



Audit of the Superior Court of California, County of San Bernardino

APRIL 2024



Judicial Council of California

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Superior Court of California, County of San Bernardino

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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 San Bernardino (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 San Bernardino

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	2023-4-01	Agrees
5	Internet Payments	Yes	✓		
6	Change Fund	Yes	✓		
7	End-Of-Day Balancing and Closeout	Yes	✓		
8	Bank Deposits	Yes	✓		
9	Other Internal Controls	Yes	1	2023-9-01	Agrees
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	✓		
Fine & Fee Distributions					
25	Distribution Calculations	N/A	-		
Fund Balance					
26	Year-End Encumbrances	Yes	✓		
27	Use of "Held on Behalf" Funds	N/A	-		
JBSIS Case Filing Data					
28	Validity of JBSIS Data	Yes	✓		
Enhanced Collections					
29	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 payment processing and reporting new case filing counts and data to JBSIS. For example, our review found that the Court's payment procedures demonstrated good management practices in areas such as the three-point match, payment authorizations, and special rules for in-court service providers. In addition, our review found the Court's records supported the new case filing counts and data it submitted to JBSIS.

However, our audit did identify two 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 two 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.

A particular area of focus for the Court as it considers opportunities for improvement should include tracking the mail payments it receives and processes in accordance with its JCC-approved alternative procedures. Specifically, we found some of the Court's payment locations do not perform the mail payment batching process suggested by its alternate procedures. In addition, payment collection locations that batch their mail payments do not always track them in accordance with the alternate procedures. Another area for improvement includes taking adequate precautions to safeguard the contents of the safes maintained by the Court's various locations. We observed some locations maintain their safe combinations in a legible form that easily identifies them as combinations to the safes. However, the FIN Manual states that if it is necessary to maintain the combination in legible form, it should not be kept in any document that identifies it as such and only the CEO or designee is approved to maintain the combination in a legible form. The Court indicated it agreed with our findings and recommendations and will take corrective action.

Summary Perspective of Court Officials

Audit Services initiated its audit of the Court on June 5, 2023, and completed its fieldwork in December 2023. Audit Services shared the draft findings with the Court on November 8, 2023, and received the Court's final official responses on December 19, 2023. The Court 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 San Bernardino (Court) operates eleven court facilities in various cities and census-designated places. 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 San Bernardino Superior Court and Average of all Superior Courts

Statistic	San Bernardino 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 2022-23)						
Total Revenue	\$ 197,463,740	\$ 3,321,890	\$ 14,929,531	\$ 56,272,477	\$ 279,691,643	\$ 57,712,989
Total Expenditures	\$ 175,465,719	\$ 3,218,479	\$ 14,532,931	\$ 55,424,086	\$ 264,442,952	\$ 55,242,386
Staff Salaries & Benefits	\$ 127,282,049	\$ 2,037,590	\$ 10,635,642	\$ 42,045,877	\$ 212,938,514	\$ 43,356,077
As a % of Total Expenditures	72.5%	63.3%	73.2%	75.9%	80.5%	78.5%
Judicial Officers and Staff (2024 Court Statistics Report)						
Judges	85	2	8	30	144	30
Commissioners/Referees	17	-	1	4	21	4
Non-Judicial Staff (approx.)	1,180	19	96	330	1,528	326
Total	1,282	21	105	364	1,693	360
New Case Filings (Fiscal Year 2022-23)						
Appeal Filings	106	9	80	152	214	96
Civil Filings						
Civil	40,966	272	2,068	9,548	60,529	11,344
Family Law	23,104	253	1,547	5,530	25,721	5,439
Juvenile Delinquency	1,811	32	160	653	1,694	449
Juvenile Dependency	3,445	29	172	504	3,374	651
Mental Health	3,109	14	234	1,368	9,130	1,658
Probate	3,639	56	319	1,022	4,894	1,039
Small Claims	5,612	33	240	1,026	6,967	1,291
Criminal Filings						
Felonies	13,680	223	1,173	3,853	13,562	3,237
Misdemeanors / Infractions	164,312	3,771	17,293	55,832	237,196	52,765
Total	259,784	4,692	23,286	79,488	363,281	77,969

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 January 24, 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. San Bernardino Superior Court is a cluster 4 court.

AUDIT SCOPE AND METHODOLOGY

Audit Services initiated an audit of the Superior Court of California, County of San Bernadino (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 calculates fine and fee distributions for certain selected case types.</p>	<p>At the start of the fieldwork phase of our audit in July 2023, the Court informed Audit Services that the State Controller’s Office (SCO) was in the process of completing a revenue audit of the Court’s fine and fee distributions. Therefore, to</p>

		not duplicate audit efforts, we did not review the Court's current fine and fee calculations and distributions. The SCO completed and issued its report in October 2023.
5	<p>Determine whether the Court properly classified its year-end encumbrances for the most recent completed fiscal year.</p> <p>Determine whether the Court spent any funds the Judicial Council approved the Court to hold from prior year excess fund balance funds only for the purposes approved by the Judicial Council.</p>	<p>We obtained the Court's Year-End Encumbrance Calculation Worksheet for the most recently completed fiscal year at the time of our testing (FY 2021-22) and traced and verified year-end encumbrances to supporting records and the Phoenix accounting system.</p> <p>The Court has not requested to hold any funds on its behalf in either the current or the previous fiscal year. As a result, no further review was deemed necessary.</p>
6	Determine whether the Court accurately reports case filings data to the Judicial Council through the Judicial Branch Statistics Information System (JBSIS).	<p>We obtained an understanding of the Court's process for reporting case filings data to the Judicial Council through JBSIS. For the most recent fiscal year for which the Judicial Council froze and used JBSIS data for funding allocations (FY 2021-22), 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.
7	Determine whether Enhanced Collections revenue is funding only collections activities.	We obtained the Court's Collection Report Template for fiscal year 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 and expenditures to verify that Enhanced Collections revenue was used only to fund collections activities. For example, for personnel service costs charged to collections activities, we interviewed Court staff to determine how the Court allocated personnel costs charged to the Enhanced Collections fund. 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 April 15, 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 Dawn Tomita, Manager, CFE, and Joe Meyer, Supervisor, CPA:

Sandra Gan, Senior Auditor (auditor in charge), CPA
Michelle O'Connor, Senior Auditor, CPA, CFE, CGFM
Lorraine De Leon, Auditor
Usamah Salem, Auditor, CFE
Tia Thao, Auditor

SCHEDULE OF AUDIT FINDINGS AND PLANNED CORRECTIVE ACTION

CASH HANDLING

The Court Should Strengthen Its Controls Over Its Mail Payments and Access to Its Safes

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 internet payments and end-of-day balancing and closeout.

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
2023-4-01	Mail Payment Processing – Payments Received in the Mail
2023-9-01	Other Internal Controls – Access to Safe

FINDING REFERENCE: 2023-4-01

MAIL PAYMENT PROCESSING – PAYMENTS RECEIVED IN THE MAIL

CRITERIA

FIN MANUAL, FIN 10.02, 6.4 PAYMENTS RECEIVED THROUGH THE MAIL:

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; and
 - vi. Name of the person opening the mail 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.

**SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN BERNARDINO,
ALTERNATIVE PROCEDURE APPROVED BY THE JUDICIAL COUNCIL OF
CALIFORNIA ON MARCH 30, 2017, FOR FIN MANUAL, FIN 10.02, 6.4 PAYMENTS
RECEIVED THROUGH THE MAIL AND DROP BOXES (3)(a):**

If the court asserts that completion of the Payments Receipts Log sheet is not practical, the court should consider preparing and using daily mail payment batches as an alternative to at least track the number, amount, and dates of the mail payments the court received and processed. The alternative procedure should be approved only for smaller locations deemed understaffed as follows:

- a. Checks and money orders received through the mail should be opened, batched, and distributed by the assigned staff to clerks for processing through the case management system.
- b. Any batch of mail payments that cannot be processed will be safeguarded until the batch of mail payments can be processed. A calculator tape must be attached to the batch indicating the count and dollar amount contained in the bundle. The calculator tape must be dated and initialed.
 - i. The cashier must notify the supervisor or lead worker of any remaining documents/unprocessed payments contained within the bundle.
 - ii. The supervisor or lead must verify, date, initial, and secure the documents/unprocessed payments in the safe.

CONDITION

Although the Court has JCC-approved alternate procedures related to certain mail payment processing procedures, we found that the Court does not consistently follow these alternate procedures. Specifically, for certain locations the Court deems to be understaffed, the Court's approved alternate procedures suggest these locations should consider preparing and using daily mail payment batches as an alternative to listing checks and money orders received through the mail on a Payment Receipts Log. The alternate procedures state the batches should at least track the number, amount, and dates of the mail payments the Court received and processed. However, we found that five payment locations—Barstow, Fontana, Joshua Tree, Rancho Cucamonga, and

Victorville—do not perform the mail payment batching process as suggested by the alternate procedures. These locations log cash—but not checks—received through the mail, but they do not maintain a log of all payments received, nor do they have batching totals to track the mail payments received at a high level. We also found that various locations that do batch their payments do not always track them in accordance with the approved alternate procedures. For instance, both the San Bernardino Justice Center Probate and the Financial Services Office locations track the daily number and the date of mail and drop box payments received, but not the amount received. Also, the Historic Courthouse location bundles unprocessed mail and labels the bundles by the date received, but it does not include the number and amount of mail payments included in the bundles. Finally, while the San Bernardino Justice Center Civil location batches its mail, it does not track mail payments by the number, amount, and date payments are received. As a result, the Court does not capture sufficient information to monitor and track unprocessed mail payments and is therefore at increased risk for lost or stolen mail payments.

RECOMMENDATION

To ensure the safe, secure collection, and accurate accounting of all payments received through the mail, the Court should comply with its JCC-approved alternate procedures. The Court should batch its daily mail payments, and these batches should at least track the number, amount, and dates of the mail payments the Court received and processed.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The Court agrees that it should adhere to the JCC-approved alternate procedure and will take corrective action. Please note that the audit period covered included the time period impacted by the COVID-19 pandemic and was severely understaffed.

Response provided on 12/18/2023 by: Kristine Swensson, Chief Deputy CEO of Human Resources and Finance

Date of Corrective Action: January-March 2024

Responsible Person(s): Morgan Baxter, Sara Menor, Espee Hernandez, Amber Lewis, and Kristine Swensson

FINDING REFERENCE: 2023-9-01

OTHER INTERNAL CONTROLS – ACCESS TO SAFE

CRITERIA

FIN MANUAL, FIN 10.02, 6.1.1 USE OF SAFES AND VAULTS:

3. When using safes and vaults, the following procedures must be followed:

- b. The combination should be memorized by trial court employees and should not be kept in legible form. If necessary to maintain the combination in legible form, it should not be kept in any written or electronic document that identifies it as the combination to the safe and should be maintained in a secure location not visible or accessible to anyone else. Only the court executive officer or the court executive officer's designee is approved to maintain the combination to the safe in legible form that identifies it as such.
- d. The court executive officer or his or her designee will maintain a record showing the following information:
 - i. The date the combination was last changed; and
 - ii. The names of persons knowing the current combination.

CONDITION

The Court does not take adequate precautions to safeguard the contents of the safes maintained by its various locations. Specifically, four locations maintain their safe combinations in a legible form that easily identifies them as combinations to the safes. Specifically, at the Rancho Cucamonga and Historic Courthouse locations, we found that the combinations are written on the back of business cards from the company that changes the safe combinations and then given to the employees assigned to safe opening duties. At the Victorville location, we found that the supervisor maintains the combination in written form on the back of a small card that is kept in her work badge sleeve. Finally, at the San Bernardino Justice Center's Civil payment location, we found that the safe combination is written on cards that are distributed to the individuals authorized to access the safe. However, the FIN Manual states that if it is necessary to maintain the combination in legible form, it should not be kept in any document that identifies it as the combination to the safe, and only the CEO or designee is approved to maintain the combination in a legible form that identifies it as such. As a result, the Court is at increased risk of theft of cash and other payments, potentially without clear accountability of who may have taken payments from the safe.

RECOMMENDATION

To ensure it properly safeguards the contents of its safe, the Court should remind staff to memorize the combination to the safe and not keep the safe combination in legible form, except as allowed by the FIN Manual. If it is necessary to maintain the combination in legible form, only the CEO or designee should be allowed to maintain the safe combination in legible form that identifies it as such in a secure location not visible or accessible to anyone else.

COURT'S VIEW AND CORRECTIVE ACTION PLAN

The Court agrees that it should not write down safe combinations and will ensure that all combinations are appropriately updated and maintained. All safe combinations will be updated

and locations will be trained on how to achieve compliance go-forward. A master listed will be maintained in Finance with appropriately delegated authority.

Response provided on 12/18/2023 by: Kristine Swensson, Chief Deputy CEO of Human Resources and Finance

Date of Corrective Action: January-March 2024

Responsible Person(s): Morgan Baxter, Sara Menor. Espee Hernandez, Amber Lewis, Kristine Swensson

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 procurement initiation, competitive and non-competitive procurements, and leveraged purchase agreements.

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, review and approval prior to payment, and special rules for in-court services.

FINE AND FEE DISTRIBUTIONS

Background

Trial courts must accurately calculate and distribute the monies they collect so that State and local funds receive the amounts State law designates for each. State statutes and local ordinances govern the distribution of the fines, penalties, fees, and other assessments that courts collect. In addition, courts rely on the State Controller's Office Trial Court Revenue Distribution Guidelines and the Judicial Council Uniform Bail and Penalty Schedules to calculate and distribute these court collections to the appropriate State and local funds. Courts may use either an automated system, manual process, or a combination of both to perform the often-complex calculations and distributions required by law.

At the start of the fieldwork phase of the audit in July 2023, the Court informed Audit Services that the State Controller's Office (SCO) was in the process of completing a revenue audit of the Court's fine and fee distributions. Therefore, to not duplicate audit efforts, we did not review the Court's current fine and fee calculations and distributions. The SCO completed and issued its report in October 2023.

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 2021-22 calculation form with valid contracts for goods or services not received by June 30, 2022. Finally, we did not review its use of any excess funds because the Court has not requested the Judicial Council to hold any such funds on its behalf.

JBSIS CASE FILING DATA

The Court Reported Accurate New Case Filing Counts and Data to JBSIS

Background

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

Results

Our review found that the Court's records supported the new case filing counts and data it reported to the Judicial Council's Office of Court Research through JBSIS for fiscal year 2021-22.

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.
