court’s process for reporting case filings data to the Judicial Council through JBSIS. For the most recent fiscal year for which the Judicial Council froze and used JBSIS data for funding allocations (FY 2022-23), we performed the following:</p> <ul style="list-style-type: none">• Obtained the relevant case filings data the Court reported to JBSIS and reconciled the reported new case filings counts to its underlying records of cases that support each reported case filing count, by case type, to validate that the Court accurately reported its case filings count data.• We selected 10 cases from six case types, for a total of 60 reported cases, and reviewed the relevant case file records to verify that the Court correctly applied the JBSIS definitions for reporting each case filing.
6	<p>Determine whether Enhanced Collections revenue is funding only collections activities.</p>	<p>We obtained the Court’s Collection Report Template for FY 2022-23 and determined whether the Court’s collection program met the minimum requirements for a comprehensive collection program as defined in state law. We identified and analyzed the revenues, expenditures, and transfers ins/outs for Fund 120007 (Enhanced Collections) to verify that Enhanced Collections revenue was used only to fund collections activities. For example, for personnel service costs charged to collections activities, we reviewed employee timesheets to verify the costs and time charged to the enhanced</p>

		collection program. We interviewed selected employees to determine how they track and report the time they charged to collections activities. We also reviewed other operating costs and expenditures charged to determine whether the costs were supported, allowable, and allocable to collections activities.
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Assessment of Data Reliability

The U.S. Government Accountability Office (GAO) requires us to assess the sufficiency and appropriateness of computer-processed information that we use to support our findings, conclusions, or recommendations. In performing this audit, we obtained and reviewed financial transaction data from the Phoenix financial system—the statewide accounting system used by the superior courts—for the limited purpose of selecting transactions to test the Court’s compliance with its procurement and related payment activities. Prior to making our selections, we independently queried the Phoenix financial system to isolate distinct types of non-personal service expenditure transactions relevant to our testing—such as by general ledger code—and reconciled the resulting extract with the Court’s total expenditures as noted on its trial balance report for the same period. Our analysis noted no material differences leading us to conclude that use of the Phoenix financial transaction data was sufficiently reliable for the limited purpose of selecting transactions for testing.

Report Distribution

The Judicial Council’s *Advisory Committee on Audits and Financial Accountability for the Judicial Branch* reviewed this report on November 25, 2024, and approved it for public release.

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

Audit Staff

This audit was completed by the following staff under the general supervision of Joe Meyer,
Audit Supervisor, CPA, CIA:

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

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SCHEDULE OF AUDIT FINDINGS AND PLANNED CORRECTIVE ACTION

CASH HANDLING

The Court Should Strengthen Its Controls Over Its Mail Payments and Its Change Funds

Background

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

Results

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

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

Finding Reference	Subject Area
2024-4-01	Mail Payments – Receipts Log
2024-6-01	Change Fund – Accountability

FINDING REFERENCE: 2024-4-01

MAIL PAYMENTS – RECEIPTS LOG

CRITERIA

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

3. To provide for the strongest oversight and monitoring of payments received through the mail and drop boxes, courts should maintain a payments receipt log. Without a payment receipts log, courts have no record to reference or research if a mail or drop box payment is lost or stolen. The following method should be used for processing payments received through the mail and drop boxes:
 - a. The payments receipts log sheet should include the following information:
 - i. Case or docket number;
 - ii. Name of the person making the payment;

- iii. Amount of cash, check, and money order;
 - iv. Check or money order number;
 - v. Date received in the mail or drop box; and
 - vi. Name of the person opening the mail or drop box payments and the person recording the payment on the payments receipt log.
- e. After the payments have been entered into the cashiering system and/or automated case management system, a system report should be reconciled against the payments receipt log sheet to ensure that all payments were entered. A copy of the payments receipt log sheet will be included with the daily closeout documentation.

CONDITION

Nine of the 12 payment collection locations we reviewed do not use the suggested mail payments receipt log to record and track all the payments received in the mail, drop boxes, or from other court locations. While the Records division in Bakersfield opens mail for multiple departments—such as the Felony, Misdemeanor, Civil, and Family Law divisions—the Records division only logs USPS certified mail and mail delivered via private mail carrier, regardless of whether or not payments are enclosed, and it does not provide this log to any of the other divisions. In addition, the Probate, Delano, Lamont, and Mojave payment collection locations only log cash payments received via mail or drop box, while the Shafter location only logs drop box payments. However, in addition to the FIN Manual suggestion, the Court's own cash handling training procedures require staff to complete a payments receipt log for mail and drop box payments that includes the date received/opened, the case name, the case or docket number, the payment amount, identification of the payment as a check/money order or cash, and the designee and the cashier's names, initials, and date. According to various staff we interviewed, they were not aware of this FIN Manual suggestion and only log mail and drop box payments for payments that remain unprocessed after five days. However, without a mail payments receipt log, courts do not have a record to reference or research should a mail payment become lost or stolen. As a result, the Court is without clear accountability of its mail payments and is at increased risk for lost or stolen mail and drop box payments.

Additionally, the payment collection locations that do maintain the suggested payments receipt log generally do not reconcile the payments recorded on the log against the payments entered into the case management system (CMS) at the end of the day to ensure that all payments were entered. This occurs in part because the Court's procedures do not require such a reconciliation. Nonetheless, when the Court does not perform this suggested reconciliation, which ensures the entry of all the mail and drop box payments into the CMS, it is again at increased risk for lost or stolen mail and drop box payments.

RECOMMENDATION

To ensure the safe, secure collection, and accurate accounting of all payments received through the mail or drop boxes—and to comply with the FIN Manual suggestion and its own cash handling training procedures—the Court should ensure that staff at its payment locations consistently complete a payments receipt log with all key information necessary to establish a clear record of all the payments, cash and non-cash, received through the mail or drop boxes. The Court can subsequently use these logs to reconcile and confirm entry of these mail and drop box payments into its CMS during the end-of-day closeout process.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The Court disagrees with this finding. According to the FIN Manual, FIN 10.02, section 6.4 on "Payments Received Through the Mail and Drop Boxes," it clearly indicates that courts are advised to maintain a payment receipt log. However, the manual uses "should" rather than "shall" or "must," suggesting it as a recommendation rather than a mandate. Similarly, the Court's cash handling training procedures use the same language as the FIN Manual, including the word "should", with a general goal of providing awareness of the policy and the overall importance of safeguarding payments that are received. Additionally, in relation to the suggestion of maintaining a payments receipt log, the applicable section begins with the sentence "To provide for the strongest oversight and monitoring of payments received through the mail and drop boxes, courts should maintain a payments receipt log." The word "strongest" in this first sentence, together with the word "should" provides an overall suggestion on how to provide an enhanced level of oversight and monitoring, above and beyond the standard level of mandated policy. Although the Court does make best efforts to provide an enhanced level of oversight and security, the Court believes our current procedures and practices are adequate. Historically and presently, the Court lacks sufficient staff and time to provide the enhanced level of oversight and monitoring of implementing, tracking, and maintaining a log for every mailed and dropped payment. The Court believes that the current practice of maintaining dual custody of collected mail and drop box payments should continue to generally minimize the suggested concern of these payments having an increased risk of being lost or stolen. Moreover, each court location maintains a daily electronic record of each of the checks/money orders that are received and processed.

Response provided on 07/12/2024 by: Lori Mosley, MD Court Manager; Marlyn Garcia, Criminal Court Manager; Dyana McPhetridge, Courtroom Support Court Manager; and Kevin Fawke, Audit and Compliance Officer

Date of Corrective Action: N/A

Responsible Person(s): Lori Mosley, MD Court Manager; Marlyn Garcia, Criminal Court Manager; Dyana McPhetridge, Courtroom Support Court Manager; and Kevin Fawke, Audit and Compliance Officer

AUDIT SERVICES' COMMENTS ON COURT'S VIEW

To provide clarity and perspective, we are commenting on the Court's response. The Court explains it does not agree with maintaining the mail payments receipt log cited in the FIN Manual— because the manual uses the word “should” instead of “shall” or “must” regardless of the Court's admission that the suggested procedures would provide an enhanced level of oversight and monitoring, above and beyond the standard level of mandated policy.

The FIN Manual provides these procedures for the “strongest protection of the trial court's assets and reputation” and to reduce the risk of theft. As such, we believe it is both reasonable and prudent for the Court to develop reasonable controls that it can deploy successfully and obtain the Judicial Council's approval of these alternative procedures if they deviate from the FIN Manual.

FINDING REFERENCE: 2024-6-01

CHANGE FUND – ACCOUNTABILITY

CRITERIA

FIN MANUAL, FIN 10.02, 6.3.1 CASH CHANGE FUND:

7. At the end of each business day, individuals responsible for making change from the Cash Change Fund must—in the presence of a court manager, supervisor, or his or her designee—count, verify, and reconcile the Change Fund monies to the day's beginning balance, and initial and date the verification/reconciliation.
8. A trial court employee, other than the individuals responsible for making change from the Cash Change Fund, should count the Cash Change Fund in accordance with the following schedule and report the count to the fiscal officer.

Size of Cash Change Fund	Frequency of Count
Less than \$200	Annually
\$200 to \$499.99	Quarterly
\$500 or more	Monthly

CONDITION

Although the Court currently maintains change funds at its various payment locations, it does not consistently require someone to count and verify the change funds at the end of each day while in the presence of a manager or supervisor. Instead, we found that the \$400 change funds at the Civil, Ridgecrest, and Mojave locations, as well as the \$300 change fund at the Felony location, are counted only on days when change is made from the change fund or during the quarterly

verification process. According to court staff we interviewed, this is the long-standing practice at these locations. However, the FIN Manual requires individuals responsible for making change from the change fund to count, verify, and reconcile the change fund in the presence of a manager or supervisor at the end of the day. As a result, the Court's current practice of not counting and verifying its change funds on a daily basis in the presence of two people, as required by the FIN Manual, potentially allows a change fund shortage to occur without clear accountability of when the shortage may have occurred or who may have caused the shortage.

In addition, we found that eight of the Court's payment collection locations do not require individuals who do not make change from the change funds to periodically count the change funds in accordance with FIN Manual guidance. Specifically, the Court does not require someone other than the individuals responsible for making change from the change funds to count and verify these change funds—which range between \$300 and \$450—on a quarterly basis as suggested by the FIN Manual. Instead, the change fund custodians perform a quarterly surprise cash count and submit a verification form to the Finance division. According to Court staff, they were unaware of this FIN Manual guidance. Nonetheless, the FIN Manual's suggestion that individuals other than those responsible for making change from the change funds verify these change funds on a quarterly basis is meant to mitigate the risk that any potential shortage in its change funds could go undetected for an extended period of time.

RECOMMENDATION

To reduce the risk of prolonged unaccountable change fund shortages or overages, the Court should establish local cash handling policies and procedures that align with the FIN Manual requirements. Specifically, the Court should ensure that individuals responsible for making change from the change funds count, verify, and reconcile the change fund monies to the day's beginning balance at the end of each business day. In addition to verifying the change fund at the end of each business day, the Court should ensure that the daily verification is performed while in the presence of a court manager, supervisor, or designee with the verification/reconciliation initialed and dated by both court staff members.

Moreover, the Court should ensure that an individual other than the custodian counts and verifies its change funds at the frequency specified in the FIN Manual, such as quarterly for its change funds ranging between \$300 and \$450.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The court agrees the Cash Change Fund can be verified daily and an individual not responsible for making change can complete a quarterly cash count. To ensure consistency across all locations, we will establish and adhere to a standardized court-wide process.

The daily verification process noted in this finding is only used when the Cash Change Fund is not needed or used. In the noted instances related to the Cash Change Fund not being counted and verified, the general process performed by Court designees included verification that the change fund remained in an originally sealed transparent cash deposit bag where the Change Fund cash can be seen and confirmed through the bag as being present, and the original initials and associated dates are confirmed to be written on that sealed bag. Once the individuals required by FIN verify that the bag remains sealed, does not have any signs of tampering, and has the initials and dates of the previous verification, the individuals proceed with initialing and dating the bag as having confirmed that the Cash Change Fund remains intact and unused since its original count and verification. Although this process does not include the “count” as noted in the FIN policy, it is the Court’s belief that this process holds to the general intention and essential purpose of the FIN policy to ensure the full value of the Cash Change Fund remains intact, and that this process carries a minimal risk, particularly in relation to the time saved, the relatively low overall cash value of Cash Change Funds, the limited accessibility to the cash when not being used, and the limited time and instances in which this process may periodically be used.

The quarterly Cash Change Fund count is performed court-wide by designated supervisory teams that oversee the Cash Change Fund on a daily basis. Although the FIN policy does state that a Court employee other than those individuals responsible for making the change from the Cash Change Fund “should” be the one to perform the quarterly count, it is the Court’s belief that the overall intention of segregation is being carried out regularly by using a supervisory-level team approach in the daily and quarterly oversight of the Cash Change Fund, effectually minimizing the overall concern and risk that would be present when using a single Cash Change Fund designee or custodian.

In addition to standardizing the daily and quarterly Cash Change Fund processes court-wide to match the mentioned FIN Manual processes, the Court may look into a Request for Alternative Procedure for processes that the Court may desire to propose in the future.

Response provided on 07/12/2024 by: Lori Mosley, MD Court Manager; Marlyn Garcia, Criminal Court Manager; Dyana McPhetridge, Courtroom Support Court Manager; and Kevin Fawke, Audit and Compliance Officer

Date of Corrective Action: Expected date of 08/01/2024

Responsible Person(s): Lori Mosley, MD Court Manager; Marlyn Garcia, Criminal Court Manager; Dyana McPhetridge, Courtroom Support Court Manager; and Kevin Fawke, Audit and Compliance Officer

PROCUREMENT AND CONTRACTS

The Court Complied with Applicable Requirements for Procuring Goods and Services

Background

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

Results

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

PAYMENT PROCESSING

The Court Complied with Applicable Payment Processing Requirements

Background

Trial courts must institute procedures and internal controls to ensure they pay for appropriate goods and services in an economical and responsible manner, ensuring that they receive acceptable goods and services prior to payment. Thus, the FIN Manual provides courts with various policies on payment processing and provides uniform guidelines for processing vendor invoices and in-court service provider claims. All invoices and claims received from trial court vendors, suppliers, consultants and other contractors are routed to the trial court accounts payable department for processing. The accounts payable staff must process the invoices in a timely fashion and in accordance with the terms and conditions of the respective agreements. Staff must match all invoices to the proper supporting procurement and receipt documentation, and must ensure approval for payment is authorized by court management acting within the scope of their authority.

Results

Our review found that the Court complied with applicable requirements in the payment processing areas we evaluated during our audit. Specifically, the Court demonstrated sound management practices in the areas of three-point match, special rules for in-court service providers, and other items of expenses.

FUND BALANCE

The Court Appropriately Supported Its Year-End Encumbrances

Background

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

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

Results

Our review found that the Court complied with the requirements for reporting year-end encumbrances. Specifically, the Court supported the encumbrances it reported on its final FY 2022-23 calculation form with valid contracts for goods or services not received by June 30, 2023.

Finally, we found the Court had excess funds held on its behalf at the end of FY 2021-22 and FY 2022-23. Our review found that the Court complied with the requirements to spend its held funds for the purposes previously approved by the Judicial Council.

JBSIS CASE FILING DATA

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

Background

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

Results

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

Finding Reference	Subject
2024-27-01	JBSIS Data Accuracy and Quality – Case Filing Counts and Categories

FINDING REFERENCE: 2024-27-01

JBSIS DATA ACCURACY AND QUALITY – CASE FILING COUNTS AND CATEGORIES

CRITERIA

CALIFORNIA RULES OF COURT, RULE 10.400, JUDICIAL BRANCH STATISTICAL INFORMATION SYSTEM:

Consistent with article VI, section 6 of the California Constitution and Government Code section 68505, the Judicial Branch Statistical Information System (JBSIS) is established by the Judicial Council to provide accurate, consistent, and timely information for the judicial branch. Each trial

court must collect and report to the Judicial Council information according to its capability and level of automation as prescribed by the *JBSIS Manual* adopted by the Judicial Council.

JUDICIAL BRANCH STATISTICAL INFORMATION SYSTEM MANUAL – VERSION 3.0, APPENDIX H—DATA QUALITY ASSURANCE:

Error Quantification and Acceptable Error Rates

The error rate is determined by the difference of the reported value and the correct value, divided by the reported value. The magnitude of the error relative to the number of filings in a given period affected determines how courts should remedy the error. The JBSIS subcommittee determined that a 2% error rate met the criteria of being rigorous enough to ensure high data quality without posing an undue burden for courts.

The committee determined that an error rate of 2% or more in any one data element for a specific case type or cumulative across case types for one data element—limited at this time to filings, dispositions, trials, and time to disposition, when reported—should be established as the threshold above which courts must submit amended data correcting the report and that amended reports to resolve the error must be submitted within 60 days of error discovery.

CONDITION

To better ensure courts can identify and research potential JBSIS reporting errors, effective July 2018, the JBSIS Manual includes data quality standards that encourage courts to have methods of both routine and non-routine reviews of their data. Examples of these review methods include courts performing random reviews of selected case files to ensure the data reported to JBSIS is consistent with the judicial branch’s agreed-upon case type definitions. However, implementing such an approach requires courts to know which cases they have reported to JBSIS and when. Without this information, neither the courts nor external parties are well-positioned to evaluate the accuracy of the reported case filings data or determine which of the many monthly JBSIS reports require amendment if errors are found.

Reconciliation Between JBSIS Case Filing Counts and Court-Based Records

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

Table 1 - Comparison of JBSIS Case Filings Data to Underlying Court Records for fiscal year 2022-23

JBSIS Report / Case Category	JBSIS versus Court Records				Workload Formula Case Weight (^)
	A	B	(A-B) C	(C/A) D	
	Filings in JBSIS(*)	Court Records(#)	Net Difference	Error Rate	
05a Unlawful Detainer	3,724	3,737	(13)	-0.35%	
05a Civil – Limited	5,797	5,783	14	0.24%	
05a EDD		-	-	0.00%	
05b Civil – Unlimited	4,290	4,326	(36)	-0.84%	
05b Civil – Complex		-	-	0.00%	
05b Asbestos		-	-	0.00%	
06a Family Law – Marital	2,724	2,722	2	0.07%	
06a Family Law – Child Support	2,904	2,927	(23)	-0.79%	
06a Family Law – Domestic Violence	2,609	2,608	1	0.04%	
06a Family Law – Parentage	617	616	1	0.16%	
06a Family Law – Other	766	766	-	0.00%	
07c Felony	7,942	8,012	(70)	-0.88%	
08a Juvenile Delinquency	804	833	(29)	-3.61%	646
09a Juvenile Dependency	1,121	1,114	7	0.62%	
10a Mental Health	1,522	1,426	96	6.31%	324
11a Misdemeanor – Traffic	9,176	9,102	74	0.81%	
11a Misdemeanor – Non-Traffic	11,223	11,037	186	1.66%	
11a Infractions	79,051	79,364	(313)	-0.40%	
12a Conservator / Guardianship	462	473	(11)	-2.38%	2,225
12a Estates / Trusts	935	936	(1)	-0.11%	
13a Small Claims	1,166	1,177	(11)	-0.94%	
Overall Total	136,833	136,959	(126)	-0.09%	

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

Note

- * Reported case filings for fiscal year 22-23, by JBSIS report and case category, as accessed by Audit Services in May 2024.
- # Court CMS data provided by the Court to substantiate the aggregate filings data reported to JBSIS.
- ^ Applicable case weight (shown as minutes per filing) which is eventually applied to filings to determine the Workload Formula budget allocations.

Although the Court reported to JBSIS a materially accurate total count of 136,833 new case filings in fiscal year 2022-23, the count did not always agree to the number of filings supported by case type reports. Audit Services reviewed the underlying court records supporting its reported case counts for fiscal year 2022-23 and found variances greater than 2% for the following three RAS case categories: 08a Juvenile Delinquency, 10a Mental Health, and 12a Conservator/Guardianship. Variances greater than 2% ranged from 2.38% to 6.31%. For both the juvenile delinquency and mental health categories, the Court indicated it is conducting research to identify the cause of the variances so it can implement any necessary changes in its internal processes to reduce variances in the future. In addition, the Court stated that the variance in the conservator/guardianship cases resulted from a backlog in processing new filings case for the

month of June 2023 until after the JBSIS report for that month was generated and submitted to the JCC.

Review of Case Files for JBSIS Data Quality

Aside from reconciling JBSIS case filings data to its underlying case-specific records, we also selected a sample of case files to review and determine whether the Court followed the JBSIS Manual's case-type definitions. Our review of 60 case filings from fiscal year 2022-23 found ten cases where the Court reported the filings in a manner that did not agree with the JBSIS Manual data element definitions for the case type. Specifically, the Court reported the following ten cases in the incorrect case type category.

- **Mental Health:** The Court reports 10a Mental Health cases via the Portal. The Court recorded seven cases in portal category 225 (Mental Competency) that should have been recorded in other portal categories. Five of these cases should have been recorded in portal category 255 (Other Mental Health) since the petitions were filed in accordance with Welfare and Institutions Code §5332 (Riese hearing), and two cases should have been recorded in portal category 215 (LPS Conservatorship) based on the information in the petitions.
- **Family Law — Child Support:** The Court reports 06a Family Law — Child Support cases via JBSIS. The Court recorded two cases in JBSIS category 110 (Department of Child Support Services – UIFSA) that should have been recorded in JBSIS category 100 (Department of Child Support Services) since they were cases that were transferred within the state and did not involve interstate petitions.
- **Felony:** The Court reports 07c Felony cases via JBSIS. The Court recorded one Felony case in JBSIS category 110 (Reduced to Misdemeanor) when the case should have been reported in JBSIS category 40 (Assault) based on the initial filing.

Finally, our review found that the Court erroneously reported two of the ten 10a Mental Health cases reviewed as new case filings. Specifically, the Court incorrectly reported subsequent petitions as new JBSIS case filings. The JBSIS Manual states: “Orders of commitment for Welf. & Inst. Code, § 6500 expire after one year and subsequent petitions for additional periods of commitment are not reported as a new filing.” However, we found that one of the cases we reviewed was a subsequent petition for an additional period of commitment, and the second case was filed within an existing case. When courts do not classify and report case filings correctly, not only may the Judicial Council report flawed JBSIS case filings data to internal and external stakeholders, but it may also use filings data that can negatively affect the annual budget allocations of both the Court and/or other superior courts. According to the Court, it is reviewing its internal processes to ensure it accurately reports new JBSIS case filings in the future.

RECOMMENDATIONS

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

- Resubmit updated case filings data to JBSIS for fiscal year 2022-23 via an amended report.
- Provide training to clarify for staff certain JBSIS case type definitions and the required case file records.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The court agrees with the findings as provided by the auditor. The court immediately took action to review current processes and make necessary changes to accurately report case statistics.

10a – Mental Health

Cases were inaccurately being treated as new filings based on changing the filed date of the case to reflect the newest date a petition was submitted. Information was shared with staff to immediately stop this process, which occurred in July 2024. This practice resulted in the court submitting a higher case filing load. Changing the process will no longer result in a new case filing being reported. Amended JBSIS reports were submitted on July 9, 2024.

Additionally, new event codes were created to better identify the type of new case filing, which will accurately report in the correct category. This change is effective as of August 1, 2024.

6a – Family Law

The auditor's clarification about inaccurately reported support matters helped identify the affected cases. Business processes were then modified to ensure accurate reporting in the correct categories. Court staff reviewed all case filings in the incorrect categories, made the necessary changes, and amended JBSIS reports were submitted on August 8, 2024.

7c – Felony

As previously provided by Casey Villa (former Court Case Management Systems Manager) on July 3, 2024: "The 110 category notation is in the JBSIS Category (Last) column. This column reflects the JBSIS category that the case reported to at disposition. This case was originally reported in column 40 when filed based on the original offense. The charge was subsequently reduced to a misdemeanor and disposition entered as to the misdemeanor charge. This resulted in the case being reported at disposition under category 110."

Kern is in the middle of conversion to eCourt, which is currently scheduled to go live April 1, 2025. The technological advantages of a new case management system are anticipated to handle these types of changes more accurately.

Response provided on 9/19/2024 by: Gabrielle McNitt, Case Management and Help Desk Manager

Date of Corrective Action: July and August 2024

Responsible Person(s): Gabrielle McNitt, Case Management and Help Desk Manager

ENHANCED COLLECTIONS

The Court Appropriately Recovered Costs for its Enhanced Collections Program

Background

Penal Code section 1463.010(a) requires the Judicial Council to adopt guidelines for a comprehensive program concerning the collection of monies owed for fees, fines, forfeitures, penalties, and assessments imposed by court order. In addition, as part of its guidelines, the Judicial Council may establish standard agreements for entities to provide collection services. Section (b) requires courts and counties to maintain the collection program that was in place on January 1, 1996, unless otherwise agreed to in writing by the court and county. The program may be in whole or in part staffed and operated in the court itself, in the county, or contracted with a third party. Also, in carrying out its collection program, each superior court and county is required to develop a cooperative plan to implement the Judicial Council guidelines. Section (c) requires the Judicial Council to develop performance measures and benchmarks to review the effectiveness of the cooperative superior court and county collection programs operating pursuant to this section. Further, it requires each superior court and county to jointly report to the Judicial Council information requested in a reporting template on an annual basis.

The standards by which a court or county may recover the costs of operating a comprehensive collection program are provided in Penal Code section 1463.007. Collection costs (with the exception of capital expenditures) may be recovered from the collection of delinquent court-ordered fines, fees, forfeitures, penalties, and assessments imposed on infraction, misdemeanor, and felony cases before revenues are distributed to any other government entity. A comprehensive collection program is a separate and distinct revenue collection activity that meets certain requirements and engages in certain collection activity components as defined in state law. Eligible costs that can be recovered include staff costs, costs paid to another entity under an agreement for their collection activities, and indirect costs.

Results

Our review found that the Court had a qualified enhanced collections program. Furthermore, we found that the Court appropriately recovered only eligible collection costs.
