

# AUDIT OF THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF COLUSA

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AUGUST 2010

Prepared by:



On Behalf Of:



ADMINISTRATIVE OFFICE  
OF THE COURTS

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FINANCE DIVISION  
INTERNAL AUDIT SERVICES

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## MANAGEMENT SUMMARY

On behalf of the Judicial Council of California, Administrative Office of the Courts (AOC)'s Internal Audit Services (IAS), Sjoberg Evashenk Consulting, Inc. (SEC) initiated an audit of the Superior Court of California, County of Colusa (Court) that encompassed administrative and operational areas, as well as other selected programs. The audit process involves reviewing the Court's compliance with statute, California Rules of Court, the *Trial Court Financial Policies and Procedures Manual* (FIN Manual), and other relevant policies.

With 2 judges, 1 contracted part-time commissioner, and the Court Executive Officer overseeing Fiscal Year 2008-2009 expenditures of nearly \$2.3 million, the Colusa County Superior Court is considered a small court that faces issues similar to other small courts across the State—recruiting qualified staff to fill shortages and having a limited number of only 16 employees to perform baseline operational activities. Yet, throughout the audit, SEC found Court management exhibited a positive “tone at the top” and was supportive of recommendations for improving court operations. Moreover, the Court generally complied with statutes and Rules of Court in addition to employing controls over some business processes. For instance:

- Frugal spending has bolstered the Court's fund balance and reserves;
- Procurement and accounts payable functions were appropriately segregated;
- Cash handling processes exhibited many good controls in areas over the endorsing checks immediately upon receipt, investigating daily collection discrepancies before final close-out, and securing unprocessed payments;
- Financial and business records were retained for a minimum of five years; and,
- Unique login and password profiles were in place over information systems, equipment was adequately secured, and system backup procedures were employed.

However, while the Court seems committed to improve its operations, many of the same issues raised in the AOC's prior audit report from 2005 remain uncorrected. As a result, our current audit revealed similar issues such as undocumented practices, need for fiscal training, limited controls over procurements, unreconciled trust money, and inaccurate fine distribution. While the body of our report discusses our audit results in detail and Appendix D of this report summarizes issues identified along with court management's responses and plans for corrective action, we have highlighted some of the more significant issues identified during the audit on the following pages.

***Court Staff would Benefit from Additional Fiscal Knowledge and Operational Guidance***

With significant staffing changes over the past two years, the Court has experienced a loss of institutional knowledge in several fiscal and operational areas when the former Court Executive Officer (CEO) and Assistant CEO retired. As a result, the Senior Accounting Clerk has had to assume most of the fiscal functions and activities with limited training or guidance. This change in leadership, combined with the transition to the new Phoenix-FI system, has greatly challenged the Court as evidenced by our audit results revealing deficiencies in several fiscal and operational areas as described throughout this report. For instance, we found incomplete trust reconciliations, payroll transaction inaccuracies, fiscal recording errors, missing procurement controls and standard protocols, and inaccurate fine revenue distributions. Current court executives have expressed their desire and willingness to obtain additional fiscal expertise and training in a variety of administrative areas including the Court's Phoenix-FI financial system, procurement, and funds held in trust.

***Unreconciled Funds Held in Trust Require Attention and Closer Oversight***

Although the Court reconciles monthly deposit and refund activity in its trust fund accounts, it does not perform a formal reconciliation to compare bank balances with activities and balances reported in the Court's case management system and to fiscal records to ensure all amounts, including cumulative balances, are reconciled. Moreover, the Court has nearly \$130,000 of its approximate \$200,000 trust balance that relates to "old" trust funds that were considered unreconciled when the Court transitioned to the Phoenix-FI system in early 2006. It appears most of the old trust balances relate to actual cases that need to be refunded or perhaps escheated, although there is a small amount of micrographics revenue commingled in the account that should be transferred to and used for operational purposes. This account has also been used to pay for nearly \$400 in monthly banking fees.

***Court's Fine Distribution Calculations Were Incorrect***

Based on our sample of fine revenue collections from nine different types of violations as distributed through the Court's Ciber case management system, our audit revealed some fine revenue calculations were incorrectly assessed and distributed. Specifically, we identified some type of distribution error such as inaccurate distribution tables or missing assessments that were not manually input into the system as follows:

➤ **Total Fines Assessed were not Consistent with the Uniform Bail and Penalty Schedule**

Bail amounts may not have been input correctly into the Court's Ciber case management system for certain violations we tested resulting in overcharges to defendants in several instances. Further, because Ciber's system parameters use percentage-based formulas to calculate other penalties and assessments based upon

the bail amount, these additional amounts were also incorrect and resulted in inaccurate distributions.

➤ **Additional EMS Penalty Should not have Been Assessed**

In more than half of the violations tested, the Court incorrectly assessed an Emergency Medical Services (EMS) in accordance with Government Code 76000.5 that does not appear to apply to the Colusa County Superior Court. The statute allows an additional penalty of \$2 for every \$10 of the base fine if the county board of supervisors elects to levy the EMS penalty assessment; although we did not find evidence of this election in Colusa County by means of a board resolution. As a result, the court overcharged the total fine amount that resulted in excess distributions to the State and County.

➤ **Other Fees were not Correctly Assessed or Distributed**

Statutes allow certain additional fees and assessments to be added to the base bail amounts on certain criminal violations as discussed below. During our review, we found the Court did not always correctly assess or distribute the following:

- \$25 Administrative Screening Fee upon conviction of a criminal offense other than an infraction pursuant to Penal Code 1463.07 was not assessed for two types of violations tested;
- The full \$49 County Alcohol Program Fee pursuant to PC 1463.16 (originally a \$50 fee, but it is reduced by 2 percent for state automation) for one violation type tested;
- For the \$15 Secret Witness Fund fee pursuant to Fish and Game Code 12021, the system incorrectly deducted 2 percent for court automation under Government Code 68090.8 for one type of violation tested; and
- For the traffic school violations we tested, the Court's system incorrectly distributed the state courthouse construction penalties to the County rather than the State pursuant to Government Code 70372(a).

***Procurement Practices were Informal and Missing Controls***

As initially identified in our prior audit conducted 2005, the Court continues to rely on informal agreements negotiated by previous court administrators to supply the Court with essential services such as information technology and payroll. In addition to a general lack of written agreements, our review revealed missing documentation for seeking competitive prices and for vendor selection decisions, and inconsistencies in the review and approval of invoices and claims including missing support. Not only are the Court's current protocols missing elements of standard procurement and accounts payable practices, but there is also no formal guidance for court staff in carrying out procurement functions.

However, we believe that these issues can be rectified and encourage Court management to actively pursue additional guidance from the AOC and identify measures to increase its fiscal knowledge base and strengthen its practices over key operational activities.

Moreover, we believe the Court has embraced the audit process and is actively engaged in improving its operations and refining its practices.

While we made many recommendations throughout this report, we have summarized the more significant recommendations below. In some cases, implementation will only require limited corrections to information systems or minor adjustments in court practices to ensure adequate controls. In other cases, a more concerted approach by court management will be needed to enhance the overall fiscal environment, and to better ensure efficient and effective court operations as the Court moves forward.

To address the audit concerns, the Court should consider the following:

- Embrace and promote strong controls throughout the organization by clearly communicating and formalizing expectations to court employees, crafting solutions to prior audit issues, and adopting comprehensive written policies and procedures to ensure practices are followed regardless of changes in leadership.
- Review the Court's current fiscal functions and needs to identify the skills sets and knowledge required to perform these activities. In doing so, the Court should develop written job descriptions that include roles and responsibilities as well as the skill sets and knowledge required to perform these duties for all fiscal positions. Work with the Shared Services Center to identify and obtain additional fiscal training available to the Court to meet the courts needs and enhance court staff and management's knowledge base.
- With assistance from the AOC, develop and implement a process to perform complete monthly reconciliations of funds held in trust as well as a timeline for reconciling the "Old Trust" account including identifying funds that should be escheated or refunded
- Review violation tables in Ciber to ensure fine amounts are appropriate and penalties and assessments are calculated on accurate base fine amounts as mandated in statute. Review distribution tables to ensure penalties and assessments are distributed based on the State Controller's Office Schedule C Appendix.
- Establish sufficient controls over procurement to ensure that competitive procedures are appropriately employed or that all sole-source purchases are documented and justified, contractual arrangements are formalized in written form, and proper "three-point match" procedures are followed when processing invoices.



## STATISTICS

The Court operates at two court locations in the city of Colusa with two judges and a part-time commissioner who handled nearly 10,300 case filings in Fiscal Year 2007-2008. Further, the Court employed 16 staff members to fulfill its administrative and operational activities through the expenditure of nearly \$2.3 million for the Fiscal Year ended June 30, 2009. The table below contains general court statistical information.

*Table 1. General Court Statistics*

	<b>Total</b>
Number of Courtrooms	2
Number of Authorized Judgeships as of July 1, 2009	2
Number of Authorized Subordinate Judicial Officers as of July 1, 2009	0.3
Number of Full Time Equivalent Employees as of Pay Period Ending June 30, 2009	16
Total Authorized Positions (FTE) as of June 30, 2009 (Schedule 7A Fiscal Year 2008-2009)	15.5
Number of Temporary Employees as of June 30, 2009 (Schedule 7A Fiscal Year 2008-2009)	0.5
Total Salaries for Temporary Employees (Fiscal Year 2008-2009, Figures are for Part-Time Extra Help Staff)	\$20,119
Daily Average Revenues Collected (Fiscal Year 2008-2009)	\$12,385
County Population (7/1/08 Estimate per California Department of Finance)	21,848
Number of Case Filings in Fiscal Year 2007-2008	
Criminal Filings:	
• Felonies	215
• Non-Traffic Misdemeanors	488
• Non-Traffic Infractions	15
• Traffic Misdemeanors	486
• Traffic Infractions	8,264
Civil Filings:	
• Civil Unlimited	83
• Civil Limited	241
• Family Law – Marital	97
• Family Law – Petitions	156
• Probate	34
• Small Claims	54
Juvenile Filings:	
• Juvenile Delinquency – Original	48
• Juvenile Dependency – Original	18
• Juvenile Dependency/Delinquency – Subsequent	84

*Source: Case Filing statistics reported by the Court and compiled in the JBSIS 2009 Court Statistics Report.*

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## PURPOSE, SCOPE, AND METHODOLGY

IAS requested that our firm, SEC, conduct an audit at the Court in accordance with Generally Accepted Government Auditing Standards promulgated by the Comptroller General of the United States. This audit is part of a regularly scheduled audit cycle initiated by IAS and represents the first comprehensive audit performed by IAS since the Trial Court Funding Act of 1997 eliminated the requirement of county audits of the courts.

The purpose of this review was to determine the extent to which the Court has:

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

Additionally, compliance with the Financial Integrity and State Manager's Accountability Act (FISMA) is also an integral part of the audit. The primary thrust of a FISMA review is an assessment of an entity's internal control structure and processes. While IAS does not believe that FISMA applies to the judicial branch, IAS believes it does represent good public policy. Thus, IAS incorporates FISMA internal control concepts and guidance in its audits including the following:

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

The scope of audit work at the Colusa County Superior Court included reviews of the Court's major functional areas including: court administration, fiscal management, accounting practices, cash collections, information systems, banking and treasury, court security, procurement, contracts, accounts payable, fixed asset management, audits, records retention, domestic violence, exhibits, and appeals. Coverage of each area is based on initial scope coverage decisions. The period of our audit primarily focused on the period between Fiscal Years 2007-2008 and 2009-2010.

To evaluate the Court's fiscal and operational compliance with the FIN Manual as well as assess the Court's internal control structure and fiscal management, we performed procedures that generally encompassed the following activities:

- Met with court executive management to discuss the Court's organizational structure, local rules, human resource management, and judicial practice.
- Interviewed appropriate court personnel regarding court account and fund balances as well as fiscal policies, practices, level of oversight, and general knowledge of fiscal management protocols and FIN Manual policies.
- Reviewed reports, data, and systems used to assess court fiscal standing and manage fiscal operations as well as assessed grant management practices and the accuracy of transactions, funds, and reports of financial activity.
- Observed key cash receiving, handling, and disbursement processes, including fees/fines/forfeiture collection, receipt of payments by mail, cash balancing to CMS, deposit preparation, and claims preparation.
- Obtained, reviewed, analyzed, and tested key documents, including:
  - Court fiscal records, reports, reconciliations, and bank statements;
  - Case management system records, case files, and distribution schedules;
  - Court policies and procedures manuals as well as informal practices; and,
  - Examples of claims, deposit permits, end-of-day case management system reports, and other cash transaction documentation.
- Inquired about, reviewed, and evaluated any backlogs in the Court's collection, processing, or disbursement transaction processes, including reconciliations of accounts and funds.
- Reviewed revenue/collection and expenditure reports for unusual or inappropriate activity.
- Tested a sample of cash-related revenue and expenditure transactions to determine if court procedural controls were administered and if the transactions were properly recorded, reconciled and, where appropriate, reviewed and approved.
- Ascertained whether the Court has essential controls in place over information systems in areas such as passwords, remote access, and security reports. Where feasible, we obtained a security level printout from each system that identified users, roles, and access to determine if levels were appropriate for each position and whether the proper segregation of duties existed.
- Evaluated methods employed by the Court through its case management system (Ciber) to calculate and distribute fees, fines, and forfeitures.
- Assessed whether the physical plant holding essential court computer equipment had appropriate security over access and whether appropriate emergency measures were in place to deal with disasters.

- Observed current physical security in place during a security walk-through of the courthouse with the County Sheriff's Department as well as reviewed operational and logical security over the Court's exhibit rooms and computer rooms.
- Inquired about, reviewed, and evaluated the Court's procurement and contracting practices to determine compliance with FIN Manual's requirements as well as sound business practices.
- Tested a sample of expenditure transactions related to services and supplies purchases, county-provided service payments, court interpreters, court reporters, expert witnesses, and judges and employee travel to determine if court procedural controls were administered and if the transactions were properly recorded, reconciled, and, where appropriate, reviewed and approved.
- Obtained, reviewed, analyzed, and tested key documents, if available, including:
  - Purchase requisitions, purchase orders, vendor invoices, payable documents, and credit card statements; and,
  - Memorandums of understanding and personal service agreements.
- Reviewed a sample of contracts maintained to determine whether major contract elements such as cost, schedule, scope of work and terms and conditions were present and that contracts were appropriately executed by either the Court Executive Officer or the Presiding Judge.
- Evaluated policies and procedures in place to safeguard and account for exhibits including whether regular inspections and/or annual inventories were conducted timely, stale or unneeded exhibits were disposed or destroyed once a case is closed, and case exhibits were securely stored and maintained.
- For a sample of higher risk exhibits, such as cash, weapons, and jewelry, we verified that a sample of exhibits was properly located as recorded/accounted for on tracking documents.
- Reviewed a small sample of domestic violence cases to determine if Domestic Violence Fees and Restitution Fines were assessed as required by statute.
- Identified and reviewed the civil and criminal appeals process employed at the Court to assess whether practices in place were reasonable and compliant with California Rules of Court as well as evaluated activities over tracking initial filings and key milestones, systems used to monitor dates, and types of reports used to manage timelines and certify records.
- Additionally, we performed procedures such as identifying corrective action on prior audit findings and recommendations, assessing payroll processes and internal controls, evaluating fixed assets listings and management practices, and understanding compliance with record retention policies from the FIN Manual.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### **TIMING AND REVIEWS WITH MANAGEMENT**

The entrance meeting was held with the Court on March 5, 2010 with audit fieldwork commencing on that same day. Although fieldwork was formally completed in May 2010, preliminary results were discussed with court management during the course of the review at several intervals in between April and June 2010. Feedback and perspectives from responsible court officials were obtained throughout the course of this audit and were incorporated into this report.

A final review of audit results was held on July 30, 2010 with:

- Norbert Jaworski, Court Executive Officer

Management responses to our recommended actions were received on August 11, 2010 and can be found in Appendix D of this report.

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## ISSUES AND MANAGEMENT RESPONSES

### 1. Court Administration

Considered a small court, the Court maintains two locations in a county with nearly 22,000 residents. With nearly 10,300 case filings annually, court expenditures in Fiscal Year 2008-2009 were nearly \$2.3 million. The Court's 16 employees are overseen by a Presiding Judge (PJ) and Assistant Presiding Judge (APJ) as well as a Court Executive Officer (CEO). The current CEO took office in February 2009.

Various guidelines and requirements related to trial court governance and management are specified in California Rule of Court (CRC), *Trial Court Financial Policies and Procedures Manual* (FIN Manual), and Operating Guidelines and Directives for Budget Management in the Judicial Branch covering administrative areas such as:

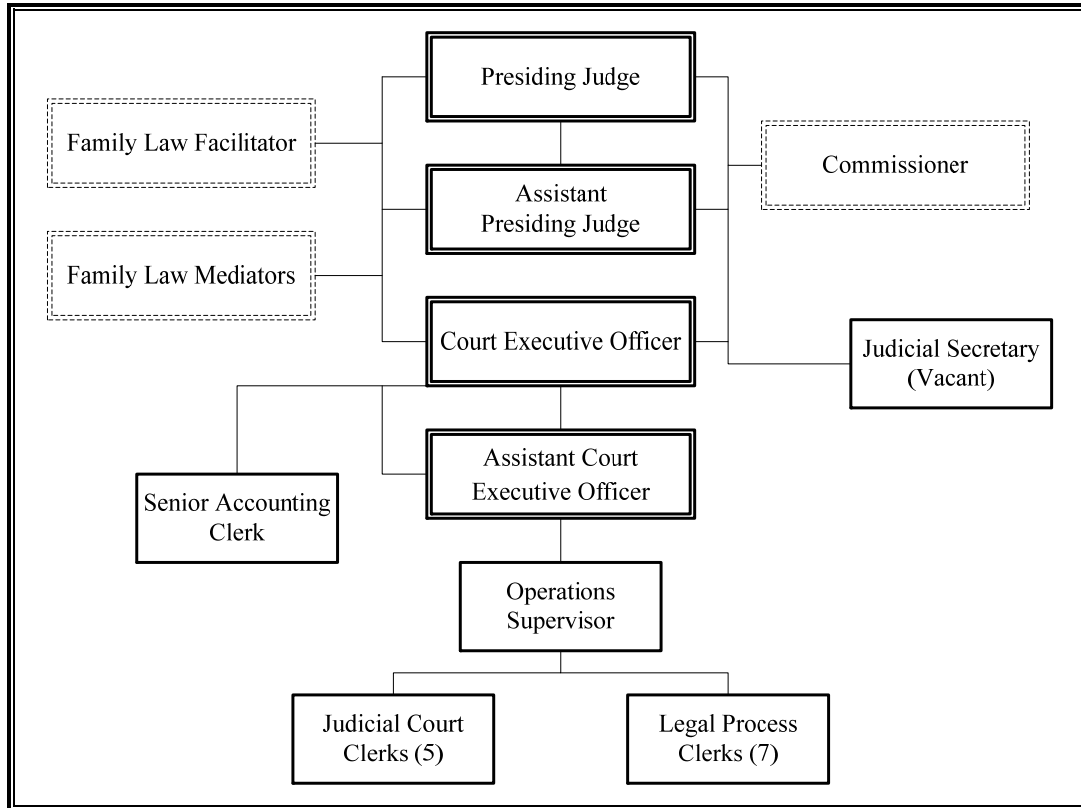
- Duties of the PJ and CEO;
- Delegation of Authority over Court Administration;
- Organizational/Reporting Structure and Strategic Planning;
- Conflict of Interest Disclosures (Statement of Economic Interest Form 700);
- Executive Compensation and Employee Bargaining Agreements; and,
- Submitted Cases Tracking and Monitoring.

In some areas, we found the Colusa County Superior Court has established processes and procedures that comply with the FIN Manual. For instance, the Court has an organizational chart that was recently updated, a manual that describes court-specific policies and procedures related to personnel matters, clear reporting structures as illustrated in Figure 1, and job descriptions for the Court Executive Officer with delegated responsibility to manage the Court's fiscal operations as memorialized in the Local Rules of Court. Overall, the Court has a positive "tone at the top" and management is proactively trying to address issues identified and improve court operations and controls.

Yet, we noted several administrative areas where the Court was either not in compliance with CRC or the FIN Manual or the Court could improve its operations as follows:

- ✓ Court policy does not require all key personnel to file Statement of Economic Interest forms. Specifically, the Commissioner, Assistant Court Executive Officer, and Senior Accounting Clerk responsible for procurement did not complete a Statement of Economic Interest Form to disclose potential personal conflicts with job responsibilities. Further, the Court does not have a process in place to monitor and manage the submission of the form;
- ✓ The Court has not established a strategic plan as required by CRC; and,
- ✓ The Court does not have written job descriptions for all key positions including the Assistant Court Executive Officer and Senior Accounting Clerk.

Figure 1. Court Organizational Chart as of May 5, 2010



Note: Dashed line indicates contracted position.

### 1.1 Court Should Develop a Process to Identify, Monitor, and Manage Potential Employee Conflicts of Interest

California law prohibits public officials at any level of state or local government from making or influencing governmental decisions in which they may have a financial interest (Government Code (GC) §87100). If the potential for a financial interest arises, the public official must publicly identify the financial interest, recuse him/herself, and withdraw from any participation in the matter (GC §87105). As such, each state and local government agency—including the state trial courts—must adopt a conflict of interest code in compliance with the Fair Political Practices Commission Form 700 Procedure. GC §87200 explicitly requires “judges and commissioners of courts of the judicial branch of government” to file a Statement of Economic Interest (Form 700), and provisions of the Government Code also grants state and local agencies the authority to designate additional positions that are required to file Form 700. In particular, Government Code §87302(a) states that certain positions “which involve the making or participation in the making of decisions which may foreseeably have a material effect on any financial interest” must be included within the agency’s Conflict of Interest Code.

Although the judges and CEO at the Colusa County Superior Court file a statement of economic interest annually, we noted other key court officials with decision making responsibilities that could be in conflict with their personal economic interests were not required and did not complete the Statement of Economic Interest form. Specifically, while by law judges and

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commissioners must file these statements, court policy does not stipulate that other key employees such as Assistant Court Executive Officer and Senior Accounting Clerk also file. Examples of operational responsibilities where decisions could affect personal interests or give the perception of personal gain include approvals of purchases, contract negotiations, and setting employee compensation. Although both judges and the Court Executive Officer filed Statements of Economic Interest, the Commissioner did not. The Court reasoned that since the Commissioner is shared with the Tehama County Superior Court he likely completed the Form 700 for the Tehama County Superior Court; however, a completed form should be maintained with the Colusa County Superior Court as well.

Moreover, the Court does not have a process in place to track and manage the submission of the statement of economic interest forms; rather, each Judge is responsible for ensuring the preparation and submission of their own form annually. Without a policy or practice in place the Court cannot be assured that all judges and required staff are submitting a Form 700 annually, or upon taking and leaving office and that they are reviewed on a regular basis to identify potential conflicts of interest. The Court should designate one key staff member to oversee the submission, record keeping and review of Statement of Economic Interest forms.

### **Recommendations**

To properly disclose potential conflicts of interest and ensure all required court employees and judges complete Form 700 annually, the Court should:

1. Identify positions within the Court's organizational framework that have decision-making authority, where participating in decisions may be affected or conflict with personal economic interests and develop a court policy requiring those positions to complete and file Statements of Economic Interest Form 700.
2. Develop a procedure to ensure all Statements of Economic Interest Form 700s are submitted and completed in a timely manner, potential conflicts are considered, and procedures are implemented to ensure employees with identified conflicts are not allowed to participate in decisions that would conflict with the Court's policy. In addition, designate one person to manage the submission process and maintain a copy of completed forms for court records.

### **Superior Court Response**

All positions that have decision making authority will be asked to complete Form 700. The CEO will ensure that conflicts are avoided and will retain Form 700 in those employees' personnel file.

#### **1.2 Court Should Develop a Strategic Plan**

California Rules of Court (CRC)10.603(c)(9)(A) states the presiding judge must "prepare, with the assistance of appropriate court committees and appropriate input from the community, a

long-range strategic plan that is consistent with the plan and policies of the Judicial Council, for adoption in accordance with procedures established by local rules or policies.” A strategic plan will not only help the Court define its mission, objectives, and establish goals, but could also assist the Court in outlining its short-term goals to address staffing needs and fill vacant positions or upgrade aging court information systems, for instance. While we found that the Court does not currently have a strategic plan in place, the CEO acknowledged its importance and indicated that a plan will be developed in the near future.

### **Recommendation**

To ensure the Court complies with CRC and clearly defines the Court’s mission, objectives, and goals, the Court should:

3. Prepare and adopt a strategic plan that addresses the Court’s short-termed and long range plans as required by CRC 10.603(c)(9)(A).

### **Superior Court Response**

The small staff and limited time and resources available to devote to this project have prevented the development of a long range strategic plan. The Court recognizes the need for a plan and will develop a plan as time and management resources become available. The hiring of a new Administrative Officer will greatly assist in the reallocation of management resources to address this issue. Interviews for the Administrative Officer have been scheduled for September 30, 2010 with three qualified applicants with experience with California trial court funding.

### **1.3 Several Key Positions did not Have Written Job Descriptions**

Although the Court provided written job descriptions for several positions including Court Executive Officer and Operations Supervisor, the Court did not have written duty descriptions for all key positions as required in the FIN Manual Section 1.02 § 6.3 including managers and supervisors such as the Senior Accounting Clerk and Assistant Court Executive Officer. Job descriptions are important because they outline the roles and responsibilities of the position as well as management’s expectations of staff; further, the documents serve as a basis to assess employee performance and staff’s ability to meet job requirements.

### **Recommendation**

In order to be in compliance with the FIN Manual and ensure court staff is aware of job duties, the Court should:

4. Develop written job descriptions for all key positions including the Assistant Court Executive Officer and Senior Accounting Clerk.

### **Superior Court Response**

Job descriptions will be developed for all key positions.

## **2. Fiscal Management**

As detailed in Appendix B, during Fiscal Year 2008-2009 salaries and benefits for non-judicial staff totaled nearly \$938,400, encompassed about 42 percent of the Court's approximate \$2.24 million expenditure budget. Fiscal activities are overseen by the CEO, with the daily activities carried out by the Senior Accounting Clerk who performs various aspects of fiscal operations, including recording fiscal transactions and activity, processing vendor payments and trust disbursements, preparing daily fee and fine deposits, and assisting with payroll activities. The Court has no reliance on the County for fiscal and administrative support since the Court's transition to Phoenix. While the Court performs a wide variety of activities related to fiscal management and procurement, it also relies on AOC's Phoenix Shared Services Center to provide assistance with certain services including performing bank reconciliations of the Court's bank accounts, issuing vendor payments, and uploading journal entries as well as assisting in the preparation of the Court's Quarterly Financial Statement (QFS) reports and the Consolidated Annual Financial Report (CAFR) worksheets.

### **2.1 Court Staff Would Benefit from Fiscal Training and Guidance**

Although the Court has a healthy fund balance and has several controls in place, our review revealed instances where fiscal activities could be strengthened and made more accurate by exercising stronger practices, analysis, and insight. While we did not identify any segregation of duties issues over fiscal functions during our review, we found instances where the Court's fiscal operations could be improved and where staff may not be aware of what procedures need to be employed, how fiscal activity need to be analyzed for reasonableness, and why certain entries need to be adjusted.

For instance, as discussed in greater detail in Section 3 of this report, the Court is not performing a complete reconciliation of its "new" trust account or its "old" trust account that contains commingled funds is not reconciled. In another example, as discussed in greater detail in Section 2, court staff responsible for reviewing payroll did not identify inaccuracies and posted incorrect payroll journal entries, and did not perform steps to reconcile payroll liability accounts.

While the Court's one fiscal staff person is dedicated and handles the vast majority of fiscal functions, staff and court management could benefit from additional training and guidance over certain fiscal activities, such as payroll, trust management, accounts payable, procurement, and financial reporting. This issue was briefly discussed in the prior audit conducted in 2005; however, it has become even more critical as the fiscal activities performed by the Senior Accounting Clerk have significantly increased upon the recent resignations of the prior ACEO and prior CEO.

When the prior ACEO left the Court, the Senior Accounting Clerk inherited the fiscal duties performed by the ACEO including the preparation of end of month financial reports, budgetary documents such as Schedule 1 and Schedule 7A, Quarterly Change in Authorized Positions report, report of revenues including the TC-31 and TC-145 transferring monies to the State and county, and monthly fiscal health statistics. According to the Court, there was no formal training

or transfer of knowledge although the prior CEO provided help when needed. Upon the prior CEO's resignation in December 2008, the responsibilities of the Senior Accounting Clerk were

further expanded to include reviewing payroll processing, grant billing, and administering the employee benefits contract—again, according to the Court, there was no formal training or transfer of knowledge. Even more recently, the Senior Accounting Clerk assumed the trust disbursement function when one of the temporary court employees left the Court's employment even though she received only limited training. While the Senior Accounting Clerk has sought guidance from the AOC Shared Services Center when problems surface, there are likely other areas where training could strengthen fiscal activity.

Furthermore, because the lone fiscal staff person is responsible for many fiscal functions—some previously performed by management—the Court should revisit the type of expertise required for each fiscal responsibility. The analysis should include developing formal, documented job descriptions detailing required qualifications and responsibilities for the Senior Accounting Clerk or other positions needed, so that staff has the expertise and skill sets necessary to perform assigned fiscal functions. Combined with intensive training and guidance from the Shared Services Center, staff and management will have better tools to meet fiscal needs.

Without increased training and stronger oversight, the Court is exposed to a higher risk that inappropriate or inaccurate transactions may go unnoticed and fiscal reports may not reflect an accurate portrait of the Court's operations. The Court has indicated that it needs to strengthen its fiscal expertise; as such, the Shared Services Center staff could provide much of the requisite guidance through training classes, forums, and one-on-one on the job training. Guidance and training could be provided to both staff at a detailed procedural level as well as to management from a higher-level oversight and management perspective.

Specifically, court staff would benefit from training related to general background on individual business cycles and practices, inherent risk and controls to employ in each business area, common mistakes and inaccuracies made in various transactions, and tips for determining reasonableness of financial activities. Additionally, we have other suggestions for specific training areas as presented in Table 2 on the following page.

Table 2. Specific Areas for Training and Guidance

Recommended Specific Areas For Training and Guidance	
Procurement	Contracts
<ul style="list-style-type: none"> <li>Using Virtual Buyer</li> <li>Steps for Using Competitive Vehicles</li> <li>Evaluating Bids Received</li> <li>Using Purchase Orders and Encumbrances</li> <li>What to look for during Invoice Reviews</li> </ul>	<ul style="list-style-type: none"> <li>Examples of Templates Available</li> <li>Boilerplate language to Use</li> <li>Crafting Scope of Work Language</li> <li>Appropriate Contract Monitoring Practices</li> <li>Knowing when to Re-bid Services</li> </ul>
Trust Funds	Payroll/Benefit Accounting
<ul style="list-style-type: none"> <li>What to Look for when Researching Variances between CMS and Bank</li> <li>Developing a Plan to Research Old Un-Reconciled Trust and return, distribute, or escheat</li> </ul>	<ul style="list-style-type: none"> <li>Updating and Understanding Payroll Journal Entry Template for Phoenix</li> <li>Specific Steps on Benefit Reconciliation</li> <li>Types of Phoenix Reports to Run to Review Activity and Assess Reasonableness</li> </ul>
Fiscal Records/Fixed Assets	Financial Reports/Fixed Assets
<ul style="list-style-type: none"> <li>Understanding Basics of Fund Accounting</li> <li>Steps for Conducting regular Analytical Reviews on Current Accounts and between Fiscal Years</li> <li>Identifying Trends and Investigating Reasonableness of Dollar and Percent Variances between Accounts/Years</li> <li>Common Errors in Recording Transactions and Using Phoenix-FI Accounts</li> <li>Typical Balances in Phoenix-FI Accounts</li> <li>Steps for Completing Fixed Asset Identification, Recording, and Tracking</li> <li>Procedures for Conducting Physical Inventory and Adjusting Records</li> </ul>	<ul style="list-style-type: none"> <li>Reviewing Report Content for Reasonableness and Developing Trends</li> <li>Understanding Report Results to Oversee Court Operations and Guide Future Action</li> <li>Regular Phoenix Reports to be Generated for Fiscal Management Including:               <ul style="list-style-type: none"> <li><u>ZFM019</u>: Budget-to-Actual Report</li> <li><u>ZFM020</u>: Budget-to-Actual (Monthly)</li> <li><u>ZGL012</u>: Revenue and Expense Statement</li> <li><u>ZGL013</u>: Revenue/Expense by Cost Object</li> <li><u>ZAP006</u>: Vendor History Report</li> <li><u>ZFM001</u>: Open Encumbrance Details</li> <li><u>ZGL010</u>: Trial Balance</li> <li><u>ZGL015</u>: Trial Balance by Funds</li> </ul> </li> </ul>

### Recommendations

To ensure the Court is operating in a strong fiscal control environment and staff has the training necessary to perform fiscal activities, the Court should consider the following:

5. Work with the AOC's Shared Services Center to receive specific fiscal training and guidance available to the Court to meet its needs and enhance the knowledge of staff and management. Alternatively, with the assistance of the AOC, the Court could evaluate its

current fiscal knowledge base and upon completion of a staffing analysis consider the options of acquiring additional fiscal competencies to enhance its existing fiscal skills.

6. Review the Court's current fiscal responsibilities and identify the skill sets and knowledge required to perform these activities. In doing so, the Court should develop written job descriptions that include roles and responsibilities as well as the background and knowledge required to perform various fiscal functions.

### **Superior Court Response**

The Court employs one single fiscal staff person. The responsibilities exceed the capabilities of one person. As recommended in the prior audit, the Court will recruit a professionally trained Administrative Officer to provide improved fiscal management. The Court plans to retain the incumbent Senior Accounting Clerk; thus, the new Administrative Officer will assist the existing fiscal person in addressing these types of issues. It is anticipated that the new Administrative Officer will begin serving the Court no later than November 1, 2010.

## **2.2 Court's Payroll Processing Requires Attention**

The Colusa County Superior Court utilizes an external certified public accountant (CPA) firm to process the Court's payroll on a monthly basis. The Court provides time and pay-related data to the CPA who processes the payroll and prepares the payroll register for the Court. The Court used the data to transfer funds for direct deposits and fund transfers. The Court prepares the accounting entries summarized from the CPA's reports to a Phoenix-FI template which is uploaded into the automated system.

While processes employed by the Court to manage payroll appropriately segregated conflicting functions, we noted several instances during the course of our review indicating opportunities for improvement as discussed below:

### *Staff Could Benefit From Training in Payroll Processes and Reviews*

During the period of review, we found instances where the Court submitted inaccurate payroll journal entries to upload into Phoenix-FI that did not agree with the underlying support provided by the CPA. In other instances, the Shared Services Center identified variances between the summary taxes reported by the CPA and the underlying tax amounts per employee that caused inaccuracies in the transactional level data to be recorded in Phoenix-FI as well as with payroll paid to the employees. In these instances, the Shared Services Center staff had to work with the CPA to resolve the discrepancies. Further, because the Court processes its own payroll through the Bank of America prior to submitting journal entries to be recorded into Phoenix-FI, any errors to employee payroll checks or third party payments have to be retroactively corrected.

At a minimum, the Court should identify its needs or questions and work closely with the Shared Services Center to seek guidance and training on payroll processing—this training could take on many forms such as group training classes or one-on-one instruction covering a payroll cycle from start-to-end. Guidance could be provided on areas such as specific review steps that should be performed on biweekly payroll transactions, typical payroll problems and what areas should



be regularly checked, categories and accounts to be analyzed, data that needs to be validated before recorded, and types of entries and reconciliation that should be conducted before processing payroll, while recording transactions in Phoenix-FI, and when validating the information once posted.

In addition, the Court should consider establishing a review process prior to submitting entries to the Shared Services Center to better ensure payroll transactions sent to the AOC to be recorded in Phoenix-FI are accurate. For example, the CEO or ACEO could compare entries against the payroll register prepared by the CPA to ensure amounts and transactions agree prior to submission. This review could help identify errors as well as investigate unusual transactions. Moreover, the Court should also compare payroll amounts posted in Phoenix-FI with the payroll entry sent to the Shared Services Center to ensure amounts were accurately posted. Although the AOC reconciles the payroll account monthly on behalf of the Court, it is ultimately the Court's responsibility to ensure the amounts recorded in Phoenix-FI are accurate.

#### *Payroll Benefit Liabilities are Not Regularly Reviewed and Reconciled*

Based on a high level review of the Court's employee benefit liability accounts as well as discussions with Shared Services Center staff, it appears that the Court does not actively reconcile its benefit liabilities. Specifically, the Court should be comparing the specific employees and amounts for each invoice for payment from the benefit provider to the employees enrolled per court records and the employee and employer benefit amounts set aside during the payroll process in the Phoenix-FI account to make the vendor payment.

While there are often timing differences and other variances, a monthly reconciliation of these accounts allows Courts to ensure the amounts paid to external benefit providers agree with amounts set aside during the payroll processing. If there are variances between the amounts the Court set aside and the amount billed by providers, court staff should be researching and resolving any differences. Because providers may have a set billing dispute period, the Court should actively and timely reconcile these accounts to ensure the Court is not paying more to benefit providers than actual costs charged on the provider invoices and any overages are identified.

#### *Court May Want to Consider Other Payroll Options*

Although the Court's payroll processes need attention, the Court mainly has one fiscal staff—the Senior Accounting Clerk—to manage payroll in addition to the many other fiscal areas under her span of responsibility. Thus, there may not be sufficient staff resources available to receive the training needed and analyze payroll transaction to the depth needed. As such, the Court may want to consider alternative options for payroll processing.

For instance, the Court could utilize a comprehensive external payroll provider, such as ADP, that could perform the majority of payroll functions including payroll check generation, journal entry processing, and payroll tax reporting—thus, freeing up court staff to function in a review and approval mode. While in the past, the Court had utilized ADP, it changed to the payroll services of a local CPA upon transitioning to Phoenix-FI. Yet, because ADP is widely used by

other courts, the payroll data upload to Phoenix-FI would be more seamless for the Court as standard ADP processes have already been integrated into Phoenix-FI. Alternately, the Court could have the Shared Services Center assist in limited or more complete portions of the process. According to the Shared Services Center, they can provide low-cost payroll check generating through Accounts Payable and assist with the preparation of journal entries for recording the payroll in Phoenix-FI.

*Court Erroneously Received Program 45.25 Funding That Must be Returned*

In February 2005, the Court requested the AOC to combine judicial salaries and benefits payments at the State level and eliminate the need for issuing local checks to the Colusa judges. While the AOC confirmed the request and indicated the judges salaries would be paid entirely by the State Controller effective March 30, 2005, the change was never made to the budget process and the Court continued to receive Program 45.25 funding. Since March 2005, the Court has received a total of \$52,239 as shown in Table 3.

*Table 3: Program 45.25 Distribution*

<b>Fiscal Year</b>	<b>Program 25 Funding Received</b>
2004-2005 <sup>(A)</sup>	\$916
2005-2006	\$11,000
2006-2007	\$11,000
2007-2008	\$9,237
2008-2009	\$9,086
2009-2010	\$11,000
<b>Total:</b>	<b>\$52,239</b>

*Note: (A) Amount represents funding received from March 2005 to June 2005.*

Subsequent to our review, the AOC has contacted the Court to seek reimbursement for the erroneous payments.

**Recommendations**

To ensure the Court is appropriately processing payroll in Phoenix-FI and adequately managing payroll activities and related benefit and third-party payments, the Court should consider the following:

7. Develop a process that incorporates a second level review of payroll and related journal entries prior to processing payroll and ensure staff preparing and reviewing payroll registers have identified and addressed potential inaccuracies, questionable variances, and unreasonable transactions.
8. Work with the AOC to identify additional training and best practices guidance available to the Court related to payroll processing and reporting.
9. Reconcile payroll benefit accounts on a monthly basis to identify and research any variances between benefit liabilities calculated and amounts charged by providers.

If the Court identifies overcharges, immediately start process to seek refunds, or make adjustments to future payments.

10. Continue to work with the AOC to reimburse Program 45.25 funding it erroneously received since March 2005.

### **Superior Court Response**

As identified in this audit, "...there are not sufficient staff resources available to receive the training needed and analyze payroll transactions to the depth needed." The Court will recruit an Administrative Officer who can provide this depth of analysis.

The Court will consider other options for payroll processing including the services of ADP. The present management team does not know why the Court stopped using ADP.

### **2.3 The Court Over-Reported Its Compensated Absences Liability on the Fiscal Year 2008-2009 CAFR Worksheets**

At the end of Fiscal Year 2008-2009, the Court reported a compensated absences liability balance of \$31,111,000 on its CAFR worksheets; however, the Court should have only reported a June 30, 2009 balance of \$112,000. The discrepancy was the result of the Court incorrectly transcribing some transactions in millions of dollars instead of thousands—creating the overstatement. While the Court did not intentionally overstate its obligations, these inaccuracies could be easily corrected if staff preparing and staff reviewing or approving the reports had additional fiscal training that could assist them in performing analysis of amounts reported to determine reasonableness of data and to investigate and resolve unusual items as warranted.

### **Recommendations**

To ensure the Court is appropriately reporting its fiscal activities on year-end reports, the Court should consider the following:

11. Develop a process that incorporates a second level review of fiscal reports to ensure reported data is accurate and supported prior to submitting the reports to the AOC. Work with the Shared Services Center to obtain fiscal training and guidance in this area.
12. Ensure the Court reports the accurate long-term obligation balance on its Fiscal Year 2009-2010 CAFR worksheets.

### **Superior Court Response**

The CAFR over reporting was a data entry error. The plan to double our fiscal staff should address the issue, but some data entry mistakes are inevitable.

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### 3. Fund Accounting

At the end of Fiscal Year 2008-2009, the Court had combined balances from all its funds totaling more than \$2,338,700 as recorded in Phoenix-FI as shown in Table 4—this included approximately \$104,600 in restricted monies for trust purposes; \$14,700 that can be used only for court automation purposes as designated by law in GC 68090.8, and \$90,000 designated as employee salary reserves. Of the remaining \$2,234,100, more than \$1 million was set-aside for IT infrastructure projects. Other designations include \$250,000 for operating and emergency reserves, \$85,000 for IT professional consulting services, \$77,000 for employee benefits, and \$50,000 for office upgrades. The Court had \$644,500 in undesignated funds.

Table 4. Court Fund Balances per Phoenix-FI Trial Balance, Fiscal Year 2008-2009

G/L Account	Description	Account
552001	FUND BALANCE – RESTRICTED	\$ (104,610.06)
553001	FUND BALANCE - UNRESTRICTED	\$ (1,100,845.00)
554001	FUND BALANCE - UNRESTRICTED	\$ (1,133,250.37)
	FUND BALANCES TOTAL	\$ (2,338,705.43)
	NET SOURCES & USES	\$ 77,444.07
	<b>ADJUSTED ENDING FUND BALANCE</b>	<b>\$ (2,261,261.36)</b>

Through our review, we found that the Court’s fiscal activity is generally accurately recorded and tracked through segregated funds and accounts as well as supported by underlying financial records and documentation. Further, the Court reserved \$250,000 of its fund balance for operating and emergency reserve—just slightly higher than the 5 percent requirement prescribed in the Judicial Council’s Fund Balance Reserve Policy.

Yet, we noted that the Court’s funds held in trust accounts require immediate attention as they are not reconciled, are inappropriately used to pay bank fees, and are co-mingled with restricted micrographics operational revenues.

#### 3.1 Unreconciled Trust Fund Monies Require Immediate Attention

When the Court migrated its financial accounting activities to the Phoenix-FI system in 2006, it established a new trust account to account for trust activity from 2006 forward to separate this activity from its older pre-2006 trust monies that were—and remain—unreconciled. In total, more than \$204,000 trust funds are currently held with Bank of America (XXXX-XX4479 New Trust and XXXX-XX8045 Old Trust) with both trust accounts recorded in Phoenix-FI in Fund 320001.

While the Court reviews the monthly trust fund deposit and withdrawal activities in its new trust account every month, the Court does not perform a formal reconciliation to compare bank balances to the activities reported in the case management systems (Ciber) and Phoenix-FI to ensure all amounts are reconciled. Though this issue was raised previously in the Fiscal Year 2005-2006 audit report issued by IAS, the Court has not yet adjusted its practices for both its

new trust and its old trust accounts. For the new trust, the Court will need to work with its Ciber vendor to determine why system summary reports only show trust balances of slightly more than \$3,500 where the fiscal/bank records have balances that are more than \$200,000 greater than Ciber. Moreover, the Court asserts that reconciling the old trust will also be a time consuming process as many old cases need to be researched and the process would require many staff hours which they cannot currently commit. To reconcile the Court's old trust account, individual case files would need to be pulled to determine whether cases should be closed and whether funds need to be escheated or refunded.

However, a partial reconciliation effort was started when the prior ACEO worked with the County in 2006 to determine the amount of trust money to transfer from the county treasury into the "old trust" bank account. In June 2006, the Court transferred \$129,768.77 from the county treasury into the local trust bank account that included:

- 1) \$27,134.30 in old trust monies dating back to June 30, 2003;
- 2) \$194.71 in interest;
- 3) \$100,318.69 in criminal, traffic, and civil trust monies; and,
- 4) \$2,121.07 in micrographics monies.

At that time, the prior ACEO performed an analysis of the trust balances by researching individual cases summarized on a Ciber Trust Accounting Management Report and verifying or adjusting the individual trust fund balances. These balances were compared to the amounts residing in the county treasury in 2006 when the review was conducted. During our audit, we also conducted high level tests to determine the relative difficulty and effort needed to reconcile the old trust monies. As of February 26, 2010, the bank account held a balance of \$107,175.17, which included \$7,676.56 in stale dated checks from the October 2003 to October 2006 period, and \$2,121.07 in micrographic monies. While the Court should, at a minimum, put a plan in place to begin researching these old trust cases and determine whether funds need to be escheated or refunded, there are several less time intensive steps the Court could take immediately. For instance, the Court could:

- Transfer the \$2,121.07 of micrographic monies from this account to its operating account, as these monies are not related to trust and could be used for their intended statutory purpose such as updating its operating systems with the newest version of Office which would enable the Court to more easily access and download Phoenix reports.
- Research, reissue, or resolve the \$7,676.56 in stale dated bail refunds that currently reside in the account. The stale refund checks are primarily from the 2004 through 2006 period—with one check dating as far back as October 2003.
- Finally, the Court will also need to replenish the account for bank fees paid from this account. Our review of the "Old Trust" bank statements revealed that the Court began paying Bank of America service fees out of the old trust account for its operations parent account in October 2008. As of February 26, 2010 the Court had paid \$392.38 in bank service fees. Because trust monies belong to other third parties, they cannot be used to support court operations; thus, the Court should cease paying bank fees from the account immediately and reimburse the trust account as appropriate.

Though the FIN Manual only addresses bank accounts as needing to be reconciled at least monthly (FIN Manual 2.02, §6.4.4), the Court also has the same fiduciary responsibility over trust funds. Without appropriate oversight and reconciliation over the trust funds, the Court cannot ensure monies are being protected from the risk of error, loss, or theft; it cannot ensure that monies held in its trust funds will be sufficient to cover the Court's obligations; and it cannot ensure that it returns monies owed to private parties in an expedient manner. To ensure fiduciary responsibility over monies held by the Court in trust, the Court should reconcile Ciber records to the Phoenix-FI fiscal records and Bank of America bank statements for both its trust accounts, and in doing so, begin researching old trust cases to determine whether funds need to be escheated or refunded. The Court should work with the AOC to develop a plan for "reconciling" the old trust account.

### **Recommendations**

To fulfill its fiduciary responsibility over monies held by the Court in trust, the Court should:

13. Develop and implement a process to perform a complete reconciliation of funds held in trust on a monthly basis that includes a comparison between Ciber records, fiscal records, and bank balances. Reconcile, identify, and resolve any discrepancies in the trust balances between the fiscal system and case management systems/other alternate court records to ensure balances are accurate and reliable.
14. Establish a realistic plan and timeline using existing staff, temporary staff, or guidance from the Shared Services Center to reconcile Ciber records to the Phoenix fiscal records for the old trust account.
15. Develop practices and procedures, coordinating with its CMS vendor when applicable, to capture and track the age of deposits on trust so the Court can better monitor its funds held in trust. Using aged schedules, research older trust cases to identify whether cases may have been closed and whether trust funds are eligible to be refunded, distributed, or escheated.
16. Transfer the \$2,121.07 in micrographic monies from the old trust account to the Court's operating account.
17. Research the \$7,676.56 in stale dated checks, dating from October 2003 to October 2006, to determine if monies can be escheated or refunded.
18. Stop paying bank fees with the Court's trust bank account and reimburse the old trust account with the Court's operations funds.

### **Superior Court Response**

The plan is to hire a new Administrative Officer to assist one existing Senior Accounting Clerk fiscal staff to address this issue. Interviews for the Administrative Officer have been scheduled for September 30, 2010 with a plan to begin serving the Court no later than November 1, 2010.

The new Administrative Officer will bring both the time and skill set necessary to deal with this ongoing problem.

With present staffing it is impossible to complete a monthly reconciliation of trust funds.

With present staffing there is simply no time to devote to the problems of the old trust fund account.

With the present staffing there is no time to devote to researching stale checks.

Additional staff will be recruited.

Micrographics monies have been transferred to the operating account.

The Court has stopped paying bank fees with trust funds.



#### **4. Accounting Principles and Practices**

Since migrating onto the Phoenix-Financial (Phoenix-FI) System in 2006, the Court has received general ledger accounting, analysis, and reporting support services from the Phoenix Shared Services Center. Some of the benefits of using Phoenix-FI are consistent application of FIN Manual accounting guidelines and the ability to produce quarterly and annual financial reports directly from the system. Moreover, to ensure trial courts accurately account for the use of public funds in its fiscal records, the FIN Manual specifies various guidelines and requirements related to accounting principles and practices in areas we reviewed such as recording revenues, expenditures, and accruals associated with court operations.

Generally, the Court had adequate processes in place to record and report financial activity—including accruals and grants. For instance, our testing of a sample of revenue and expenditure accruals for Fiscal Year 2008-2009 revealed that the revenues were recorded in the proper period and accrued as required by FIN Manual 5.02. However, we noted two instances where expenditures should have been accrued for the prior period but were not. Specifically, the Court did not accrue \$372.20 in June 2009 travel expenses and \$647.43 in copier expenses for June 2009. While these amounts are de minimis, the Court should be vigilant in its review of year-end expenses and accrue expenses that were incurred in the prior fiscal year to ensure they are appropriately reported.

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## 5. Cash Collections

The Colusa County Superior Court operates one clerk's office where all court-ordered payments of fees and fines for all case types are collected. Court clerks rely on one shared case management system—Ciber—to process and account for all cases. On average, the Court processes nearly 10,300 case filings annually and collects approximately \$3.6 million per year in fees and fines, not including trust deposits.

FIN Manual 10.02 establishes uniform guidelines for trial court employees to use in receiving and accounting for payments from the public in the form of fees, fines, forfeitures, restitutions, penalties, and assessments resulting from court orders. Additionally, FIN Manual 10.01 provides uniform guidelines regarding the collection, processing, and reporting of these amounts. Trial courts are required to implement procedures and internal controls that assure safe and secure collection, and accurate accounting of all payments. As a result, we reviewed the Court's compliance with these sections of the FIN Manual, including processes such as:

- Bank deposit preparation;
- Segregation of cash handling duties;
- Accounting for safe access, keys, and security over other court assets;
- Physical and logical access security of cashiering areas and systems; and,
- End-of-day closeout and reconciliation.

Overall, we found the Court employed several controls over cash handling, such as endorsing checks immediately upon receipt, investigating daily collection discrepancies before final close-out, and securing unprocessed payments overnight in a safe. However, we also found instances where controls over cash handling practices and procedures could be strengthened.

### 5.1 Processing of Fine Reductions and Civil Fee Waivers Needs Further Oversight

While the Court has exhibited several strong cashiering and cash handling controls we found several instances in which employees could perform incompatible duties that need additional oversight or changes in process to minimize potential conflicts. Specifically, the Court's cashiers have the ability to reduce fine amounts and process civil fee waivers in the Ciber case management system, without approval from a supervisor.

Specifically, clerks are able to process cash transactions and modify Ciber to reflect fee and fine reductions without supervisory approval. In fact, all clerks have the ability to reduce fees and fines in Ciber—a practice commonly needed by clerks to expeditiously process court-ordered reduced fines and fees. While any fee and fine reduction should be supported by an underlying judicial order granting the reduced amounts, we found the Court lacked a review or monitoring process that ensures fees and fines were appropriately reduced or waived. Because clerks can collect cash and modify amounts due, a conflict exists whereby an employee could steal the money and modify case information to show no monies due—and the theft could go undetected. However, Ciber system limitations prevent the Court from generating an exception report that would summarize fees and fines reduced allowing for a quick review of modified amounts.

Finally, while litigants are given the option to petition the Court to waive or reduce fees in a civil proceeding, the Court indicated that no formal financial evaluations are performed to determine the defendant's ability to pay; rather, fee waivers are based solely on the financial information provided with the fee waiver application and can be approved by either a judge or a clerk. Thus, the potential exists whereby a clerk could collect a fee, process the transaction as a fee waiver in the system, and pocket the monies. While our testing of a sample of payments processed with a fee waiver revealed no issues as all transactions were supported by an appropriately approved waiver application in the case file, the Court has not implemented any processes to review the appropriateness of fee waivers processed even though Ciber can generate a report of civil fee waivers from the system. Further, when combined with the clerks' ability to reduce payments in Ciber without adequate oversight the Court is more at risk to loss or theft.

Although we did not identify instances of theft or irregularities, the lack of current court protocols unnecessarily increase the risk of theft or that fraudulent activities will occur without detection. To mitigate these risks with the least impact to court operations, we recommend that the Court initiate independent reviews of civil fee waivers and work with Ciber to determine the cost benefit of producing an additional report in Ciber to help the Court track fine and fee reductions. Not only would this increase the Court's ability to detect potential wrongdoing, but also it would provide a potential deterrent as staff would be aware their activities are monitored.

### **Recommendation**

To tighten controls surrounding cash collections and the recording of case information into Ciber, as well as deter and detect potentially inappropriate activities, the Court should:

19. Establish a monthly or periodic internal review process whereby an independent court employee selects a sample of case files to compare actual case file records and judicial orders with the information recorded in Ciber, and:
  - a. Review Ciber's Civil Fee Waiver Transaction Report monthly and test a random sample of fee waiver to ensure civil fee waiver transactions were appropriate.
  - b. Work with Ciber to determine the feasibility of developing fee and fine reduction reports that could be used by the Court to monitor fee and fine reductions.

### **Superior Court Response**

With present staffing no staff time is available to conduct periodic internal reviews of case information entered into the Ciber system.

Additional staff may be able to perform these reviews. The new Administrative Officer will be tasked with evaluating requirements.

The development of special reports by Ciber involves added expense. Such expenditures to modify the current case management system may be justifiable since the system will soon be replaced by the highly touted California Court Case Management System now under development by the AOC.

## **5.2 Controls over the Manual Receipt Book Could be Enhanced**

While we found that the Court demonstrates many good protocols over its manual receipt book such as monthly reviews of the receipt book and sequentially numbered receipts, we found the manual receipt book was stored in an unlocked drawer at the front counter. According to the Assistant CEO, manual receipts are used when the Ciber system is down, when a customer makes a payment at the Court on a case sent to collections, and at the end of the month to record collections received after 4 pm when clerks close-out their collections prior to the end to accommodate banking hours. Upon the system returning to power or the following day, staff ensures that all manual receipts are processed into Ciber and that one of the carbon copies from the receipt book is attached to the Ciber receipt copy. All Ciber receipt copies, including the attached manual receipt copy, are turned in with end-of-day collection and maintained in the fiscal files.

Although the risk of inappropriate use of manual receipts is reduced because the Court actively monitors the manual receipt book monthly, the Court should ensure manual receipt books are better secured and controlled to restrict access to a limited number of employees.

### **Recommendation**

To reduce the risk of inappropriate use of manual receipts, the Court should:

20. Store the manual receipt book in a secure location with restricted access and assign a custodian who does not handle cash.

### **Superior Court Response**

The manual receipt book will be stored by a custodian who does not handle cash in a secure location.

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## 6. Information Systems

The Court employs a variety of information technology (IT) systems to serve its needs, including Ciber (case management system), Jury Plus (jury management system), and its fiscal system (Phoenix-FI). Instead of operating its own technology department, the Colusa County Superior Court relies on a contractor to provide technology services including network administration, access and security, anti-virus support, and system backup. During Fiscal Year 2008-2009, the Court spent approximately \$113,650 on technology related expenses, as detailed by Table 15 in Appendix B.

As part of our audit, we analyzed various automated controls and processes as well as limited system programming, including:

- Systems backup and data storage procedures;
- Continuity and recovery procedures in case of natural disasters and other disruptions to court operations;
- Logical access controls over user accounts and passwords;
- Physical security controls over access to computer server rooms and the physical conditions of the server rooms;
- Controls over court staff access to the Department of Motor Vehicles (DMV) system; and,
- Calculation and distribution of fees, fines, penalties, and assessments for a sample of criminal and traffic convictions.

While many controls were in place over the Court's systems including unique login and password profiles, adequate physical security over system equipment, and effective system backup procedures, our audit revealed issues related to revenue distribution and automated system access.

### 6.1 Certain Fine Distribution Calculations Were Incorrect

To automatically calculate and distribute fees and fines based on the Court's interpretations of applicable laws and the State Controller's *Manual of Accounting and Audit Guidelines for Trial Courts – Appendix C*, the Court relies on codes programmed into its Ciber case management system. Colusa is one of several courts, including Lassen, Glenn, and Butte, which utilizes the Ciber CMS. When legislation changes or modifications are needed, the courts work together with the Ciber administrator to make adjustments to the system's assessment and distribution formulas. Before changes become part of the production environment in the CMS, they will first be verified in a test environment to ensure that calculations are accurate—each court tests the changes independently.

During our audit, we selected several different violation types for review as follows:

1. Driving Under the Influence pursuant to Vehicle Code 23152(a)
2. Disturbing the Peace pursuant to Penal Code 415
3. Failure to Stop for Train Signals pursuant to Vehicle Code 22451(b)

4. Possession of Marijuana pursuant to Health and Safety Code 11357(b)
5. Shooting Birds Hours pursuant to Fish and Game Code 310.5
6. Child Seat Restraint pursuant to Vehicle Code 27360.5
7. Speeding pursuant to Vehicle Code 22349(b)
8. Traffic School disposition for violation of Speeding pursuant to Vehicle Code 22356
9. Traffic School disposition for Red-Light violation pursuant to Vehicle Code 22450(a)

However, our review revealed some fine calculations were incorrectly assessed and distributed. Specifically, we identified distribution errors such as inaccurate distribution tables or missing assessments that were not manually input into the system as discussed below:

➤ **Total Fines Assessed were not Consistent with the Uniform Bail and Penalty Schedule**

Ciber requires user courts to establish violation code tables where each court prescribes bail amounts for various violations. Although these violation bail schedules are typically based on applicable statutes and the California Uniform Bail and Penalty Schedule that is annually adopted by local trial courts, it appears that bail amounts may not have been input correctly at the Colusa County Superior Court for certain violations we tested resulting in overcharges to defendants in several instances. Further, because Ciber's system parameters use percentage-based formulas to calculate other penalties and assessments based upon the bail amount, these additional amounts were also incorrect and resulted in inaccurate distributions to the resulting entities that are entitled to receive the fine amounts in accordance with statutes.

For instance, for the Driving Under the Influence (DUI) violation tested, the Court's violation table was programmed to assess a fine of \$1,565 based on a base bail of \$399.44 with relevant penalties and assessments added as well. However, according to California's Uniform Bail and Penalty Schedule, the total fine should have been \$1,535 based on a base bail of \$390. Not only did the defendant pay \$30 more than he/she should have, but also the related distributions were inaccurate since they were based on a higher base bail amount. In this instance, the arresting agency received more of the distributed revenue than was required by law as did the County and State for other components of the distribution. According to the Ciber Senior Systems Analyst, the Court identified the inaccuracy in its DUI violation table and corrected the amounts in March 2008 using a total fine amount that is consistent with the Uniform Bail and Penalty Schedule. Our high level reviews of court-selected DUI cases indicated that the issue has not been corrected for the DUI violation table.

➤ **Additional EMS Penalty Should not have Been Assessed**

It appears that the prior CEO attempted to use the Uniform Bail and Penalty Schedule as the basis for establishing total fine amounts in Ciber's violation tables since we found instances where the total fine programmed into the system for some violations tested agreed with the bail schedule.

However, we also found that not all of the bail components from the schedule applied to conditions at the Colusa County Superior Court; thus, the Court should have adjusted the total fine amount before using it in Ciber violation tables. While the majority of bail



elements such as state and county penalty assessments, DNA penalties, and surcharges apply to the Court, one additional penalty assessment for local Emergency Medical Services (EMS) in accordance with Government Code 76000.5 does not appear to apply to the Colusa County Superior Court. The statute allows an additional penalty of \$2 for every \$10 of the base fine if the county board of supervisors elects to levy the EMS penalty assessment; although we did not find evidence of this election in Colusa County by means of a board resolution or other official documentation. As such, the Court cannot assess the additional penalty of \$2 per \$10 of base fine on its violations.

In more than half of the violations tested the Court incorrectly assessed this EMS penalty amount and overcharged the total fine amount. Moreover, instead of distributing the money to the county EMS fund as is required by statute, most of the excess overcharge was added to the base fine resulting in excess distributions to the State and County.

➤ **State Courthouse Construction Penalty Was Not Assessed**

Senate Bill 1407 established the Immediate and Critical Needs Account in the State Court Facility Construction Fund to provide funds for construction and repair on courthouses statewide. Yet, for the two traffic school violations we tested (Cases TR136194 and TR136821), the Court incorrectly distributed the state courthouse construction penalties to the County rather than the State. Government Code 70372(a) requires an additional penalty of \$1 per \$10 of base fine in Colusa County. While the system correctly assessed and distributed the GC 70372(a) penalty in other violations tested, the Ciber Analyst indicated that he was not instructed to update the Ciber tables to assess and distribute the penalty when violations were disposed as traffic school. As a result, the Court under-distributed those amounts to the State—a situation that could result in additional money owed to the State for penalties and interest for the underpayment.

➤ **Administrative Fees were not Correctly Assessed or Distributed**

Statutes allow certain additional fees and assessments to be added to the base bail amounts on certain criminal violations as discussed below. During our review, we found the Court did not always assess these administrative fees as follows:

- **Administrative Screening Fee Not Assessed:** Specifically, for two violations tested where the defendant was released on their own recognizance (Cases CR47878 and CR50871), the Court did not assess the \$25 Administrative Screening Fee upon conviction of a criminal offense other than an infraction pursuant to Penal Code 1463.07—a fee considered by the AOC to be mandatory and assessed only once per case. Although Ciber accounts were established to process this fee, the Court has not been assessing the fee. According to the Ciber Senior Systems Analyst, the Court must manually define the fees in the system and add the fee as a violation in the violation screen. Moreover, the Ciber Systems Analyst indicated that the Court's current settings in Ciber listed \$29 for the fee rather than the correct fee amount of \$25—thus, the Court would need to also adjust the amount in the system.

- **Commingled Fees are not Properly Distributed and were Incorrectly Assessed:** Additionally, the Ciber system commingles two different administrative fees into one account within Ciber. Specifically, the one account holds collections for the \$10 fee for clerical and administrative costs associated with recording prior violations and notifying the Department of Motor Vehicles of restricted driver's license pursuant to Vehicle Code 40508.6. Additionally, the same account captures fees for and Penal Code 1205 allowing for a \$30 fee for processing non-installment accounts receivable into one account in Ciber.

Although monies collected pursuant to PC 1205 and VC 40508.6 should be distributed to the clerk of the Court or the collecting agency, revenue collected is distributed to the County during the month-end revenue distribution process. For the month of February 2010, the Court collected \$2,360.62 in this Ciber account; annualizing that amount, we estimate the Court could have potentially collected more than \$28,300 in administrative fees that could have been used to support court operations. As such, the Court should work with Ciber to correctly distribute the funds to the Court and separate the two fee collection types into separate buckets allowing for better identification of the fee source.

Moreover, for a third of the nine violations tested, it appears that the Court may have assessed the \$10 priors assessment fee pursuant to Vehicle Code 40508.6 even when there were no priors associated for the cases. For instance, the full case histories for the cases listed no priors, but the accounts receivable screen showed a \$10 assessment in the Vehicle Code 40508.6/Penal Code 1205 category. Since the Penal Code fees that would be captured in this account are \$30 per case, it is likely that the \$10 per case amount residing in the category related to the priors fee pursuant to Vehicle Code 40508.6. Specifically, we found that the fee was assessed on Case #s CR47878, CR49823, and CR50871.

#### ➤ **Miscellaneous Fees and Penalties were Incorrectly Assessed on Violations**

Additionally, we found instances where other fees and penalties were not correctly assessed on the violations we tested as follows:

- **County Alcohol Program Fee:** On Case #CR47878, the Court did not assess the full \$49 County Alcohol Program Fee pursuant to PC 1463.16 (originally a \$50 fee, but it is reduced by 2 percent for state automation)—rather, it only assessed \$46.55. According to the Ciber Senior System Analyst, the full amount was incorrectly assessed due to a Ciber programming error for that distribution bucket. As such, the Court should establish a help ticket item requesting that Ciber correct the programming to ensure the full amount is assessed, distribute, and available for the County Alcohol Program.
- **Secret Witness Fee:** Although the Court correctly assessed a \$15 Secret Witness Fund fee on Case #CR51266 related to a Fish and Game Code 310.5 violation, the system incorrectly deducted 2 percent for court automation under Government Code 68090.8. According to State Controller's Office, the \$15 fee required by Fish and Game Code 12021 is not subject to the 2 percent court automation deduction.

## Recommendations

To ensure appropriate calculation and distribution of fines, fees and penalty assessments, the Court should:

21. Review violation tables in Ciber to ensure base fine amounts agree with the Uniform Bail and Penalty Schedule or statute and penalties and assessments are calculated on base fine amounts as mandated in statute.
22. Request that additional penalty of \$1 per \$10 of base fine for state courthouse construction penalties pursuant to Senate Bill 1407 establishing the Immediate and Critical Needs Account in the State Court Facility Construction Fund is appropriately distributed to the State as required for traffic school dispositions.
23. Work with Ciber to program the system to separate monies collected pursuant to PC 1205 and VC 40508.6 into individual distribution buckets, and ensure that the Court correctly receives the distribution instead of the County.
24. Ensure the \$10 Priors Assessment Fee pursuant to VC 40508.6 is only assessed when there is a required prior violation. Further, ensure that the \$25 Administrative Screening Fee pursuant to PC 1463.07 is assessed when applicable.
25. Work with Ciber to ensure the table is properly adjusted for the County Alcohol Program \$50 fee pursuant to PC 1463.16 and for the Fish and Game \$15 Secret Witness Fee pursuant to F&F 12021 to ensure Ciber distributes the correct amounts.

## Superior Court Response

The Court must depend on Ciber to update the case management systems as changes in the law occur. The interaction between Ciber staff and court staff is limited since the Court lacks sufficient resources to properly perform system modifications and keep up with the constant legislated fee changes.

The Court will recruit an Administrative Officer who, ideally, has experience with the Ciber system.

With the addition of needed staff, the Court will review the violations tables in Ciber to ensure agreement with the Uniform Bail and Penalty Schedule, work with Ciber to ensure correct distribution, ensure that the Priors Assessment Fee and the Administrative Screening Fee are properly assessed, and work with Ciber to be sure that all tables are properly adjusted to collect and distribute the Alcohol Program fee, the Fish and Game fee and the Secret Witness Fee.

## 6.2 Access to Some Court Automated Systems Requires Attention

Our review revealed that the Court could improve its practices related to access to the State of California's Department of Motor Vehicle database system as well as to the Court's Phoenix-FI system. Specifically, we found the following:

- Access to the DMV system is needed by court clerks to facilitate the processing of traffic related fees and fines and to place holds on drivers' licenses as appropriate. The data

contained in the DMV system is highly confidential. Currently, twelve court employees have access to the DMV database—the Senior Accounting Clerk, Court Operations Manager, four Judicial Court Clerks, and six Legal Process Clerks—each with a separate ID access. Once given access, an employee can query DMV records and can release or add driver’s license holds. Because staff access DMV through Ciber and the Court indicated Ciber cannot generate user activity reports, the Court is hindered in its ability to detect potentially inappropriate activity, including its ability to detect inappropriate access to sensitive and confidential data contained in the DMV database.

While we did not identify any instances of improper access to the system, the Court should limit direct access to DMV to only those positions that require access as part of job duties given the sensitivity of the data. In addition, we found the Court is not completing the required Information Security Statement (Form INF-1128) that is to be submitted annually to DMV with a copy retained onsite as well. While the agreement may not stop users from inappropriately accessing data in the DMV system, it acts as an annual reminder of the appropriate uses of the database and holds users accountable if they are found to be abusing system access rights. The Court should develop protocols requiring users to complete and file the Information Security Statement annually. In addition, the Court should work with DMV to determine the feasibility of generating activity reports in the system to evaluate whether access to and activity in the system was for legitimate purposes.

- While we found the level of financial record access granted to court employees to be appropriate, we noted one instance where a court employee who was no longer employed by the Court still had access to Phoenix-FI. Specifically, the prior CEO who left the Court in December 2008 still had access to Phoenix-FI—more than 15 months later. The Court should notify the AOC to remove access, and closer attention must be given to ensure that access to critical court systems is restricted to only those employees that require access to perform their primary responsibilities and access is removed immediately when access is no longer required.

## **Recommendations**

In order to reduce the risk of inappropriate or unauthorized activity in court automated systems, the Court could:

26. Review its current list of users with access to DMV to determine if access is necessary to perform daily duties and identify positions where read-only access would suffice. Additionally, the Court should require employees with access to DMV to complete the Security Statement (Form INF-1128). This form should be submitted annually to DMV and a copy maintained on-site at the Court.
27. Work with DMV to determine the feasibility of generating DMV user activity reports. If feasible, the Court should perform periodic reviews of these reports to ensure data is not being improperly accessed and license holds are not being wrongfully released or added.
28. Notify the AOC to remove the prior CEO’s access to Phoenix-FI and in the future develop protocols to ensure system access is removed immediately following an employee leaving the Court or no longer requiring access to a system.

### **Superior Court Response**

With such a small staff, everyone has multiple responsibilities. Thus, it is not practical to limit access to DMV to fewer staff than now have access. The Security Statement will be completed as may be requested by the DMV.

An attempt will be made to work with DMV to generate user reports. However, working with DMV may be challenging to staff once staff is available to devote to this project.

The AOC has been notified to end the former CEO's access to the Phoenix system.

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## 7. Banking and Treasury

Government Code 77009 authorizes the Judicial Council to establish bank accounts for trial courts to deposit trial court operations funds and other funds under the Court's control. The Colusa County Superior Court has six bank accounts—all with Bank of America—including a distribution account, operating account, payroll account, two trust accounts, and uniform civil filing account, as well as one Investment Fund with the California State Treasurer's Office. All but one bank account were established by the AOC (since the Court has now transferred to the Phoenix-FI system); specifically, the Court established its own local "Old Trust" bank account with Bank of America.

While all the Court's bank accounts were reported to the AOC on the Schedule C "Annual Report of Trial Court Bank Accounts" pursuant to FIN Manual Section 13.01 §6.6, the Court reported an incorrect balance for its old trust account. Specifically, the Court reported a June 30, 2009 balance of \$102,435.35 on the Schedule C; however, the bank statement reflected a balance of \$107,411.27— a slight difference of \$4,975.92. According to the Court, the Court was instructed by the AOC to report the bank balance net outstanding checks; however, we were unable to confirm this. Regardless, in order to ensure the Court's fiscal system, Phoenix-FI, reflects the appropriate balance, the Court should ensure it receives written guidance from the AOC on the balances to be reported.

As with other courts, the Court relies on the Phoenix Shared Services Center to provide critical financial support and banking services, including monthly bank reconciliations between bank statements and general ledger information from the Phoenix-FI system as well as providing daily cash reports to the Court. However, any bank accounts outside of the AOC Treasury are the responsibility of the Court who must ensure that those accounts are reconciled and appropriate month-and year-end cash balances are accurately recorded in Phoenix-FI.

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## 8. Court Security

The Colusa County Sheriff's Office provides all security services for the Court's historic courthouse and courthouse annex through contracted services of two bailiffs and two sheriff technicians. Services provided by the Sheriff's Department include bailiff-related functions when court is in session and entrance weapons screening. As shown in Table 14 in Appendix B, the Court spent \$301,118 on security related expenditures during Fiscal Year 2008-2009.

The Court had many good security measures in place, including:

- Weapon screening stations at public entrances to the courthouse annex;
- Security windows at the front counters for all cashiering areas;
- Duress alarms installed at Judge's benches in courtrooms, courtroom clerks desk, public counter, Judge's chambers, and entrance screening stations which are tested every few months by the Sheriff's Department. When activated, the duress alarms notify a Dispatcher, Colusa County Sheriff's Department, and city Police Department that an incident has occurred and the location of the incident;
- Kevlar is installed in the Judges benches;
- A private entrance for in-custody inmates in the courthouse annex;
- Access to restricted areas, such as courtrooms and court employee areas, requires key access; and,
- A comprehensive security plan.

Although the Court does not have a weapon screening station at the historic courthouse, the Court believes only minimal risk cases such as juvenile and civil cases are heard at this courthouse; further, due to the historic nature, joint-use, and limited space of the building, it would not be practical to install a full-time weapons screening station. If a high profile case is heard in the Historic Courthouse, the Court utilizes a temporary screening station. Because the courthouse annex has better security, higher profile and high risk cases are typically heard in the courtroom located in the courthouse annex.

In 2007, the AOC Emergency Response and Security (ERS) Team conducted a survey and identified several areas where the Court could improve security. For instance, although the Court has video cameras installed in the court room, public hallways, and in-custody holding areas the cameras are not in use because the camera screening area was converted into the County Office of Recovery and Reimbursement and the wires were never re-wired to a different location. In addition, while the Court has a formal emergency/evacuation plan detailed in its Court Security Plan, it does not conduct annual emergency drills.

### Recommendations

To strengthen the security at the Court's facilities, the Court should:

29. Consider activating the cameras located throughout the courthouse and look into the costs of re-wiring the cameras to a new location to enable security staff to monitor the cameras.

30. Conduct evacuation/emergency drills at least annually to ensure staff are knowledgeable of court plans and prepared for an emergency.
31. Consider implementing the outstanding recommendations identified by the ERS survey conducted in 2007, such as establishing a security committee or developing alternative procedures to address security concerns identified.

**Superior Court Response**

Cameras are controlled by the Sheriff. The Court would cooperate if the Sheriff were to decide to reactivate his security cameras.

The Court will conduct emergency drills and consider implementing ERS recommendations.

## 9. Procurement

According to its fiscal records, the Court procured general expenses totaling almost \$106,000 and nearly \$474,200 of contracted services during Fiscal Year 2008-2009. The Colusa County Superior Court conducted most of its own procurement activities with minimal assistance from the Phoenix Shared Services Center. While we found the Court had some controls in place over its procurement process and complied with certain FIN Manual requirements, we also identified several practices that should be improved.

For instance, several critical steps in the Court's existing procurement process were missing or inconsistently applied—including use of written requisitions and preapprovals, competitive bidding processes, and written agreements with court vendors. Moreover, the Court has not yet formalized procedures to guide staff in carrying out procurement activities. We further noted issues where shipments were received without indication of whether the goods/services agreed to what was ordered or expected, invoices processed were lacking complete supporting documentation, and limited processes were documented that would demonstrate purchases were economical and expeditious.

Similar issues were raised in IAS' 2005 audit report, in which high-level comments were made calling for improved procurement practices. At that time, the Court was also not using requisitions or conducting required 3-point matches between purchase orders, receiving documents, and invoices. Our current audit has revealed that the Court's application of sound purchasing practices is inconsistent and that basic controls must be improved to mitigate undue risk of inappropriate, unauthorized, or imprudent use of court resources.

### 9.1 Missing Controls and Inconsistent Use of Formal Purchasing Processes Increase Risk to the Court

The intent behind the FIN Manual provisions related to procurement is to ensure and document that court practices are fair, reasonable, transparent, and provide for the economical use of public funds. To meet that purpose, a standard procurement process begins with the submittal of a purchase requisition that is formally approved after ensuring funds are available, continues through steps to obtain bids or proposals from which one vendor is selected that offers the best value, and concludes with the receipt of requested goods or services prior to payment. Each element of the process is critical in its function to help ensure procurement activities are conducted in a manner that is impartial and above reproach. Yet, our review of the Court's procurement practices revealed missing steps in the process, inconsistent application of protocols and controls, and undocumented procedures. Specifically, we found the following:

#### *Requests to Purchase or Travel Authorizations Are Not Documented*

Not only does the Court mostly employ an informal requisition and approval process which is not documented, but also documentation is not maintained to demonstrate instances where goods/services are competitively procured. However, many of the Court's expenditures are recurrent payments such as phone bills, online subscriptions and other general expenses that would not necessarily require an in-court services purchase requisition each time.

However, in those instances where non-recurring purchases are needed, the Court verbally approves purchase requests and does not document approvals of requests to purchase. As such, we found no evidence of a requisition request for any of the operational expenditures we tested where a prior approval for the purchase would be a best practice. For instance, the Court procured services costing \$17,985.35 to tear down and move an existing space saver eclipse system without a request to purchase. Not only can this circumvention of the standard process lead to inconsistencies in practices, but it can also contribute to heighten risks of errors and inappropriate activities that could go undetected. Moreover, the Court's process does not seem to include steps to ensure the purchase is needed and funding is available.

Finally, the Court also has two store accounts at Messick's Hardware and Davison's that are utilized for small office and general supply purchases as needed. According to the Senior Accounting Clerk (SAC), the Court does not have a list of employees authorized to use the store account; however, only the SAC, Assistant CEO, or Bailiff typically use the Messick's Hardware account for small items such as batteries and keys and the SAC uses the Davison's account for rubber stamps for the Court. After the Court makes a purchase at Davison's or Messick's, the Court receives a bill from the vendor which the SAC agrees with the store receipt to ensure the amount billed is correct and the Court Executive Officer approves the payment.

In Fiscal Year 2008-2009, the Court spent \$924.27 at Davison's, with purchases ranging from \$47 to \$390 and did not make any purchases at Messick's Hardware. While the purchases made at Davison's appear to be small, the Court should establish a process to document the request to purchase and separate the purchasing function to a staff that is not also responsible for processing the invoice for payment. In addition, the Court should develop a formal list of authorized purchasers to ensure the accounts are not used by unauthorized users and the Court is not billed inappropriately.

Similarly, our testing of five travel reimbursement and expense claims also lacked evidence of pre-approval for travel. According to the Court, the Judge verbally pre-approves the CEO's travel and the ACEO verbally approves court employees' travel; however, without documentation we could not verify the travel was actually pre-approved. To better ensure the Court is not paying inappropriate travel expenditures, the Court should formally document the pre-approval process.

#### *Court does not Actively Seek Competitive Offers for its Purchases*

Although the Court is not experiencing significant cash flow issues or financial trouble, competitive procurement practices help ensure the Court exercises prudent fiscal management by getting the best good or service at the best price and value.

While the Court believes it follows the FIN Manual for its procurement activities, our testing revealed many instances where there was no evidence of at least three quotes or offers for purchase larger than \$500, as required by the FIN Manual 6.01, §6.5. The Court's remote location and its informal policy is to use local vendors over out-of-town vendors, limits its vendor options. However, if vendors used are sole-sourced, the Court should at a minimum document the sole source justification as required by FIN Manual 6.01, §6.11.

Specifically, all of nine expenses greater than \$500 that we reviewed lacked evidence that three quotes were received. For instance, the Court procured a generator from Charlie's Electric—

valued at over \$167,622—without seeking additional bids. Similarly, the Court procured a server and storage area network from its IT Consultant, Aragent Inc., totaling nearly \$36,400 without seeking three quotes or offers. Rather, the CEO requested that Aragent procure the goods on behalf of the Court—because the consultant did not obtain three quotes or offers for the goods, the competitive process was unintentionally circumvented. Given the FIN Manual requirements and general best practices, the Court should ensure that the minimum three quote requirement is met prior to procuring goods and services. Use of a truly competitive process allows the Court to find the best price for the good or services it is procuring at the best value.

*Purchase Orders or Contracts for Items over \$2,500 are not Always Generated*

For 7 of the 11 purchases over \$2,500 tested, the Court did not generate a purchase order or contract as required by the FIN Manual Section 6.01. According to the Senior Accounting Clerk, all purchases other than general expenses through its Office Depot account are procured by the CEO, with a majority of the services procured through informal, verbal agreements negotiated by the previous CEO. In order to ensure the Court is receiving the best price for the goods/services received and the vendor is meeting the Court's terms and conditions, schedule, and scope of work the Court should review its current informal agreements and establish written documents, such as purchase orders and contracts.

For instance, the Court procured \$17,985.35 in services with Systems and Space to move office dividers without generating a purchase order or contract. In another example, the Court procured \$3,375 in legal services from Wiley, Price, & Radulovich, LLP, again without generating a purchase order or contract. In addition, the Court has an informal, verbal agreement with its IT consultant Aragent Inc., which was negotiated by the prior CEO—although the Court paid to the consultant \$188,035 in Fiscal Year 2008-2009 alone. The Court also has an informal, verbal agreement with its CPA, Matsom and Isom, that the Court hired to process payroll, this contract was also negotiated by the previous CEO—in Fiscal Year 2008-2009 the Court expended \$3,103.75. Moreover, we found that the Court does not have an authorization matrix outlining approval thresholds for purchasing or accounts payable activities. Without protocols to document court arrangements with vendors, the Court puts itself at risk for additional liability, receiving different quality goods/services than expected or needed, and paying higher prices and rates than were agreed.

*Court does not Encumber Funds*

In part due to the Court's verbal purchase practices with no resulting purchase authorization document, the Court does not encumber funds—as such, for Fiscal Year 2009-2010, the Court only encumbered \$15,000 for its Office Depot Blanket Purchase Order. Encumbrances are a strong mechanism used to set aside resources and ensure funds are available to meet obligations, when they become due. Our review of the Court's expenditure identified numerous expenditures totaling more than \$500 that should have been encumbered. For instance, the Court has an informal agreement with its IT consultant Aragent Inc. to provide information system security and services to the Court on a weekly basis. In Fiscal Year 2008-2009, it paid this vendor over \$188,000, yet related expenses along with a large proportion of other operating expenditures and

professional services are also not being encumbered including CPA services, janitorial services, and all County services where expected costs have been informally arranged.

While the Court does not currently have cash flow issues, best practices would identify vendors and other key items of expense that should be encumbered via purchase order, blanket purchase order, or contract purchase order at the beginning of each fiscal year or when the good/service is procured and encumber funds. Given the repetitive nature of disbursements to these vendors, setting up ongoing encumbrances at the beginning of each fiscal year could bolster the Court's ability to project annual expenditures for particular vendors and formally set aside a portion of the Court's trial balance. This also ensures that the Court is able to complete a "three point match" as required by FIN Manual Section 8.01 when processing invoices for payment because a purchase order or written agreement will reside in the system to avoid processing duplicate payments.

### **Recommendations**

To ensure court purchases are authorized, appropriate, and meet court expectations and needs, the Court should:

32. Use purchase orders and written agreements to encumber funds for recurring purchases or larger expenditures including all county services, IT services, and other services and goods as necessary.
33. Establish and follow formal court procurement policies that:
  - a. Require the use of a written purchase requisition process to pre-approve and properly authorize all procurements prior to order.
  - b. For purchases greater than \$2,500, utilize either a purchase order or formal, written contract to better ensure the Court has sufficient funding to cover the expenses incurred and the Court receives the intended goods/services at the agreed upon rates/prices and terms and conditions.
  - c. Develop and document a formal authorization matrix for the Court's purchasing and accounts payable functions. Matrix should include approval thresholds by position.
  - d. Require adherence to a written authorization policy outlining review and approval thresholds for all purchasing activity. This includes ensuring all purchases are authorized by appropriate court executive personnel prior to initiating the purchase; authorization should be based on the fiscal prudence of the purchase as well as whether there is a need—including whether the purchase was already anticipated in the Court budget and its impact on the Court's fund balance.

### **Superior Court Response**

With the recruitment of an Administrative Officer, the purchasing process will be improved, and formal court procurement policies can be established. The revised process will:

- Establish a written requisition process.
- Use purchase orders or formal, written contracts.
- Create an authorization matrix.
- Require adherence to written policy, once that policy is developed.

## 10. Contracts

Currently, the Court does not have a comprehensive contract listing. However, our review of fiscal records identified four written contracts that the Court was utilizing as of March 2010. Specifically, the Court has agreements in place for Court Reporter Services, Court Mediator, Janitorial Services, and Enhanced Collections. In addition, the Court has two memorandums of understanding with the County for court security and storage space.

Yet, we found that not all services were memorialized in a written agreement as required by FIN Manual Section 7.01 or documented as required by FIN Manual Section 6.01. According to the Court, a majority of the Court's contracts were verbally negotiated by the prior CEO and never formally documented. For instance, as discussed in Section 9 of this report, the Court has informal agreements with its IT consultant, Aragent Inc., and a local CPA, Matsom and Isom, for payroll services. It is unclear if the Court has any additional informal agreements as the prior CEO did not provide the current CEO with a contract list during the transition. Without some type of written agreement with an external party, the Court cannot be assured or demonstrate that it received the best value for the goods and services in terms of quality, delivery, price, and performance, nor can the Court hold the vendor accountable if services are not delivered as expected by the Court. Moreover, the lack of a comprehensive list of contracts makes it difficult for the Court to track all of its associated obligations.

For those services where the Court has a formal, written executed contract, we found that the Court lacked evidence of whether it secured the good/service through a competitive process by obtaining requests for quotes or bids, or other appropriate research. According to the Court, its janitorial service vendor was procured through a request for qualifications effort with the assistance of the AOC; however, the Court did not maintain documentation to support the Court's evaluative process or its final award decision. Yet, we found no evidence of cost calculations or comparison of rates and services. Moreover, the contract expired in 2007 and the Court did not amend the contract to extend the effective dates and/or reconsider the vendor to ensure it was getting the best value for its price. In addition, it appears the Court sole-sourced the Court Reporter and Court Mediator contracts without documenting the sole-source justification. The remaining contract for enhanced collections with GC Services was established by the County on behalf of the Court in 1995 and has not been amended to reflect the current arrangement between the Court and GC Services.

To increase transparency and ensure court funds are utilized efficiently and effectively, the Court should ensure adequate competition is sought where feasible and practical, and document key decisions surrounding contract awards to provide transparency and assurance that the contractor selected provides the best good or service at the most competitive price. In addition, the Court should review its current contracts that are either expired or older than three years and determine if it is in the Court's best interest to re-bid the contracts or develop new agreements. The Court should also formalize the verbal agreements with a written contract to safeguard the Court and ensure the Court is receiving the goods and services requested at the correct price. The executed contracts should discuss cost, schedule, scope, terms and conditions, and authorization. The Court should also develop a comprehensive list of contracts that could include the contractor name, contract amount, date executed, date contract expires, and contract service.

According to the CEO, the Court may need additional assistance and training from the AOC to help the Court develop competitive vehicles, create contract language, and select vendors. Currently, the Court is a “virtual buyer” court and under the service level agreement with the AOC, the AOC is available to solicit bids for the Court, provide contract assistance (such as contract review, drafting, and negotiations) and create purchase orders at the Court’s request. Thus, the Court should clarify the services available from the AOC and types of training that could be provided to the Court.

### **Recommendations**

To ensure court contracting practices are compliant with AOC FIN Manual 7.01 and in the best public interest, the Court should:

34. Establish formal agreements that memorialize many of the Court’s informal arrangements to delineate expectations for goods/services and clearly identify roles and responsibilities, scope of services, reimbursement rates, and terms and conditions.
35. Review its current contracts that are either expired or older than three years and determine if it is in the Court’s best interest to re-bid the contracts or develop new agreements.
36. Develop a comprehensive list of contracts that includes the contractors name, contract amount, date executed, date contract expires, and contract service.

### **Superior Court Response**

The Court will establish formal contracts where possible and in the best interests of the Court. For example, the arrangement with the IT provider is informally structured because that is the preference of the provider and the other options available to the Court for these critical services is very limited. This provider has extensive and unique experience with the Court’s systems.

Listing and reviewing contracts will be done by the new Administrative Officer.



## 11. Accounts Payable

During Fiscal Year 2008-2009, the Court expended over \$2.25 million on operational activities with approximately \$938,400 in personnel salaries and benefits, over \$301,000 for security and more than \$474,000 for contracted services like consultants, interpreters, and reporters.

### 11.1 Invoice Review Practices Should be Strengthened

To process these expenses, the Court relies on the Senior Accounting Clerk to review invoices and the CEO to approve the invoice for payment. Once the invoice is approved, the Senior Accounting Clerk parks the payments in Phoenix-FI, while the Assistant CEO approves and posts the payments in the system. Checks are ultimately issued and mailed to the vendors by the Phoenix Shared Services Center.

Yet, we found the Court's invoice review and approval processes did not always comply with requirements specified in the FIN Manual as well as JC policy provisions related to court reporter transcripts and contract interpreter claims. Specifically, our examination revealed multiple instances where invoices lacked sufficient support to demonstrate appropriate review and approval prior to payment such as requisitions, purchase orders, evidence of receipt of good or service, and/or secondary review or approval prior to issuing payment. While these expenditures did not appear to be an inappropriate use of public funds, the lack of documentary support increase the risk that unauthorized expenditures could be processed without management's knowledge.

Moreover, an appropriate control environment requires that in all procurements, verification of receipt of goods or services should be evident before approving payment; this verification should be provided by the individual responsible for overseeing the agreement and the delivery of the goods or services. Once receipt is confirmed by the individual responsible for overseeing delivery of the goods or services, the individual performing the accounts payable function must perform a 3-point match that agrees documentation showing:

- Goods/services were received using a packing list or verification by an appropriate party that services were delivered as requested;
- Goods/services were authorized in the contract, purchase order, or written document; and,
- Invoice appropriately reflects the cost provisions of the agreement, is mathematically accurate, and is appropriately supported.

Yet, we found the following:

- *Nearly Half of the Expenditures Tested Lacked Sufficient Underlying Support*

Of the sixteen operational expenditures tested, we noted seven instances where the Court lacked sufficient underlying support, such as rates, hours, and/or evidence of receipt of goods or services "okay to pay". In one invoice for \$36,357.75 of I.T. equipment, the Court did not maintain an approval to purchase, a summary of items purchased, or the packing slip to compare to the invoice to ensure the Court received all goods ordered prior to approving payment.

- *Some In-Court Service Provider Claims were Approved Even Though They Lacked Support*

Our testing of thirteen in-court service provider claims revealed three instances where claims were approved for payment without sufficient underlying support. For instance, the Court did not verify rates invoiced for psychological evaluations. Rather, according to the Court, it utilizes several different doctors for evaluations and approves all court-ordered claims regardless of rates charged. Moreover, the Court did not have any contracts in place for these services and rates were not documented. Additionally, we noted five other instances where the invoice support did not include case numbers to allow court staff to validate the service was provided.

Similarly, for court reporters, the Court did not verify the number of folios prior to approving payment. Although the Court has a written contract in place that establishes daily rates for reporter services, our testing of four court reporter claims revealed that the Court did not verify the number of folios prior to approving payment. The Court could easily mitigate the risk of fabricating the number of folios by requiring the Court Clerk accepting the transcripts to sign-off on the typed receipt listing the case information and number of folios. These receipts could then be included with the claim as verification that the number of folios claimed is accurate.

Further, while the AOC Payment Policies for Court Interpreters Memo and best practices require interpreter mileage claims to include a physical mailing address to be used in the calculation of actual mileage between the Court and the interpreter's residence or business, one of the four interpreter claims tested did not include a home address—making it impossible to determine the accurate mileage for reimbursement. According to the Court, the Court relies on the interpreters to provide the mileage and if the mileage appears reasonable the Court approves the invoice for payment.

- *Some Jury Services Expenditures Lacked Evidence of Approval to Pay*

Although our review of expenditures related to Jury Services, revealed that all five expenditures tested were Rule 810 allowable, three of the payments lacked evidence of approval to pay—the CEO's authorizing signature. The Court should ensure all expenses are approved and sign the claim indicating the expense has been reviewed and approved prior to initiating payment.

## **Recommendations**

To ensure proper controls over the invoices and payments as well as minimize the risk of unauthorized purchases, the Court should:

37. Require vendors and contractors to submit appropriate supporting documentation to allow court staff to verify or validate hours, rates, or other cost information prior to payment and ensure documentation is retained with payment files. Further, implement a practice whereby invoiced costs are compared and verified against terms specified in some type of written agreement, such as written bid or offered price with description, purchase order, personal service agreement, or contract prior to payment by a designated court employee.

38. Assign appropriate court employees or staff positions with the responsibility to verify that an ordered good was received or that services were rendered and acceptable and document this verification with a signature and date. Evidence of this verification of the receipt of goods or services should be retained with payment file.
39. Review and renegotiate reimbursement rates with court service providers, as appropriate, and incorporate agreements into written agreements with in-court service providers for services and clearly identify roles and responsibilities, scope of services, reimbursement, terms and conditions.
40. Review in-court service provider invoices to identify reimbursement rates claimed previously paid and determine reasonableness of these rates.
41. Require in-court service providers to provide claims that include case numbers, date service provided, and details of hours worked prior to payments being authorized.

### **Superior Court Response**

Vendors and contractors will be required to submit more documentation which will be verified prior to payment.

The Administrative Officer will be assigned the responsibility to verify receipt of goods and services.

The Administrative Officer will renegotiate agreements as may be appropriate.

In court service provider invoices will be reviewed.

In court service provider will be asked to provide more complete claims.

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## **12. Fixed Assets Management**

According to its Consolidated Annual Financial Report (CAFR) worksheets for Fiscal Year 2008-2009, the Court reported fixed assets valued at \$1,002,128.

### **12.1 Court's Fixed Asset Management Needs to be Improved**

Currently, the Court does not have a list of fixed assets supporting the amount and does not conduct annual physical inventories as required by FIN Manual Section 9.01, which states that courts establish and maintain a Fixed Asset Management System to record, control, and report court assets. The primary objectives of the system are to:

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

The Court's reported \$1,002,128 balance in equipment fixed assets appropriately included the purchase of a generator (\$136,000) and server (\$9,900) in Fiscal Year 2008-2009, but there is no support for the \$856,228 beginning balance as the balance has merely been carried over year-to-year since the Court's separation from the County. As a result, we cannot conclude on the accuracy of amounts reported. In addition, while the risk is minimal due to the Court's lower value of fixed assets, the Court should develop a method to track, manage, dispose, and depreciate fixed assets over their useful life.

### **Recommendations**

To better ensure adequate safeguarding and reporting of assets, the Court should:

42. Conduct an inventory of its fixed assets and develop a listing of fixed assets that accurately represents the Court assets to be properly reported on its annual CAFR worksheets.
43. Develop a list of fixed assets, which includes at a minimum a description of the asset, purchase date, purchase price, useful life, asset identification number, and location of the fixed asset.
44. Conduct physical inventories on a go forward basis—preferably on an annual basis in accordance with the FIN Manual suggests.

### **Superior Court Response**

The Administrative Officer will conduct a fixed asset inventory, develop a list, and conduct annual physical inventories of fixed assets.

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### 13. Audits

There are many legal requirements and restrictions surrounding the use of public resources that can lead to audits of trial court operations and finances. Courts must, as part of its standard management practice, conduct its operations and account for its resources in a manner that will withstand audit scrutiny. Moreover, Courts must demonstrate accountability, efficient use of public resources, compliance with requirements, and correction of audit findings in a timely fashion.

In September 2005, the AOC's Internal Audit Services (IAS) issued two reports to the Colusa County Superior Court—an Operational Review and a CARS (now, Phoenix-FI) Readiness Review. These reports focused on the Court's operational and financial readiness to transition onto the statewide Phoenix-FI system. The reviews covered areas such as:

- Court Administration
- Fiscal Management
- Cash Collections/Banking
- Information Systems
- Procurement and Contracting
- Accounts Payable
- Fixed Assets
- Security

As a result of these reports, several observations were presented to the Court that required management attention and correction. With recent changes to court executive management, the Court has only begun addressing some of the prior audit findings and recommendations. Thus, our current audit found that many of the same 2005 issues remain for the current period reviewed as described throughout this report, and remain a concern in 2010 as well.

#### 13.1 Many Past Audit Issues Have Not Been Addressed

The Court has not given sufficient attention to addressing issues identified in IAS' past reports. During our current audit, we identified areas where the Court had not fully implemented corrective measures to address previously-identified concerns, and can hamper the Court's ability to most effectively manage court operations and fiscal administration. While there were several issues from the prior audit that still require action, the following repeat issues are the most significant and require the Court's immediate attention:

- The Court has not established a comprehensive manual documenting policies and procedures. Although the Court indicated it follows the FIN Manual requirements for fiscal related activities, our review found many instances where the Court deviated from FIN Manual requirements. While the FIN Manual provides guidance, each Court operates in a unique environment which may require courts to develop alternate policies and procedures to meet the Courts needs—when deviating from stated policies and procedures the Court should develop and submit alternate procedures to the AOC for approval. Furthermore, although the FIN Manual discusses fiscal policies and procedures it does not address other areas of court operations, such as cashiering, exhibits, and appeals—thus, for these operational areas the Court should develop its own policies and procedures. Formalized practices help ensure staff follows consistent protocols and employ reasonable controls. Moreover, a documented process could help the Court be more prepared to transfer knowledge amongst existing staff and train new staff.

- As discussed in Section 3 of this report, the Court is not reconciling its trust accounts and has not developed a process to identify and escheat stale accounts. The Court has a fiduciary responsibility over these monies; as such, the Court should ensure funds are appropriately managed, tracked, and safeguarded.
- Finally, as discussed in Section 2 of this report, the Court's fiscal staff could benefit from additional fiscal training. To ensure the Court is operating in a sound fiscal environment, it is imperative staff performing fiscal functions have the necessary training and skill sets to identify and analyze anomalies, record inappropriate transactions, and prepare accurate financial reports that appropriately reflect the Court's operating activities and financial condition.

While the Court agreed with the issues identified in the prior audit and indicated in its response that it would implement the recommendations, we found that most recommendations were never implemented. A strong organizational structure, sound financial policies and oversight, and comprehensive operational policies and procedures, are critical components in ensuring court business is conducted responsibly and is consistent with statutes, rules of court, and standards of judicial administration. To better fulfill these goals, the Court should correct issues identified in this report, as well as those discussed in IAS' 2005 report to the Court.

### **Superior Court Response**

The last audit report was not made available to the current management team until the present audit was scheduled. Even if the present management team had the resources, there was no time to address any of the prior audit report issues before the start of this audit. The main suggestion of the last report, recruiting competent financial staff, was not addressed previously. It certainly will be now as a result of this latest audit.



#### **14. Records Retention**

According to FIN Manual 12.01, §3.0, “it is the policy of the trial courts to retain financial and accounting records in compliance with all statutory requirements. Where legal requirements are not established, the trial court shall employ sound business practices that best serve the interests of the Court.” Moreover, the Courts are required to apply efficient and economical management methods regarding the creation, utilization, maintenance, retention, preservation, and disposal of court financial and accounting records. This policy applies to all trial court officials and employees who create, handle, file, and reproduce accounting and financial records in the course of their official responsibilities.

Since the Court, in practices that comply with FIN Manual 12.01, keeps financial and business records for at least five years and case files for an indefinite period of time, we have no concerns to report in this area.

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## 15. Domestic Violence

In June 2003, the California Legislature requested IAS to audit court-ordered fines and fees in specified domestic violence cases in California. Associated with misdemeanor or felony domestic violence convictions are a number of fees and fines dictated by Penal Code (PC). Specifically, PC 1202.4 (b) requires a mandatory state restitution fine of a minimum \$100 to be assessed on misdemeanor convictions and \$200 on felony convictions. Additionally, if the defendant was granted formal probation, the Court is required to assess a domestic violence fee of \$400 pursuant to PC 1203.097. As part of this effort, IAS also agreed to test the assessment of fees and fines in domestic violence cases on an on-going basis.

Of the 71 domestic violence cases filed between July 1, 2007 and the time of our review on March 20, 2010, we reviewed 10 cases to determine whether mandated fees and fines were properly assessed by analyzing corresponding Ciber case management system and case file information.

### 15.1 Domestic Violence Fees Were Not Always Assessed In Accordance with Statute

Based on our review, the Court assessed the correct state restitution fines in all ten instances; however, while probation was also granted in nine cases, the Court did not always assess the full \$400 domestic violence fee as required by PC 1203.097.

Specifically in four cases, all dating back to 2007, the Court only assessed \$200. For an additional case where probation was granted, the Court did not assess the probation fee and the case file did not include any documentation indicating the fee was waived due to the Court's assessment of the defendant's inability to pay. The Court was unable to provide an explanation why the Court did not assess the appropriate amount. Since the State uses these monies to fund domestic violence shelters, it is imperative that Courts properly assess the full probation fee amount. As such, the Court should ensure staff is knowledgeable of current legislation and assesses the statutorily mandated amounts.

### Recommendations

To ensure all statutory fees and fines are consistently and correctly assessed on domestic violence convictions, the Court should:

45. Provide training to court staff to reinforce the importance of verifying mandatory fine and fees related to domestic violence convictions are correctly assessed.
46. Ensure that in cases where mandatory fees and fines may have been reduced, a documented financial evaluation of the defendant's ability to pay is maintained in the case file.

### Superior Court Response

The staff may be aware of mandatory fines and fees, but the staff can only collect those fines and fees as may be ordered by the Court. The staff will faithfully collect and distribute any fines or fees which the Court may impose.

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## 16. Exhibits

When exhibits are presented in criminal and civil cases, trial courts are responsible for properly handling, safeguarding, and transferring these exhibits as guided by statutes. Trial court and security personnel assigned these responsibilities should exercise different levels of caution depending on the types of exhibits presented. Extra precautions should be taken when handling weapons and ammunition, drugs and narcotics, money and other valuable items, hazardous or toxic materials, and biological materials. Further, because exhibit rooms maintained at courts can house precious and sensitive case data, unique court evidence could be compromised, lost, or stolen without the proper controls in place—all with potentially significant impacts to the outcome of a court case.

### 16.1 Existing Controls over Exhibits Are Inadequate

Our review of the Court's exhibit handling processes revealed that many controls to safeguard exhibits are not adequately in place at the Colusa County Superior Court. For example, at the Historic Courthouse, exhibits are accessible by all clerks since they are stored in the same closet as office supplies. While best practice would be to assign one or two court employees to oversee exhibits and restrict access to only those employees who are required to access exhibits, the Court's small operations requires all clerks to serve as "exhibit custodians" as the need arises. Yet, with many staff sharing the responsibility over exhibit processing, it becomes critical for all staff to adhere to the same established set of policies and procedures to ensure exhibits are handled in a consistent manner and reduce the risk of exhibits being lost or stolen.

We also found the Court does not maintain a comprehensive inventory of all exhibit items nor is there a log or other tracking mechanism in place that identifies whether an exhibit change of custody has occurred. Moreover, the Court's lack of formal exhibit policies and procedure to guide staff in accepting, storing, returning, and destroying exhibits puts the Court at greater risk that alternative processes employed by different staff do not adequately safeguard exhibits in the Court's custody.

#### Exhibit Tracking Requires Improvement

Typically, clerks are responsible for safeguarding and storing exhibits during and after the trial; in doing so, the clerks label each exhibit with the case number and case name as well as complete an exhibit list that contains all exhibits received. However, the Court does not maintain a comprehensive exhibit list nor are exhibits recorded and tracked in the case management system. Rather, the extent of the Court's recordkeeping is a matrix that lists the exhibits for each individual case that is maintained in the case files. As a result, the Court cannot identify the volume or content of the exhibits held by the Court at any given point in time. Without any tracking mechanism in place, the Court is at greater risk of exhibits being misplaced, lost, or stolen and would not be able to detect that an item was missing. At the time of our review, although Ciber had the ability to record case specific exhibit information, the function was not used by the Court. When notified of the risks associated with the Court's current processes over exhibits, the Court indicated that it is in the process of researching Ciber's capabilities and plans to begin recording exhibit information in Ciber in the near future.

Additionally, the Court plans to develop formal practices to log exhibits into the central repository area.

### *The Court has no Systematic Exhibit Destruction Practice in Place*

Although, exhibits are eligible to be released, returned, or disposed of in accordance with court order and relevant statutes, the Court does not actively monitor exhibits to determine if they should be returned to the parties or may be destroyed. In fact, the Court last destroyed or returned stale exhibits in 2006 when it conducted a partial exhibit inventory. The exhibits were logged by the Court as returned or destroyed in the individual case files and on a comprehensive tracking document. However, to ensure consistency and employ regular review practices, the Court should consider developing written exhibit handling procedures that describe the exhibit release, return, and destruction process and frequency of occurrence.

### **Recommendations**

The Court can correct these issues identified by maintaining an exhibit-tracking document, formalizing the exhibit change of custody process, restricting access to the exhibit lockers, conducting a more frequent and comprehensive inventory of exhibits, and actively monitoring exhibit disposal timeframes. Specifically, the Court should:

47. Develop formal policies and procedures for tracking, managing, and recording exhibits.
48. Continue its efforts to establish an exhibit control log and begin utilizing Ciber to record and track exhibits.
49. Implement the FIN Manual recommended exhibit inventory controls, such as conducting physical inventory audits of exhibits at least annually to ensure that exhibits are appropriately accounted. An inventory would also allow the Court to destroy/return old exhibits and free up valuable court storage space.
50. Limit access to exhibits to reduce the risk of an employee inappropriately accessing exhibits and to properly safeguard sensitive items. In doing so, the Court should consider designating a custodian of exhibits to be responsible for controlling access to exhibits, as well as monitoring and tracking of exhibits.

### **Superior Court Response**

As with many of the process improvements discussed in this audit, the quality of the Court's exhibit handling practices is directly dependant on staff resources. Operating a Clerk's Office with 13 people presents many challenges which requires the prioritization of limited resources to meet multiple responsibilities.

The Court will develop formal policies and procedures to manage exhibits, use the Ciber system to track exhibits, improve inventory control, and limit access to exhibits.

### 17. Facilities

The Trial Court Facilities Act of 2002 (SB 1732) established the governance structure and procedures for transferring responsibilities over trial court facilities from counties to the State. Currently, the Colusa County Superior Court has two court locations in Colusa—the Courthouse Annex and the Historic Courthouse. Both facilities share space with County offices. According to the AOC’s Office of Court Construction and Management’s *Completed Transfer Agreements* report as of December 29, 2009, the Colusa courthouse annex transferred responsibility on March 30, 2009, while the Historic courthouse is considered an historic site and, as such, there is currently no agreement to transfer title to the State.

As shown in Table 5, the Court spent nearly \$153,000 on rent and building alterations during Fiscal Year 2008-2009 per Phoenix-FI records; however, the vast majority of these expenditures related to the Court’s purchase of a back-up generator. A high-level review of facility expenses revealed no reportable issues.

*Table 5. Fiscal Year 2008-2009 Facility-Related Expenses*

G/L Account	Description	Account Balance
935200	RENT/LEASE	\$ 1,400.00
935600	ALTERATION TOTAL	\$ 151,362.50
<b>TOTAL FACILITY COSTS</b>		<b>\$ 152,762.50</b>

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## 18. Appeals

California Rules of Court (CRC) specify various guidelines and requirements related to handling appeals, including provisions related to processes for tracking, filing, and monitoring notice of appeals to ensure appropriate records are certified and submitted to the California Courts of Appeal in accordance with mandated timelines. Since 2006, approximately 25 appeals were filed at the Colusa County Superior Court. From these, we reviewed six cases to assess whether the Court had an appropriate process in place to appropriately track appeal notices and certify records in a timely manner.

### 18.1 Closer Oversight Over Appeal Milestones Is Needed

Currently, the Assistant CEO oversees all appeals in addition to processing civil and juvenile appeals, while a Judicial Court Clerk handles criminal appeals. Although both the Assistant CEO and the Judicial Court Clerk appeared to be knowledgeable about the appeals process and sensitive to deadlines outlined in CRC, the Court's current process could be enhanced to better ensure timeframes are met and management is aware of the status of appeals. Because the Court does not have a formal tracking system (neither manual or automated) in place to identify milestones and timeframes required by applicable CRCs, the Court does not produce periodic status reports that would enable managers to quickly monitor the status of appeals filed such as the number of appeals currently in process, key milestones that have been completed or are delinquent, and deadlines that have yet to be completed. Also, while the Court's case management system has the ability to set up tickler files to track case progress and deadlines, the Court does not utilize this function.

Our testing of six cases revealed that the Court did not process the files within intermediary timeframes prescribed by CRC in two cases. Specifically, while CRC 8.4000(h) requires that parties be notified "immediately" upon the filing of a juvenile writ, the parties in our sample were notified a month after the filing occurred. In another example, the respondent requested the clerk's transcript for a civil appeal, for which CRC 8.120(c) provides 30 business days for the Court to prepare an estimation of cost. In this instance, the estimation of cost for the clerk's transcript was completed two months after the request date. Although the Court did not meet intermediary milestones, those delays did not negatively impact the timeliness of submitting the records to the District Court of Appeals. Additionally, for one of the criminal non-death penalty cases tested where the Court met the CRC prescribed timelines, the Court did not update its case management system to reflect key milestones and the case file was missing key data including dates when court reporter transcripts were received and when the record was certified and mailed to the Court of Appeals.

As a result, the informal nature of the Court's current process lends itself to unnecessary, though inadvertent errors, and increases the risk that processing activities may not be as efficient as possible. More significantly, the informal record keeping involved does not enable court management to provide oversight of appeals processing activities and, as evidenced by our testing, does not give assurance that prescribed milestones will be met.

Therefore, on a go-forward basis, the Court could consider implementing a more structured appeals monitoring process that identifies milestone timeframes required by the District Court of Appeals and the Rules of Court, as well as internal progress and status that would enable the Court to ensure time-sensitive appeals records are not delayed. Clerks responsible for processing and tracking appeals could produce periodic status reports for managerial review that could indicate the number of appeals being processed, key milestones that have been completed or are delinquent, and those pending deadlines yet to be completed.

Finally, to better ensure consistency in the processing of appeals, and to enable the transfer of knowledge necessary in the event of staff turnover, the Court should consider establishing written policies and procedures providing sufficient guidance regarding the Rules of Court and the processes established to comply with them.

### **Recommendations**

To better ensure timely processing of appeals and enhance management's ability to monitor the status of appeals filed, the Court should:

51. Develop a more structured process to monitor and track appeals to ensure key milestone dates are met and periodic status reports indicating the number of appeals in process and key milestones met or missed are produced for managerial review.
52. Establish written policies to provide guidance to staff on the processing, tracking, and monitoring of appeals.

### **Superior Court Response**

The Court will develop a more structured process and written procedures to govern appeal processing.

## **Appendix A: Financial Statements**

According to the Governmental Accounting Standards Board (GASB), the paramount objective of financial reporting is accountability. GASB identified and defined one component of accountability—namely fiscal accountability, which is defined as the responsibility of governments to justify that their actions in the current period have complied with public decisions concerning the raising and spending of public monies in the short term (usually one budgetary cycle or one year).

### **Focus on Accountability**

Consistent with the mission statement of the Judicial Council, the *Strategic Plan for California's Judicial Branch 2006 – 2012* entitled *Justice in Focus* that established a guiding principle that “Accountability is a duty of public service” with a specific statement that “The Judicial Council continually monitors and evaluates the use of public funds.” As the plan states, “All public institutions, including the judicial branch, are increasingly challenged to evaluate and be accountable for their performance, and to ensure that public funds are used responsibly and effectively.” Two of the detailed policies include the following:

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

Toward this end, under the independence and accountability goal of *The Operational Plan for California's Judicial Branch, 2008 – 2011*, Objective 4 is to “Measure and regularly report branch performance—including branch progress toward infrastructure improvements to achieve benefits for the public.” The proposed desired outcome is “practices to increase perceived accountability.”

### **Colusa County Superior Court Financial Statements**

To assist in the fiscal accountability requirements of the branch, the statewide fiscal infrastructure system, Phoenix-FI, was established and implemented at the Court in 2006 with fiscal data processed through the Phoenix Shared Services Center in Sacramento. The fiscal data on the following pages are from this system and present the un-audited Fiscal Year 2008-2009 financial statements of the Trial Court Operations Fund for the Court. Specifically, the three financial statements are as follows:

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

While the Fiscal Year 2008-2009 information is summarized into a total funds column that does not include individual fund detail, total columns for each year are provided only for “information purposes” as the consolidation of funds are not meaningful numbers. Additionally, the financial

information is un-audited, but is presumed to be presented, as required, on a modified accrual basis of accounting, recognizing increases and decreases in financial resources only to the extent that they reflect near-term inflows or outflows of cash. There are three basic fund categories available for courts to use: Government, Proprietary and Fiduciary. The Colusa County Superior Court uses the following categories and types with the classifications.

### **Governmental Funds**

**General** – Used as the primary operating fund to account for all financial resources except those required to be accounted for in a separate fund. Specifically, the Court operates two general funds—Operating Fund TCTF (110001) and Operating Fund NTCTF (120001).

**Special Revenue** – Used to account for certain revenue sources “earmarked” for specific purposes (including grants received) or restricted in use. Court funds are as follows:

#### **Special Revenue**

1.2% Automation/Micrographics (180004)

#### **Grants**

1.1058 Family Law Facilitator Program (1910581)

2.1058 Child Support Commissioner Program (1910591)

3.Substance Abuse Focus Program (1910601)

### **Fiduciary Funds**

**Trust** – Used to account for funds held in a fiduciary capacity for a third party (non-governmental) generally under a formal trust agreement. Generally Accepted Accounting Principles (GAAP) indicates that fiduciary funds should be used “to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government’s own programs.”<sup>1</sup> Fiduciary funds include several different types including agency funds. The key distinction between trust funds and agency funds is that trust funds normally are subject to “a trust agreement that affects the degree of management involvement and the length of time that the resources are held.” Court monies included here involve activities such as deposits for criminal bail trust, civil interpleader, and eminent domain cases and are all recorded in one Trust Fund (320001).

**Agency** – Used to account for resources received by one government unit on behalf of a secondary governmental or other unit. Agency funds, unlike trust funds, typically do not involve a formal trust agreement. Rather, agency funds are used to account for situations where the government’s role is purely custodial, such as the receipt, temporary investment, and remittance of resources to individuals, private organizations, or other governments. Accordingly, all assets reported in an agency fund are offset by a liability to the party(ies) on whose behalf they are held.

As a practical matter, a government may use an agency fund as an internal clearing account for amounts that have yet to be allocated to individual funds. While this practice is appropriate for

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<sup>1</sup> GASB Statement No. 34, paragraph 69.

internal accounting purposes, GAAP expressly limits the use of fiduciary funds for external financial reporting purposes to assets held in a trustee or agency capacity for others. Because the resources of fiduciary funds, by definition, cannot be used to support the government's own programs, such funds are specifically excluded from the government-wide financial statements.<sup>2</sup> However, they are reported as part of the basic fund financial statements to ensure fiscal accountability.

Sometimes, a government entity such as the Colusa County Superior Court will hold escheat resources on behalf of another government. In that case, the use of an agency fund would be appropriate. The Court uses two agency funds—the Civil Filing Fees Fund (450000) and the Distribution Fund (400000).

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<sup>2</sup> GASB No. 34, paragraph 12.

**COLUSA SUPERIOR COURT  
TRIAL COURT OPERATIONS FUND  
BALANCE SHEET  
(UNAUDITED)**

AS OF JUNE 30, 2009							
	GOVERNMENTAL FUNDS					2008	
	General	Special Revenue		PROPRIETARY FUNDS	FIDUCIARY FUNDS	TOTAL FUNDS (Info. Purposes Only)	TOTAL FUNDS (Info. Purposes Only)
		Special Revenue	Grant				
<b>ASSETS</b>							
Operations	\$ 143,777	\$ 14,722	\$ -	\$ -	\$ -	\$ 158,499	\$ 2,267,516
Trust	-	-	-	-	88,898	88,898	100,652
Civil Filing Fees	-	-	-	-	30,578	30,578	26,331
Jury	-	-	-	-	-	-	-
On Hand	315	-	-	-	-	315	315
Distribution	-	-	-	-	174,452	174,452	148,011
Payroll	15,063	-	-	-	-	15,063	35,273
With County	-	-	-	-	-	-	-
Outside of AOC	-	-	-	-	102,438	102,438	102,593
<b>Total Cash</b>	<b>\$ 159,155</b>	<b>\$ 14,722</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 396,366</b>	<b>\$ 570,243</b>	<b>\$ 2,680,691</b>
Short Term Investment	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000	\$ -
<b>Total Investments</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>
Accrued Revenue	\$ 612	\$ 4	\$ -	\$ -	\$ 8	\$ 624	\$ 1,935
Accounts Receivable	-	-	-	-	-	-	-
Due From Employee	-	-	-	-	-	-	-
Due From Other Funds	101,402	-	-	-	-	101,402	195
Due From Other Govts	-	-	-	-	-	-	-
Due From Other Courts	-	-	-	-	-	-	-
Due From State	24,721	-	101,340	-	-	126,061	64,678
<b>Total Receivables</b>	<b>\$ 126,735</b>	<b>\$ 4</b>	<b>\$ 101,340</b>	<b>\$ -</b>	<b>\$ 8</b>	<b>\$ 228,087</b>	<b>\$ 66,808</b>
Prepaid Expenses - General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel Advances	-	-	-	-	-	-	-
<b>Total Prepaid Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Other Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Other Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Assets</b>	<b>\$ 2,285,890</b>	<b>\$ 14,726</b>	<b>\$ 101,340</b>	<b>\$ -</b>	<b>\$ 396,374</b>	<b>\$ 2,798,330</b>	<b>\$ 2,747,500</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Accrued Liabilities	\$ 27,241	\$ -	\$ -	\$ -	\$ -	\$ 27,241	\$ 15,421
General Accounts Payable	-	-	-	-	-	-	413
Due to Other Funds	-	-	101,340	-	62	101,402	195
TC145 Liability	-	-	-	-	30,578	30,578	26,331
Due to Courts	-	-	-	-	-	-	6,947
Due to State	337	-	-	-	-	337	-
Due to Other Governments	100	-	-	-	-	100	-
<b>Total Accounts Payable and Accrued Liab.</b>	<b>\$ 27,677</b>	<b>\$ -</b>	<b>\$ 101,340</b>	<b>\$ -</b>	<b>\$ 30,640</b>	<b>\$ 159,657</b>	<b>\$ 49,308</b>
Civil - Condemnation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Civil - Interpleader	-	-	-	-	-	-	-
Civil - Other	-	-	-	-	9,472	9,472	1,578
Criminal - General & Traffic	-	-	-	-	251,079	251,079	246,800
Trust Held Outside of the AOC	-	-	-	-	102,438	102,438	102,593
Trust Interest Payable	-	-	-	-	121	121	551
<b>Total Trust Deposits</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 363,110</b>	<b>\$ 363,110</b>	<b>\$ 351,522</b>
Accrued Payroll	\$ 391	\$ -	\$ -	\$ -	\$ -	\$ 391	\$ 311
Retirement Contributions	10,207	-	-	-	-	10,207	10,561
Benefits Payable	452	-	-	-	-	452	(3,344)
Deferred Compensation Payable	588	-	-	-	-	588	438
Deductions Payable	-	-	-	-	-	-	-
Payroll Clearing	-	-	-	-	-	-	-
<b>Total Payroll Liabilities</b>	<b>\$ 11,638</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,638</b>	<b>\$ 7,965</b>
AB145 Due to Other Government Agency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Public Agencies	-	-	-	-	-	-	-
Revenue Collected in Advance	-	-	-	-	-	-	-
Liabilities For Deposits	40	-	-	-	2,624	2,664	-
Jury Fees - non-interest	-	-	-	-	-	-	-
Uncleared Collections	-	-	-	-	-	-	-
Other miscellaneous	-	-	-	-	-	-	-
<b>Total Other Liabilities</b>	<b>\$ 40</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,624</b>	<b>\$ 2,664</b>	<b>\$ -</b>
<b>Total Liabilities</b>	<b>\$ 39,354</b>	<b>\$ -</b>	<b>\$ 101,340</b>	<b>\$ -</b>	<b>\$ 396,374</b>	<b>\$ 537,069</b>	<b>\$ 408,794</b>
Fund Balance - Restricted							
Contractual	\$ 90,001	\$ 14,726	\$ -	\$ -	\$ -	\$ 104,727	\$ 65,000
Statutory	-	-	-	-	-	-	14,609
Fund Balance - Unrestricted							
Designated	1,511,999	-	-	-	-	1,511,999	2,063,645
Undesignated	644,535	-	-	-	-	644,535	195,451
<b>Total Fund Balance</b>	<b>\$ 2,246,535</b>	<b>\$ 14,726</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,261,261</b>	<b>\$ 2,338,705</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,285,890</b>	<b>\$ 14,726</b>	<b>\$ 101,340</b>	<b>\$ -</b>	<b>\$ 396,374</b>	<b>\$ 2,798,330</b>	<b>\$ 2,747,499</b>

Source: Phoenix Financial System and 4<sup>th</sup> Quarter Financial Statements

COLUSA SUPERIOR COURT  
TRIAL COURT OPERATIONS FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
(UNAUDITED)

	FOR THE FISCAL YEAR ENDED JUNE 30, 2009									
	GOVERNMENTAL FUNDS			PROPRIETARY FUNDS	FIDUCIARY FUNDS	TOTAL FUNDS (Info. Purposes Only)	BASELINE BUDGET	2008		
	General	Special Revenue						TOTAL FUNDS (Info. Purposes Only)	BASELINE BUDGET	TOTAL FUNDS (Info. Purposes Only)
		Revenue	Grant							
<b>REVENUES</b>										
<b>State Financing Sources:</b>										
Trial Court Trust Fund	\$ 1,858,909	\$ -	\$ -	\$ -	\$ -	\$ 1,858,909	\$ 1,888,502	\$ 1,874,926	\$ 1,917,236	
Trial Court Improvement Fund - Reimbursement	2,893	-	-	-	-	2,893	2,894	4,340	-	
Trial Court Improvement Fund - Block	-	-	-	-	-	-	-	-	-	
Judicial Administration Efficiency & Mod Fund	-	-	-	-	-	-	-	-	-	
Judges' Compensation (45.25)	9,086	-	-	-	-	9,086	11,000	9,237	11,000	
Court Interpreter (45.45)	152,033	-	-	-	-	152,033	132,000	125,456	102,758	
Civil Coordination Reimbursement (45.55)	-	-	-	-	-	-	-	-	-	
MOU Reimbursement (45.10 and General)	42,417	-	-	-	-	42,417	46,800	43,683	-	
Other miscellaneous	2,302	-	-	-	-	2,302	1,400	-	5,760	
	\$ 2,067,640	\$ -	\$ -	\$ -	\$ -	\$ 2,067,640	\$ 2,082,596	\$ 2,057,643	\$ 2,036,754	
<b>Grants:</b>										
AB 1058 Commissioner/Facilitator	\$ -	\$ -	\$ 101,340	\$ -	\$ -	\$ 101,340	\$ 111,350	\$ 111,350	\$ 111,350	
Other AOC Grants	-	-	-	-	-	-	-	18,385	18,000	
Non-State Grants	-	-	-	-	-	-	-	-	-	
	\$ -	\$ -	\$ 101,340	\$ -	\$ -	\$ 101,340	\$ 111,350	\$ 129,735	\$ 129,350	
<b>Other Financing Sources:</b>										
Investment Income	\$ 18,819	\$ 117	\$ -	\$ -	\$ -	\$ 18,935	\$ 54,096	\$ 54,100	\$ 66,950	
Donations	-	-	-	-	-	-	-	15	-	
Local Fee and Non-fee Revenue	-	-	-	-	-	-	-	-	-	
Enhanced Collections	-	-	-	-	-	-	-	-	-	
Prior year revenue	1,341	-	(18,385)	-	-	(17,044)	-	(3,330)	-	
County Program - restricted	-	-	-	-	-	-	-	-	-	
Reimbursement Other	1,624	-	-	-	-	1,624	-	-	-	
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	
Other miscellaneous	127	-	-	-	-	127	-	61,700	3,000	
	\$ 21,911	\$ 117	\$ (18,385)	\$ -	\$ -	\$ 3,642	\$ 54,096	\$ 112,485	\$ 69,950	
<b>Total Revenues</b>	\$ 2,089,550	\$ 117	\$ 82,955	\$ -	\$ -	\$ 2,172,622	\$ 2,248,042	\$ 2,299,863	\$ 2,236,054	
<b>EXPENDITURES</b>										
<b>Personal Services:</b>										
Salaries and Wages	\$ 640,110	\$ -	\$ -	\$ -	\$ -	\$ 640,110	\$ 612,505	\$ 587,034	\$ 604,919	
Employee Benefits	298,244	-	-	-	-	298,244	443,880	268,828	318,223	
	\$ 938,353	\$ -	\$ -	\$ -	\$ -	\$ 938,353	\$ 1,056,385	\$ 855,861	\$ 923,142	
<b>Operating Expenses and Equipment:</b>										
General Expense	\$ 104,937	\$ -	\$ 916	\$ -	\$ -	\$ 105,854	\$ 108,280	\$ 90,175	\$ 12,870	
Printing	10,318	-	-	-	-	10,318	30,000	14,876	20,000	
Communications	37,011	-	-	-	-	37,011	40,000	38,983	40,000	
Postage	9,000	-	-	-	-	9,000	17,000	10,898	-	
Insurance	-	-	-	-	-	-	5,000	2,612	5,000	
In-State Travel	7,450	-	516	-	-	7,966	6,000	956	5,400	
Out-of-State Travel	-	-	-	-	-	-	-	-	-	
Training	2,949	-	742	-	-	3,691	7,500	7,381	5,000	
Facilities Operations	188,763	-	-	-	-	188,763	267,200	94,509	65,000	
Security Contractual Services	300,000	-	-	-	-	300,000	300,000	183,395	95,000	
Utilities	-	-	-	-	-	-	-	-	-	
Contracted Services	352,640	-	121,535	-	-	474,175	537,850	420,033	454,850	
Consulting and Professional Services	-	-	-	-	-	-	-	-	-	
Information Technology	66,674	-	-	-	-	66,674	135,244	76,291	148,000	
Major Equipment	97,263	-	-	-	-	97,263	50,000	-	130,000	
Other Items of Expense	-	-	-	-	-	-	-	-	-	
	\$ 1,177,004	\$ -	\$ 123,708	\$ -	\$ -	\$ 1,300,712	\$ 1,504,074	\$ 940,109	\$ 981,120	
<b>Special Items of Expense</b>										
Grand Jury	\$ 184	\$ -	\$ -	\$ -	\$ -	\$ 184	\$ 2,000	\$ 634	\$ -	
Juror Costs	2,556	-	-	-	-	2,556	7,124	2,382	5,500	
Judgments, Settlements and Claims	-	-	-	-	-	-	-	-	-	
<b>Distributed Administration</b>										
Prior Year Adjustment to Expense	26,645	-	(18,385)	-	-	8,260	-	(435)	-	
	\$ 29,386	\$ -	\$ (18,385)	\$ -	\$ -	\$ 11,001	\$ 9,124	\$ 2,581	\$ 5,500	
<b>Total Expenditures</b>	\$ 2,144,743	\$ -	\$ 105,323	\$ -	\$ -	\$ 2,250,066	\$ 2,569,583	\$ 1,798,551	\$ 1,909,762	
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	\$ (55,192)	\$ 117	\$ (22,368)	\$ -	\$ -	\$ (77,444)	\$ (321,541)	\$ 501,312	\$ 326,292	
<b>OPERATING TRANSFERS IN (OUT)</b>	(22,368)	-	22,368	-	-	-	-	-	-	
<b>FUND BALANCES (DEFICIT)</b>										
Beginning Balance (Deficit)	2,324,096	14,609	-	-	-	2,338,705	2,338,705	1,837,393	1,837,393	
Ending Balance (Deficit)	\$ 2,246,535	\$ 14,726	\$ 0	\$ -	\$ -	\$ 2,261,261	\$ 2,017,164	\$ 2,338,705	\$ 2,163,685	

Source: Phoenix Financial System and the 4<sup>th</sup> Quarter Quarterly Financial Statements

**COLUSA SUPERIOR COURT  
TRIAL COURT OPERATIONS FUND  
STATEMENT OF PROGRAM EXPENDITURES  
(UNAUDITED)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2009										
								2008		
	Personal Services	Operating Expenses and Equipment	Special Items of Expense	Internal Cost Recovery	Prior Year Adjustment to Expense	Operating Transfers	TOTAL ACTUAL EXPENSE	BASELINE BUDGET	TOTAL ACTUAL EXPENSE	BASELINE BUDGET
<b>PROGRAM EXPENDITURES:</b>										
Judges and Courtroom Support	\$ 134,460	\$ 132,410	\$ -	\$ -	\$ -	\$ -	\$ 266,870	\$ 464,218	\$ 302,176	\$ 430,621
Traffic & Other Infractions	104,798	14,662	-	-	-	-	119,460	90,920	150,261	106,799
Other Criminal Cases	100,504	17,536	-	-	-	-	118,040	110,167	129,687	81,202
Civil	35,177	4,877	-	-	-	-	40,054	19,465	42,094	32,435
Family and Children Services	88,377	159,339	-	-	-	-	247,716	312,111	206,142	211,307
Probate, Guardianship & Mental Health Services	-	-	-	-	-	-	-	7,714	30,008	12,943
Juvenile Dependency Services	29,492	4,125	-	-	-	-	33,617	14,841	16,540	12,943
Juvenile Delinquency Services	-	-	-	-	-	-	-	52,579	168,099	74,148
Other Support Operations	184,449	26,872	-	-	-	-	211,321	219,385	134,131	156,522
Court Interpreters	23,882	116,836	-	-	-	-	140,718	115,000	22,819	100,000
Jury Services	16,997	4,227	2,670	-	-	-	23,894	32,354	183,585	22,833
Security	-	301,197	-	-	-	-	301,197	300,000	-	95,000
<b>Trial Court Operations Program</b>	<b>\$ 718,136</b>	<b>\$ 782,081</b>	<b>\$ 2,670</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,502,887</b>	<b>\$ 1,738,754</b>	<b>\$ 1,385,542</b>	<b>\$ 1,336,753</b>
Enhanced Collections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Non-Court Operations	-	70	-	-	-	-	70	-	634	-
<b>Non-Court Operations Program</b>	<b>\$ -</b>	<b>\$ 70</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 70</b>	<b>\$ -</b>	<b>\$ 634</b>	<b>\$ -</b>
Executive Office	\$ 158,920	\$ 28,324	\$ -	\$ -	\$ -	\$ -	\$ 187,244	\$ 189,123	\$ 143,871	\$ 163,670
Fiscal Services	46,129	21,394	-	-	-	-	67,523	112,126	51,132	73,674
Human Resources	15,168	11,547	-	-	-	-	26,715	58,800	34,806	23,000
Business & Facilities Services	-	241,369	-	-	-	-	241,369	272,200	99,970	165,000
Information Technology	-	215,998	-	-	-	-	215,998	198,580	83,030	147,665
<b>Court Administration Program</b>	<b>\$ 220,217</b>	<b>\$ 518,632</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 738,849</b>	<b>\$ 830,829</b>	<b>\$ 412,809</b>	<b>\$ 573,009</b>
Prior year adjustment to expense	-	-	-	-	-	-	8,260	-	(435)	-
							-	-	1	
<b>TOTAL</b>	<b>\$ 938,353</b>	<b>\$ 1,300,783</b>	<b>\$ 2,670</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,250,066</b>	<b>\$ 2,569,583</b>	<b>\$ 1,798,551</b>	<b>\$ 1,909,762</b>

Source: 4<sup>th</sup> Quarter Financial Statements



**Appendix B: Phoenix-FI Account Detail, Fiscal Year 2008-2009**

**Report Section 1: Accounts Related to Court Administration**

Trial courts are subject to rules and policies established by the Judicial Council to promote efficiency and uniformity within a system of trial court management. Guidelines and requirements concerning court governance are specified in California Rules of Court (CRC) and the *Trial Court Financial Policies and Procedures Manual* (FIN Manual), as established under Government Code §77009(f) and proceduralized under CRC 10.804. Yet, within the boundaries established by the Judicial Council, each trial court has the authority and is responsible for managing its own operations. All employees are expected to fulfill at least the minimum requirements of their positions and to conduct themselves with honesty, integrity, and professionalism. All employees shall also operate within the specific levels of authority that may be established by the trial court for their positions.

Table 6 reflects the Court’s Fiscal Year 2008-2009 expenditures that IAS considers associated with the Court’s administrative decisions and governance responsibilities.

*Table 6. Court Administration*

G/L Account	Description	Sub-Account	Account Balance
<b>Expenditures</b>			
900301	SALARIES – PERMANENT	\$ 619,990.44	
<b>900300</b>	<b>SALARIES – PERMANENT</b>		<b>\$ 619,990.44</b>
903300	TEMPORARY HELP		\$ 20,119.06
	<b>SALARIES TOTAL</b>		<b>\$ 640,109.50</b>
<b>920202</b>	<b>LABORATORY EXPENSE</b>		<b>\$ 78.00</b>
<b>920500</b>	<b>DUES AND MEMBERSHIPS</b>		<b>\$ 180.00</b>
933101	TRAINING	\$ 3,306.70	
933103	REGISTRATION FEES – TRAINING	\$ 384.00	
<b>933100</b>	<b>TRAINING</b>		<b>\$ 3,690.70</b>

**Report Section 2: Accounts Related to Fiscal Management and Reporting**

Trial courts must employ sound business, financial, and accounting practices to conduct its fiscal operations. To operate within the limitations of the funding approved and appropriated in the State Budget Act, courts should establish budgetary controls to monitor its budget on an ongoing basis to assure that actual expenditures do not exceed budgeted amounts. As personnel services costs account for more than half of many trial courts’ budgets, courts must establish a position management system that includes, at a minimum, a current and updated position roster, a process for abolishing vacant positions, and procedures for requesting, evaluating, and approving new and reclassified positions. In Table 7, Fiscal Year 2008-2009 balances from the Court’s general ledger that IAS considers associated with fiscal management and reporting are shown.

Table 7. Salary and Benefit Expenditures

G/L Account	Description	Sub-Account	Account Balance
900300	SALARIES – PERMANENT		\$ 619,990.44
903300	TEMPORARY HELP		\$ 20,119.06
910300	TAX		\$ 44,925.77
910400	HEALTH INSURANCE		\$ 116,221.44
910600	RETIREMENT		\$ 119,692.37
912500	WORKERS' COMPENSATION		\$ 9,408.00
913301	UNEMPLOYMENT INSURANCE	5,099.00	
913501	LIFE INSURANCE	995.69	
913601	VISION CARE INSURANCE	1,551.01	
912700	OTHER INSURANCE		\$ 7,645.70
913800	OTHER BENEFITS		\$ 350.32
	<b>PERSONAL SERVICES TOTAL</b>		<b>\$ 938,353.10</b>

### **Report Section 3: Accounts Related to Fund Accounting**

According to FIN Manual 3.01, §3.0, trial courts shall establish and maintain separate funds to segregate their financial resources and allow for the detailed accounting and accurate reporting of the Courts' financial operations. Section 6.1.1 defines a "fund" as a complete set of accounting records designed to segregate various financial resources and maintain separate accountability for resources designated for specific uses, so as to ensure that public monies are only spent for approved and legitimate purposes. A set of governmental, fiduciary, and proprietary funds have been set up in Phoenix-FI to serve this purpose. Furthermore, the Judicial Council has approved a policy to ensure that courts are able to identify resources to meet statutory and contractual obligations, maintain a minimum level of operating and emergency funds, and provide uniform standards for fund balance reporting. Table 8 below reflects the Court's Fiscal Year 2008-2009 fund balances.

Table 8. Fund Balances and Operating Transfers

G/L Account	Description	Account Balance
552001	FUND BALANCE – RESTRICTED	\$ 104,610.06
553001	FUND BALANCE – UNRESTRICTED	\$ 1,100,845.00
554001	FUND BALANCE – UNRESTRICTED	\$ 1,133,250.37
	<b>TOTAL FUND BALANCE</b>	<b>\$ 2,338,705.43</b>
701100	<b>OPERATING TRANSFERS IN</b>	<b>\$ (22,368.35)</b>
701200	<b>OPERATING TRANSFERS OUT</b>	<b>\$ 22,368.35</b>

### **Report Section 4: Accounts Related to Accounting Principles and Practices**

Trial courts must accurately account for use of public funds and demonstrate their accountability by producing financial reports that are understandable, reliable, relevant, timely, consistent, and

comparable. To assist courts in meeting these objectives, the FIN Manual provides uniform accounting guidelines for trial courts to follow when recording revenues and expenditures associated with court operations. Trial courts are required to prepare and submit various financial reports using these accounting guidelines to the AOC and appropriate counties, as well as internal reports for monitoring purposes.

In Tables 9 and 10, we present Fiscal Year 2008-2009 balances from the Court's general ledger that IAS has associated with accounting principles and practices.

*Table 9. Court Accounts Receivables, Payables, and Other Current Liabilities*

G/L Account	Description	Account Balance
130001	A/R - ACCRUED REVENUE	\$ 624.27
140001	A/R - DUE FROM OTHER FUNDS	101,402.06
152000	A/R - DUE FROM STATE	126,061.00
<b>Total Accounts Receivables</b>		<b>\$ 228,087.33</b>
311401	A/P - DUE TO OTHER FUNDS	(101,402.06)
321501	A/P - DUE TO STATE	(336.52)
321600	A/P - TC145 LIABILITY	(30,577.95)
322001	A/P - DUE TO OTHER GOVERNMENTS	(100.00)
330001	A/P - ACCRUED LIABILITIES	(27,240.91)
<b>Total Accounts Payables</b>		<b>\$ (159,657.44)</b>
351001	LIABILITIES FOR DEPOSITS - STALE CHECKS OPERATIONS	\$ (39.52)
353003	CIVIL TRUST-OTHER (RPRTR)	(9,472.40)
353005	TRAFFIC	(58,796.35)
353006	CRIMINAL - GENERAL	(17,943.00)
353051	CRIMINAL FINES DUE TO OTH	(174,339.25)
353080	LIABILITIES FOR DEPOSITS	(2,624.00)
353090	FUNDS HELD OUTSIDE OF THE	(102,438.35)
353999	TRUST INTEREST PAYABLE	(120.80)
374101	RETIREMENT CONTRIBUTIONS	(10,207.15)
374603	UNION DUES	(390.50)
374701	HEALTH BENEFITS PAYABLE E	22.34
374702	BENEFITS PAYABLE-MEDICAL	1,138.15
374703	BENEFITS PAYABLE-DENTAL E	(1,019.63)
374704	BENEFITS PAYABLE-VISION E	18.92
374705	BENEFITS PAYABLE-LIFE EE	(193.14)
374707	BENEFITS PAYABLE-LTD EE A	(418.50)
374801	DEFERRED COMPENSATION PAY	(588.00)
<b>Current Liabilities</b>		<b>\$ (377,411.18)</b>

Table 10. Court Revenue Sources and Prior Year Adjustments

G/L Account	Description	Sub-Account	Account Balance
812110	TCTF-PROGRAM 45.10-OPERAT	\$(1,785,939.21)	
812140	TCTF-PROGRAM 45.10-SMALL	(230.00)	
812144	TCTF-PROGRAM 45.10-CLERKS	(4,105.00)	
812146	TCTF-PROGRAM 45.10-COPY P	(2,767.00)	
812148	TCTF-PROGRAM 45.10-MANUAL	(135.00)	
812151	TCTF-10-CUSTODY/VISITATIO	(180.00)	
812152	TCTF-PROGRAM 45.10-RETURN	(1,856.00)	
812158	TCTF-10-CUSTODY/VISITATIO	(120.00)	
812159	TCTF-10-CIVIL ASSESSMENT	(63,153.00)	
812160	TCTF-10-MICROGRAPHICS	(424.00)	
<b>812100</b>	<b>TCTF - PGM 10 OPERATIONS</b>		<b>\$ (1,858,909.21)</b>
<b>816000</b>	<b>OTHER STATE RECEIPTS</b>		<b>\$ (2,302.00)</b>
<b>823000</b>	<b>OTHER REVENUE</b>		<b>\$ (127.31)</b>
<b>825000</b>	<b>INTEREST INCOME</b>		<b>\$ (18,935.16)</b>
<b>SUB-TOTAL TRIAL COURTS REVENUE SOURCES</b>			<b>\$ (1,880,273.68)</b>
832010	TCTF GENERAL MOU REIMBURSEMENTS	\$ (41,299.60)	
832011	TCTF-PGM 45.10- JURY	(932.00)	
832013	TCTF-PGM 45.10- ELDER ABUSE	(185.00)	
<b>832000</b>	<b>PROGRAM 45.10 - MOU/REIMBURSEMENTS</b>		<b>\$ (42,416.60)</b>
<b>833000</b>	<b>PROGRAM 45.10 – JUDGES SALARIES</b>		<b>\$ (9,086.00)</b>
<b>834000</b>	<b>PROGRAM 45.45 – COURT INTERPRETER REIMBURSEMENTS</b>		<b>\$ (152,033.00)</b>
<b>837000</b>	<b>IMPROVEMENT FUND – REIMBURSEMENTS</b>		<b>\$ (2,893.00)</b>
<b>838000</b>	<b>AOC GRANTS – REIMBURSEMENTS</b>		<b>\$ (101,340.00)</b>
<b>860000</b>	<b>REIMBURSEMENTS – OTHER</b>		<b>\$ (1,623.86)</b>
<b>SUB-TOTAL TRIAL COURTS REIMBURSEMENTS</b>			<b>\$ (309,392.46)</b>
<b>890000</b>	<b>PRIOR YEAR REVENUE</b>		<b>\$ 17,044.05</b>
<b>REVENUE TOTAL</b>			<b>\$ (2,172,622.09)</b>

### **Report Section 5: Accounts Related to Cash Collections**

FIN Manual 10.02 was established to provide uniform guidelines for trial court employees to use in receiving and accounting for payments from the public in the form of fees, fines, forfeitures, restitutions, penalties, and assessments resulting from court orders. Additionally, FIN 10.01 provides uniform guidelines regarding the collection, processing, and reporting of these amounts. Trial courts should institute procedures and internal controls that assure safe and secure collection, as well as accurate accounting of all payments. Table 11 shows balances from the Court's general ledger for Fiscal Year 2008-2009 that IAS considers to be associated with this section.

Table 11. Cash Collections Accounts

G/L Account	Description	Account Balance
111000	CASH-OPERATIONS ACCOUNT	\$ 187,113.29
111100	CASH-OPERATIONS CLEARING	(28,614.77)
116000	CASH - PAYROLL	15,063.02
117000	CASH DISTRIBUTION ACCOUNT	174,452.00
117500	CASH CIVIL FILING FEES	30,577.95
118000	CASH-TRUST ACCOUNT	96,967.81
118100	CASH-TRUST CLEARING	(8,070.00)
119001	CASH ON HAND	315.00
120002	CASH OUTSIDE OF AOC	102,438.35
120050	SHORT TERM INVESTMENTS-LA	2,000,000.00
<b>Cash and Cash Equivalents</b>		<b>\$ 2,570,242.65</b>

**Report Section 6: Accounts Related to Information Systems**

Information systems used by the Court include the CIBER Case Management System (CMS) that has an integrated cashiering module, Jury Plus for jury attendance and payroll, in addition to Phoenix-FI for the recording of financial transactions. In Table 12 are balances from the Court's general ledger that IAS considers to be associated with information systems.

Table 12. Information Technology General Ledger Line Items

G/L Account	Description	Sub-Account	Account Balance
<b>943200</b>	<b>IT MAINTENANCE</b>		<b>\$ 9,574.20</b>
<b>943300</b>	<b>IT COMMERCIAL CONTRACTS</b>		<b>\$ 56,043.86</b>
943501	IT REPAIRS & SUPPLIES	\$ 32.18	
943502	IT SOFTWARE & LICENSING FEES	1,024.24	
<b>943500</b>	<b>IT REPAIRS/SUPPLIES/LICENSES</b>		<b>\$ 1,056.42</b>
<b>INFORMATION TECHNOLOGY (IT) TOTAL</b>			<b>\$ 66,674.48</b>
<b>946601</b>	<b>MAJOR EQUIPMENT - IT</b>		<b>\$ 46,975.50</b>
<b>TOTAL INFORMATION TECHNOLOGY (IT)</b>			<b>\$ 113,649.98</b>

**Report Section 7: Accounts Related to Banking and Treasury**

GC 77009 authorizes the Judicial Council to establish bank accounts for trial courts to deposit trial court operations funds and other funds under the Courts' control. FIN 13.01 establishes the conditions and operational controls under which trial courts may open these bank accounts and maintain funds. Trial courts may earn interest income on all court funds wherever located. Currently, the Court's operating funds, daily collections, AB 145 monies, and funds held in trust are deposited into AOC-established accounts. Lastly, the Court has an AOC established Local Agency Investment Fund account with the State Treasury.

Table 13. Banking and Treasury General Ledger Line Items

G/L Account	Description	Account Balance
111000	CASH-OPERATIONS ACCOUNT	\$ 187,113.29
111100	CASH-OPERATIONS CLEARING	(28,614.77)
116000	CASH - PAYROLL	15,063.02
117000	CASH DISTRIBUTION ACCOUNT	174,452.00
117500	CASH CIVIL FILING FEES	30,577.95
118000	CASH-TRUST ACCOUNT	96,967.81
118100	CASH-TRUST CLEARING	(8,070.00)
119001	CASH ON HAND	315.00
120002	CASH OUTSIDE OF AOC	102,438.35
120050	SHORT TERM INVESTMENTS-LA	2,000,000.00
<b>Cash and Cash Equivalents</b>		<b>\$ 2,570,242.65</b>
825000	INTEREST INCOME	\$ (18,935.16)
<b>Revenues</b>		<b>\$ (18,935.16)</b>
920302	BANK FEES	\$ 12,942.99
<b>Expenditures</b>		<b>\$ 12,942.99</b>

**Report Section 8: Accounts Related to Court Security**

Appropriate law enforcement services are essential to trial court operations and public safety. Like almost all other trial courts in the State, the Colusa County Superior Court contracts with the County Sheriff for court security services. Table 14 presents balances from the Court’s general ledger that IAS considers to be associated with this section.

Table 14. Court Security General Ledger Line Items

G/L Account	Description	Sub-Account	Account Balance
922614	SECURITY SURVEILLANCE - M	\$ 550.00	
922909	SECURITY EQUIPMENT REPAIR	\$ 567.50	
<b>SUBTOTAL OTHER SECURITY COSTS</b>			<b>\$ 1,117.50</b>
934510	COURTROOM SECURITY – SHERIFF	\$ 300,000.00	
<b>934500</b>	<b>SECURITY</b>		<b>\$ 300,000.00</b>
<b>TOTAL SECURITY</b>			<b>\$ 301,117.50</b>

**Report Section 9: Accounts Related to Procurement**

The FIN Manual provides uniform guidelines for trial courts to use in procuring necessary goods and services and documenting procurement practices. Trial courts must demonstrate that purchases 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 documents approval by an authorized individual. Depending on the type, cost, and frequency of the good or service to be purchased, trial court employees may need to perform varying degrees of comparison research to generate an appropriate level of competition to obtain the best value. Court employees may also need to enter into purchase orders, service agreements, or contracts to document the terms and conditions of its purchases. Policy Number FIN 7.01 establishes uniform guidelines for the trial court to follow in preparing, reviewing, negotiating, and entering into contractual agreements with qualified vendors as well as Memorandums of Understanding with other government entities.

Not only should trial courts issue a contract when entering into agreements for services or complex procurements of goods, but also it is the responsibility of every court employee authorized to commit trial court resources to apply contract principles and procedures that protect the interests of the Court. All trial court vendor, supplier, consultant, and contractor invoices and claims shall be routed to the trial court accounts payable department for processing. The accounts payable staff shall process the invoices and claims in a timely fashion and in accordance with the terms and conditions of the purchase agreements. All invoices and claims must be matched to the proper supporting documentation and must be approved for payment by authorized court personnel acting within the scope of their authority. Table 18 provides balances from the Court’s general ledger that IAS considers to be associated with procurement activity, contracts, and accounts payable.

In Table 15, we list Fiscal Year 2008-2009 balances from the Court’s general ledger that IAS considers to be associated with accounts payable activity. Several of the amounts are similar to the contract and procurement sections.

*Table 15. Procurement, Contracts, and Accounts Payable General Ledger Line Items*

G/L Account	Description	Sub-Account	Account Balance
<b>920200</b>	<b>LABORATORY EXPENSES</b>		<b>\$ 78.00</b>
920302	BANK FEES	\$ 12,942.99	
920399	FEES/PERMITS	\$ 48.00	
<b>920300</b>	<b>FEES/PERMITS</b>		<b>\$ 12,990.99</b>
<b>920500</b>	<b>DUES AND MEMBERSHIPS</b>		<b>\$ 180.00</b>
<b>920600</b>	<b>OFFICE EXPENSE</b>		<b>\$ 23,350.43</b>
<b>921500</b>	<b>ADVERTISING</b>		<b>\$ 5,698.79</b>
922303	LEGAL PUBLICATIONS-HARDCO	\$ 6,593.47	
922304	LEGAL PUBLICATIONS-ON-LIN	\$ 5,115.60	
922305	NEWSPAPER	\$ 1,458.60	
<b>922300</b>	<b>LIBRARY PURCHASES AND SUPPLIES</b>		<b>\$ 13,167.67</b>
922614	SECURITY SURVEILLANCE - MINOR	\$ 550.00	
922699	MINOR EQUIPMENT - UNDER \$5,000	\$ 33,749.21	
<b>922600</b>	<b>MINOR EQUIPMENT – UNDER \$5,000</b>		<b>\$ 34,299.21</b>

<b>G/L Account</b>	<b>Description</b>	<b>Sub-Account</b>	<b>Account Balance</b>
922702	COPIERS-RENTAL-LEASE	\$ 12,261.61	
922705	POSTAGE MACHINE-RENTAL-LEASE	\$ 1,296.00	
<b>922700</b>	<b>EQUIPMENT RENTAL/LEASE</b>		<b>\$ 13,557.61</b>
<b>922800</b>	<b>EQUIPMENT MAINTENANCE</b>		<b>\$ 1,325.00</b>
922909	SECURITY EQUIPMENT REPAIR	\$ 567.50	
922999	EQUIPMENT REPAIRS	\$ 188.34	
<b>922900</b>	<b>EQUIPMENT REPAIRS</b>		<b>\$ 755.84</b>
<b>923900</b>	<b>GENERAL EXPENSE - SERVICE</b>		<b>\$ 450.00</b>
<b>924500</b>	<b>PRINTING TOTAL</b>		<b>\$ 10,317.69</b>
925101	TELECOMMUNICATIONS	\$ 35,412.20	
925102	INTERNET ACCESS PROVIDER	\$ 1,598.76	
<b>925100</b>	<b>TELECOMMUNICATIONS TOTAL</b>		<b>\$ 37,010.96</b>
<b>926100</b>	<b>POSTAGE TOTAL</b>		<b>\$ 9,000.00</b>
<b>929200</b>	<b>TRAVEL IN-STATE</b>		<b>\$ 7,965.50</b>
<b>933100</b>	<b>TRAINING TOTAL</b>		<b>\$ 3,690.70</b>
<b>934500</b>	<b>SECURITY</b>		<b>\$ 300,000.00</b>
<b>935200</b>	<b>RENT/LEASE</b>		<b>\$ 1,400.00</b>
<b>935300</b>	<b>JANITORIAL TOTAL</b>		<b>\$ 36,000.00</b>
<b>935600</b>	<b>ALTERATION TOTAL</b>		<b>\$ 151,362.50</b>
	<b><i>FACILITY OPERATION TOTAL</i></b>		<b>\$ 188,762.50</b>
<b>938300</b>	<b>GENERAL CONSULTANT &amp; PROFESSIONALS</b>		<b>\$ 250,488.30</b>
<b>938401</b>	<b>GENERAL CONSULTANTS &amp; PROFESSIONAL</b>	\$ 233,242.30	
<b>938404</b>	<b>ADMINISTRATIVE SERVICE</b>	\$ 17,246.00	
<b>938500</b>	<b>COURT INTERPRETER SERVICES</b>		<b>\$ 113,146.41</b>
<b>938600</b>	<b>COURT REPORTER SERVICES</b>		<b>\$ 60,396.80</b>
<b>938700</b>	<b>COURT TRANSCRIPTS</b>		<b>\$ 16,630.95</b>
<b>938900</b>	<b>INVESTIGATIVE SERVICES</b>		<b>\$ 96.00</b>
<b>939000</b>	<b>COURT ORDERED PROFESSIONAL SERVICES</b>		<b>\$ 15,035.00</b>
<b>939100</b>	<b>MEDIATORS/ARBITRATORS</b>		<b>\$ 16,897.50</b>
<b>939700</b>	<b>BANKING AND INVESTMENT SERVICES</b>		<b>\$ 1,483.55</b>
	<b><i>CONTRACTED SERVICES TOTAL</i></b>		<b>\$ 474,174.51</b>
<b>965101</b>	<b>JURORS - FEES</b>	\$ 2,190.00	
<b>965102</b>	<b>JURORS - MILEAGE</b>	\$ 366.18	
<b>965100</b>	<b>JURY COSTS TOTAL</b>		<b>\$ 2,556.18</b>
<b>972200</b>	<b>GRAND JURY COSTS</b>		<b>\$ 184.05</b>



**Report Section 12: Accounts Related to Fixed Assets Management**

FIN Manual 9.01 states that the trial court shall establish and maintain a Fixed Asset Management System (FAMS) to record, control, and report court assets. The primary objectives of the system are to:

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

Table 16 on the following page provides balances from the Court’s general ledger that IAS considers to be associated with fixed assets.

*Table 16. Fixed Assets Management General Ledger Line Items*

<b>G/L Account</b>	<b>Description</b>	<b>Sub-Account</b>	<b>Account Balance</b>
922614	SECURITY SURVEILLANCE – MINOR EQUIPMENT	\$ 550.00	
922699	MINOR EQUIPMENT – UNDER \$5,000	\$ 33,749.21	
<b>922600</b>	<b>MINOR EQUIPMENT – UNDER \$5,000</b>		<b>\$ 34,299.21</b>
945301	MAJOR EQUIPMENT - NON-IT	\$ 50,287.00	
946601	MAJOR EQUIPMENT - IT	\$ 46,975.50	
<b>945200</b>	<b>MAJOR EQUIPMENT – OVER \$5,000</b>		<b>\$ 97,262.50</b>
	<b>TOTAL EQUIPMENT</b>		<b>\$ 131,561.71</b>

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**Appendix C: Issues Control Log**

**Appendix C**

**Superior Court of California,  
County of Colusa**

**Issue Control Log**

**Note:**

The Issue Control Log contains all the issues identified in the audit. Any issues discussed in the body of the audit report are cross-referenced in the "Report No." Column.

Those issues that are complete at the end of the audit are indicated by the 'C' in the column labeled C. Issues that remain open at the end of the audit have an 'I' for incomplete in the column labeled I and have an Estimated Completion Date.

Internal Audit Services will periodically contact the Court to monitor the status of the correction efforts indicated by the Court. Those issues with a "\_" in the Report No. column are only listed in this appendix. Additionally, there are issues that were not significant enough to be included in this report. They were discussed with the court management as 'informational' issues.

**August 2010**

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE	
1	Court Administration	1.1	<b>The Court Should Develop a Process to Identify, Monitor, and Manage Potential Employee Conflicts of Interest.</b>						
				The Court did not have a court policy requiring positions that have decision-making authority to complete and file Statement of Economic Interest Forms 700.		C	These positions will be asked to complete Form 700.	CEO	Immediately
				Court did not have a formal process in place to track and manage the submission of Form 700 and ensure a copy is maintained for Court records.		C	Form 700 will be tracked and maintained in each employee's personnel file.	CEO	Immediately
		1.2	<b>The Court Should Develop a Strategic Plan.</b>						
				The Court has not developed a long-range strategic plan as required by CRC 10.603(c)(9)(A).	I		The Court will develop a strategic plan as time, staff and mgmt resources become available.	CEO	TBD
2	Fiscal Management and Reporting	2.1	<b>Courts Staff Would Benefit from Fiscal Training and Guidance.</b>						
				The Court did not have written job descriptions for all key positions, including the ACEO and Senior Accounting Clerk, as required by the FIN Manual.	I		Job descriptions will be developed for the few remaining positions. This will be among the duties to be performed by the newly created administrative position.	CEO	January 1, 2011
				Court fiscal operations could be improved through additional fiscal training provided by AOC and increasing its existing fiscal knowledge base.	I		The Court will recruit a new Administrative Officer, who together with existing staff, will attend all relevant training opportunities which the AOC may make available.	CEO	An ongoing process.
		2.2	<b>The Court's Payroll Processing Requires Attention.</b>						
	Court staff could benefit from training in payroll processes and reviews as it currently lacks sufficient oversight over the payroll recording and reporting.		I		The Court will recruit a new Administrative Officer, who together with existing staff, will attend all relevant training opportunities which the AOC may make available.	CEO	An ongoing process.		

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
			The Court's Benefit's Liability accounts are not regularly reviewed and reconciled.	I		The Court's liability accounts will be regularly reviewed as part of the duties of the new Administrative Officer.	CEO	Upon recruitment of new employee.
			The Court may want to consider a comprehensive external payroll provider such as ADP, which could facilitate the recording of payroll data in Phoenix-FI.	I		The Court will consider an outside payroll provider such as ADP. The present management of the Clerk's Office was not made aware by the AOC that such an option was available.	CEO	Upon recruitment of new employee will assist in the evaluation of available options.
			The Court erroneously received \$52,239 in Program 45.25 monies which must be returned to AOC.		C	The Court received Program 45.25 monies because they were erroneously provided by the AOC.	AOC	Completed
		<b>2.3</b>	<b>The Court Over-Reported Its Compensated Absences Liability on the Fiscal Year 2008-2009 CAFR Worksheets.</b>					
			The Court reported its Long-term Obligations as \$31,111,000 on its CAFR worksheets instead of the appropriate \$112,000.		C	This was a data input error. With additional administrative support staff, errors such as this are more likely to be avoided.	CEO and Administrative Officer	We will always strive to avoid errors.
<b>3</b>	<b>Fund Accounting</b>	<b>3.1</b>	<b>Unreconciled Trust Fund Monies Require Immediate Attention.</b>					
			The Court does not conduct a formal reconciliation for its funds held in trust and its "Old Trust" account is not fully reconciled.	I		The Court is inadequately staffed to provide the intense management of these funds which would be preferred. A formal reconciliation of all trust fund monies will be performed immediately upon the recruitment of adequate staff. Plan is to add one additional staff position to assist the existing Senior Acctg Clerk staff to address these types of issues.	CEO	January 1, 2011
			The Court paid bank analysis fees from its "Old Trust" account.		C	The Court will no longer pay bank analysis fees from its "Old Trust" account.	CEO and Senior Accounting Clerk	Immediately

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
			The Court's "Old Trust" account contains \$2,121.07 in micrographic monies.		C	The micrographics monies in the "Old Trust" account will be properly processed.	CEO and Senior Accounting Clerk	Immediately
			The Court's "Old Trust" account has \$7,676.56 in stale dated checks.	I		The stale dated checks in the "Old Trust" account will be processed.	CEO and Senior Accounting Clerk	As soon as possible.
4	Accounting Principles and Practices							
			No issues identified warranting a response.					
5	Cash Collections	5.1	<b>Processing of Fine Reductions and Civil Fee Waivers Needs Further Oversight.</b>					
			Court staff processing payments have the ability to reduce fines and waive civil fees without any oversight.	I		Procedures will be developed to require supervisory approval to process fine and fee reductions.	CEO, ACEO and Operations Supervisor	January 1, 2011
		5.2	<b>Strong Controls over the Manual Receipt Book Could be Slightly Enhanced.</b>					
			The Court's manual receipt book is stored in an unlocked drawer when not in use.		C	The manual receipt book will be kept in a locked drawer.	CEO, ACEO and Operations Supervisor	Immediately
6	Information Systems	6.1	<b>Certain Fine Distribution Calculations Were Incorrect.</b>					
			Base bail amounts recorded in the Ciber CMS were not consistent with the California Uniform Bail and Penalty Schedule.	I		The Court will work with Ciber to ensure that bail amounts are correct, EMS penalty assessments are correct, Courthouse Construction Penalty is correct, the administrative fees are correctly assessed and distributed, and that other miscellaneous fees are correctly assessed and distributed.	CEO, ACEO and Operations Supervisor	January 1, 2011
			Court assessed EMS Penalty that is not applicable for Colusa County.	I				
			The State Courthouse Construction Penalty was not assessed when violations were disposed as traffic school.	I				
			The Court did not assess the \$25 Administrative Screening Fee pursuant to PC 1463.07.	I				
			Court incorrectly distributed administrative fees pursuant to PC 1205 and VC 40508.6 to the County.	I				

FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
			Various other miscellaneous fees and penalties such as the County Alcohol Program Fee and Secret Witness Fee were incorrectly assessed.					
		<b>6.2</b>	<b>Access to Some Court Automated Systems Requires Attention.</b>					
			Nearly all court employees have complete access to DMV and the Court cannot track user activity. In addition, the Court is not completing the required annual Information Security Statement (form INF-1128) as required.	I		Nearly all court employees need access to DMV. In a very small court, everyone has to be able to do everything. We will complete any security form which DMV asks us to complete.	CEO	Upon request
			The prior CEO who left the Court in December 2008 still had access to the Court's financial system, Phoenix-FI.		C	The prior CEO no longer has access to Phoenix.	CEO	Completed
<b>7</b>	<b>Banking and Treasury</b>							
			No issues identified warranting a response.					
<b>8</b>	<b>Court Security</b>							
			The Court should review outstanding issues from the 2007 AOC Emergency Response and Security Survey, including activating court security cameras and conducting annual emergency/evacuation drills.	I		The Court will review the AOC survey and the issues of cameras and drills.	CEO	As soon as possible
<b>9</b>	<b>Procurement</b>	<b>9.1</b>	<b>Missing Controls and Inconsistent Use of Formal Purchasing Processes Increase Risk to the Court.</b>					
			Court does not document the request to purchase or travel requests.	I		The procurement process will be among the first assignments for the new Administrative Officer. The process will be improved and formalized to include documentation of requests to purchase and travel, competitive bids for purchases when feasible, and the creation of formal purchase orders.	CEO and new Administrative Officer	As soon as possible
			Court does not actively seek competitive offers for its purchases.	I				
			Court does not always generate purchase orders or contracts for purchases over \$2,500.	I				

FUNCTION	RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE	
	<b>9.2</b>	<b>The Court Does Not Encumber Funds.</b>						
		With the exception of one blanket purchase order, the Court does not encumber court monies for recurring purchases or charges.	I		As part of the reform of the purchasing process, funds for recurring purchases will be encumbered.	CEO and Administrative Officer	As soon as possible	
<b>10</b>	<b>Contracts</b>							
		Court does not document competitive procurement or sole-source justification as required by the FIN Manual.	I		As part of the reform of the purchasing process, the Court will document competitive and sole source purchases, negotiate formal, written agreements where feasible, and develop a comprehensive list of the very few current contracts.	CEO and Administrative Officer	As soon as possible	
		Many of the services received by the Court are not memorialized in a written agreement as required by the FIN Manual Section 7.01.	I					
		The Court does not have a comprehensive list of current contracts.	I					
<b>11</b>	<b>Accounts Payable</b>	<b>11.1</b>	<b>The Court's Invoice Review Practices Should Be Strengthened.</b>					
		Nearly half of Court expenditures tested lacked sufficient underlying support.	I		Sufficient support for expenditures will be developed, provider claims will be adequately reviewed, and jury expenditure approval will be better documented.	CEO and Administrative Officer	As soon as possible	
		Several in-court service provider claims lacked adequate review prior to approval for payment.	I					
		Some jury services expenditures lacked evidence of approval to pay.	I					
<b>12</b>	<b>Fixed Assets Management</b>	<b>12.1</b>	<b>Court's Fixed Asset Management Needs to be Improved.</b>					
		The Court does not have a comprehensive list of fixed assets.	I		The Court has very few fixed assets. The Court will develop a list of the fixed assets, track them, and develop support for the CAFR worksheets.	CEO	As soon as possible	
		Court does not have a process in place to track, manage, and depreciate fixed assets.	I					
		Court does not have support for carry-over fixed asset balances reported on its CAFR worksheets.	I					
<b>13</b>	<b>Audits</b>	<b>13.1</b>	<b>Many Past Audit Issues Have Not Been Addressed</b>					
		No issues identified warranting a response.						



FUNCTION		RPT NO.	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
14	Records Retention		No issues identified warranting a response.					
15	Domestic Violence	15.1	<b>Domestic Violence Fees Were Not Always Assessed In Accordance with Statute.</b>					
			The Court either did not assess the full \$400 fee or did not assess the fee at all for domestic violence cases where probation was granted as required by PC 1203.097.		C	The Clerk's Office will collect and distribute any fee which the Judges assess.	CEO and ACEO	As assessed
16	Exhibits	16.1	<b>Existing Controls over Exhibits Are Inadequate.</b>					
			The Court does not maintain a comprehensive exhibit list nor are exhibits recorded in the case management system.	I		The Court will develop a comprehensive exhibit list, inventory exhibits and develop a documented process for the handling and destruction of exhibits.	CEO, ACEO and Operations Supervisor	July 1, 2011
			The Court has not conducted a comprehensive inventory of exhibits in many years.	I				
			The Court does not have a standard, documented process in place over the handling and destruction of exhibits.	I				
17	Facilities		No issues identified warranting a response.					
18	Appeals	18.1	<b>Closer Oversight Over Appeal Milestones is Needed.</b>					
			The Court does not have a formal, documented process in place for processing and tracking appeals.	I		The court will develop a formal process for tracking appeals.	CEO, ACEO and Operations Supervisor	January 1, 2011

I = Incomplete; Court response and/or corrective action plan does not fully address issue and thus, remains incomplete.

C = Complete; Court response and/or corrective action plan addresses issue and is considered completed.

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## Appendix D: Court's Full Response

### Issues and Management Responses

#### Superior Court Responses

##### 1.1

All positions that have decision making authority will be asked to complete Form 700.

The CEO will ensure that conflicts are avoided and will retain Form 700 in those employee's personnel file.

##### 1.2

The small staff and limited time and resources available to devote to this project have prevented the development of a long range strategic plan. The Court recognizes the need for a plan and will develop a plan as time and other resources become available.

##### 1.3

Job descriptions will be developed for all key positions.

##### 2.1

The Court employs one single fiscal staff person. The responsibilities exceed the capabilities of one person. As recommended in the prior audit, the Court will recruit a professionally trained Administrative Officer to provide improved fiscal management.

##### 2.2

As identified in this audit, "...there are not sufficient staff resources available to receive the training needed and analyze payroll transactions to the depth needed." The Court will recruit an Administrative Officer who can provide this depth of analysis.

The Court will consider other options for payroll processing including the services of ADP. The present management team does not know why the Court stopped using ADP.

Although the Court may have erroneously received Program 42.25 funding, the AOC erroneously provided that funding.

##### 2.3

The CAFR over reporting was a data entry error. The plan to double our fiscal staff should address the issue, but some data entry mistakes are inevitable.

##### 3.1

With present staffing it is impossible to complete a monthly reconciliation of trust funds.

With present staffing there is simply no time to devote to the problems of the old trust fund account.

With the present staffing there is no time to devote to researching stale checks. Additional staff will be recruited.

Micrographics monies have been transferred to the operating account.

The Court has stopped paying bank fees with trust funds.

#### 5.1

With present staffing no staff time is available to conduct periodic internal reviews of case information entered into the Ciber system.

Additional staff may be able to perform these reviews.

The development of special reports by Ciber involves added expense. Such expenditures to modify the current case management system may be justifiable since the system will soon be replaced by the highly touted California Court Case Management System now under development by the AOC.

#### 5.2

The manual receipt book will be stored by a custodian who does not handle cash in a secure location.

#### 6.1

The Court must depend on Ciber to update the case management systems as changes in the law occur. The interaction between Ciber staff and Court staff is limited since the Court lacks sufficient resources to properly perform system modifications and keep up with the constant legislated fee changes.

The Court will recruit an Administrative Officer who, ideally, has experience with the Ciber system.

With the addition of needed staff, the Court will review the violations tables in Ciber to ensure agreement with the Uniform Bail and Penalty Schedule, work with Ciber to ensure correct distribution, ensure that the Priors Assessment Fee and the Administrative Screening Fee are properly assessed, and work with Ciber to be sure that all tables are properly adjusted to collect and distribute the Alcohol Program fee, the Fish and Game fee and the Secret Witness Fee.

#### 6.2

With such a small staff, everyone has multiple responsibilities. Thus it is not practical to limit access to DMV to fewer staff than now have access.

The Security Statement will be completed as may be requested by the DMV.

An attempt will be made to work with DMV to generate user reports. However, working with DMV may be challenging to staff once staff is available to devote to this project.

The AOC has been notified to end the former CEO's access to the Phoenix system.

8.

Cameras are controlled by the Sheriff. The Court would cooperate if the Sheriff were to decide to reactivate his security cameras.

The Court will conduct emergency drills and consider implementing ERS recommendations.

9.1

With the recruitment of an Administrative Officer, the purchasing process will be improved, and formal Court procurement policies can be established. The revised process will:

- Establish a written requisition process.

- Use purchase orders or formal, written contracts.

- Create an authorization matrix.

- Require adherence to written policy, once that policy is developed.

10.

The Court will establish formal contracts where possible and in the best interests of the Court. For example, the arrangement with the IT provider is informally structured because that is the preference of the provider and the other options available to the Court for these critical services is very limited. This provider has extensive and unique experience with the Court's systems.

Listing and reviewing contracts will be done by the new Administrative Officer.

11.

Vendors and contractors will be required to submit more documentation which will be verified prior to payment.

The Administrative Officer will be assigned the responsibility to verify receipt of goods and services.

The Administrative Officer will renegotiate agreements as may be appropriate.

In court service provider invoices will be reviewed.

In court service provider will be asked to provide more complete claims.

12.1

The Administrative Officer will conduct a fixed asset inventory, develop a list, and conduct annual physical inventories of fixed assets.

13.1

The last audit report was not made available to the current management team until the present audit was scheduled. Even if the present management team had the resources, there was no time to address any of the prior audit report issues before the start of this audit.

The main suggestion of the last report, recruiting competent financial staff, was not addressed previously. It certainly will be now as a result of this latest audit.

15.

The staff may be aware of mandatory fines and fees, but the staff can only collect those fines and fees as may be ordered by the Court. The staff will faithfully collect and distribute any fines or fees which the Court may impose.

16.

As with many of the process improvements discussed in this audit, the quality of the Court's exhibit handling practices is directly dependant on staff resources. Operating a Clerk's Office with 13 people presents many challenges which requires the prioritization of limited resources to meet multiple responsibilities.

The Court will develop formal policies and procedures to manage exhibits, use the Ciber system to track exhibits, improve inventory control, and limit access to exhibits.

18.1

The Court will develop a more structured process and written procedures to govern appeal processing.