



**Audit of the
Superior Court of California,
County of Tulare**

AUDIT SERVICES REPORT

JULY 2015



JUDICIAL COUNCIL
OF CALIFORNIA

LEADERSHIP SERVICES DIVISION

AUDIT SERVICES

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Superior Court of California, County of Tulare

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MANAGEMENT SUMMARY

Introduction

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

The audit of the Superior Court of California, County of Tulare (Court), was initiated by Audit Services in March 2015. Depending on the size of the court, the audit process typically involves three or four audit cycles encompassing the following primary areas:

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

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

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

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

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

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

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

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

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

Audit Issues Overview

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

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

Tracking and Monitoring of Civil Payment Plans Is Needed (Issue 5.1)

Before courts may process their civil filings, parties of civil cases must pay the required civil filing fees in full or be granted a fee waiver or a partial initial fee waiver to pay a portion of the court fees, or to pay over a period of time or some other arrangement. Otherwise, when a party does not pay the required civil filing fees in full, the court must void the filing.

Our review of civil cases in which the Court allowed parties to pay civil filing fees in installments found that the Court is not tracking the civil filing fee installment payments. As a result, the Court did not always void or suspend the filings and allowed cases to continue until disposed prior to receiving full payment of the required civil filing and administrative fees. It also did not take action to collect the required civil filing and administrative fees when the required civil fees were not paid as agreed.

According to the CEO, the Court at one time had a process to track civil fee installment payments, but with budgetary restraints and the associated reduction in staff, this process became a lesser priority. Nevertheless, by not tracking these installment payments, the Court is not fully collecting the civil fees that it depends on to cover its costs and continue providing needed services to the public.

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

Better Tracking and Monitoring Is Needed of Dishonored Payments in Civil Actions (Issue 5.2)

The Code of Civil Procedure requires courts to take certain actions when accepting check payments for civil filings and other services that are later returned unpaid or in an amount less than the required fee. In addition, if the court does not receive payment of the civil filing and administrative fee within 20 days of the date it mails a returned check notice, it must void the filing. Further, if any trial or hearing is scheduled to be heard prior to the expiration of the 20-day period, the civil filing and administrative fees must be paid prior to the trial or hearing. Should the party fail to pay the civil filing and administrative fees prior to the expiration of the 20-day period, scheduled trial, or hearing, whichever occurs first, the court must void the filing and proceed as if it had not been filed.

Our review of four civil cases with dishonored check payments revealed that the Court did not void the associated civil filings and allowed cases to proceed even though the responsible parties had not paid the required civil filing and administrative fees within the required 20-day period. Further, the Court could not demonstrate that it had initiated collection proceedings on the amounts due although it had not yet received the required payments at the time of our review.

The Finance Division voids the payment transaction in the cashiering system and notes the dishonored check payment in the case file within the case management system, along with a scanned copy of the Court's NSF deficiency notice mailed to the responsible party, and forwards the bank's NSF notice and a copy of the dishonored check to the Civil Division. However, because the Civil Division does not flag and track cases with dishonored check payments, it does not void the associated filings when the Court does not receive the required civil and administrative fees prior to the time specified in the letter, the scheduled trial, or hearing, whichever occurs first. Moreover, the Civil Division does not notify the judge of the dishonored check to allow the judge to compel the responsible parties to pay the required filing and administrative fees before commencement of a trial or hearing.

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

Improved Travel Expense Reimbursements Procedures are Needed (Issue 11.1)

Trial court judges and employees must follow the procedures recommended by the Administrative Director of the Courts and approved by the Judicial Council for reimbursement of business-related travel. The Judicial Branch Travel Rate Guidelines are approved annually by the Judicial Council and provide specific information regarding the current limitations that apply to

allowable travel expenses. The rules and limits for arranging, engaging in, and claiming reimbursement for travel on official court business are further specified in the FIN Manual.

Our review of selected fiscal year 2014-2015 travel expense transactions determined that the Court needs to improve its business travel expense reimbursement procedures. Specifically, we noted that for all four lodging expense transactions reviewed that the traveler paid using the Court purchase card, the traveler did not provide a travel expense claim that shows the purpose of the business trip or approval of the travel expenses. Consequently, we could not determine whether the Court appropriately approved the business purpose of the travel or the associated travel expenses. In addition, for two of these four lodging expense transactions, the lodging costs exceeded the maximum lodging rate allowed per night. However, the travelers did not complete the required Exception Request for Lodging form to justify and obtain pre-approval for exceeding the maximum allowed lodging rates.

Further, for two of the four travel expense reimbursement claims (TECs) reviewed, the Court did not verify that the mileage claimed by the traveler was reasonable. Specifically, the travelers did not claim the least mileage between their designated headquarters or home and the business destination, resulting in overpayments of \$20 and \$6, respectively. In addition, for two of the TECs, the appropriate approval-level supervisor did not sign the TEC to demonstrate supervisory review and approval of the claimed travel expenses. Instead, the Court Executive Officer reviewed and approved the two TECs submitted by judges whereas the PJ or assistant PJ would be the appropriate approval-level supervisors for judges.

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

STATISTICS

The Superior Court of California, County of Tulare (Court) has 20 judges and subordinate judicial officers who handled nearly 86,000 cases in FY 2012–2013. The Court operates three courthouses, one in Visalia, one in Porterville, and one in Dinuba. The Court also operates a juvenile justice facility, a family law facilitator facility and pre-trial facility all in Visalia. To fulfill its administrative and operational activities, the Court employed approximately 220 full-time-equivalent staff and incurred total trial court expenditures of approximately \$23.7 million for the fiscal year ended June 30, 2014.

Before 1997, the Court and the County of Tulare (County) worked within common budgetary and cost parameters—often the boundaries of the services and programs each entity offered blurred. The Court previously operated much like other County departments and, thus, may not have comprehensively or actively sought to segregate or identify the cost and service elements attributable to court operations and programs. With the mandated separation of the court system from county government, each entity had to reexamine their respective relationships relative to program delivery and services rendered, resulting in the Court evolving to identify the County services, and the associated costs and agreements, it needs to continue court operations.

For FY 2013–2014, the Court received various services from the County, including janitorial, fleet management, telecommunication, and business services, which were covered under a Memorandum of Understanding (MOU) with the County. The Court also received court security services from the County, which was covered under a separate MOU with the County Sheriff.

The following charts contain general statistical information regarding the Court.

County Population (Estimated as of January 1, 2015)	462,189
<small>Source: California Department of Finance</small>	
Number of Court Locations	5
Number of Courtrooms	25
<small>Source: Superior Court of California, County of Tulare</small>	
Number of Case Filings in FY 2012–2013:	
Criminal Filings:	
1. Felonies	4,291
2. Non-Traffic Misdemeanor	6,083
3. Non-Traffic Infractions	856
4. Traffic Misdemeanors	3,872
5. Traffic Infractions	56,245
Civil Filings:	
1. Civil Unlimited	1,493
2. Family Law (Marital)	1,693
3. Family Law Petitions	2,892
4. Probate	411

5. Limited Civil	5,677
6. Small Claims	1,158
Juvenile Filings:	
1. Juvenile Delinquency – Original	
2. Juvenile Delinquency – Subsequent	469
3. Juvenile Dependency – Original	296
4. Juvenile Dependency – Subsequent	545
	9
Source: Judicial Council of California's 2014 Court Statistics Report	
Judicial Officers as of June 30, 2013:	
Authorized Judgeships	21
Authorized Subordinate Judicial Officers	4
Source: Judicial Council of California's 2014 Court Statistics Report	
Court Staff as of June 30, 2014:	
Total Authorized FTE Positions	279
Total Filled FTE Positions	220
Total Fiscal Staff	9
Source: Fourth Quarter FY 2013–2014 Quarterly Financial Statements and FY 2014 – 2015 Schedule 7A	
Select FY 2013-2014 Financial Information:	
Total Revenues	\$23,519,683
Total Expenditures	\$23,707,714
Total Personal Services Costs	\$17,383,856
Total Temporary Help Costs	\$214,224
Source: Fourth Quarter FY 2013–2014 Quarterly Financial Statements	
FY 2014-2015 Average Daily Cash Collections (As of June 30, 2015)	\$121,942
Source: Superior Court of California, County of Tulare	

FINANCIAL STATEMENTS

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

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

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

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

Two of the detailed policies are:

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

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

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

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

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

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

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

- **Governmental**
 - **General** – Used as the chief operating fund to account for all financial resources except those required to be accounted for in a separate fund.
 - **Special Revenue** – Used to account for certain revenue sources "earmarked" for specific purposes (including grants received). Funds here include:
 - **Special Revenue**
 1. Small Claims Advisory – 120003
 2. Dispute Resolution (DRPA) – 12004
 3. Enhanced Collections – 120007
 4. Other County Services – 120009
 5. Special Revenue Fund-Other – 120021
 6. 2% Automation – 180004
 - **Grants**
 1. Judicial Council Grants – 190100
- **Fiduciary**

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

 - **Trust** – Used to account for funds held in a fiduciary capacity for a third party (non-governmental) generally under a formal trust agreement. Generally Accepted Accounting Principles (GAAP) indicates that fiduciary funds should be used "to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs."¹ Funds included

¹ GASB Statement No. 34, paragraph 69.

here include deposits for criminal bail trust, civil interpleader, eminent domain, etc. The fund used here is:

- Trust Fund – 320001
- **Agency** - Used to account for resources received by one government unit on behalf of a secondary governmental or other unit. Agency funds, unlike trust funds, typically do not involve a formal trust agreement. Rather, agency funds are used to account for situations where the government's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Accordingly, all assets reported in an agency fund are offset by a liability to the party(ies) on whose behalf they are held. Finally, as a practical matter, a government may use an agency fund as an internal clearing account for amounts that have yet to be allocated to individual funds. This practice is appropriate for internal accounting purposes. However, for external financial reporting purposes, GAAP expressly limits the use of fiduciary funds, including agency funds, to assets held in a trustee or agency capacity for others. Because the resources of fiduciary funds, by definition, cannot be used to support the government's own programs, such funds are specifically excluded from the government-wide financial statements.² **They are reported, however, as part of the basic fund financial statements to ensure fiscal accountability.** Sometimes, a government will hold escheat resources on behalf of another government. In that case, the use of an agency fund, rather than a private-purpose trust fund, would be appropriate. The funds included here are:
- Distribution Fund - 400000
 - Civil Filing Fees Fund – 450000

² GASB Statement No. 34, paragraph 12.

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

	2014				2013	
	Governmental Funds			Fiduciary Funds	Total Funds (Info. Purposes Only)	Total Funds (Info. Purposes Only)
	General	Non-Grant	Grant			
ASSETS						
Operations	\$ (354,488)	\$ 308,418	\$ 26,970	\$ 1,040,186	\$ 1,021,086	\$ 1,434,711
Payroll	\$ 59,341	\$ (32,371)	\$ (26,970)		\$ 0	\$ 0
Jury						
Revolving	\$ 30,000				\$ 30,000	\$ 30,000
Other						
Distribution						
Civil Filing Fees				\$ 0	\$ 0	\$ 0
Trust				\$ (26,017)	\$ (26,017)	\$ (13,850)
Cash on Hand	\$ 6,400				\$ 6,400	\$ 6,300
Cash with County	\$ 11,384	\$ 0		\$ 0	\$ 11,384	\$ 6,584
Cash Outside of the AOC				\$ 4,045,791	\$ 4,045,791	\$ 6,629,984
Total Cash	\$ (247,363)	\$ 276,047	\$ 0	\$ 5,059,960	\$ 5,088,644	\$ 8,093,730
Short Term Investment	\$ 534,227			\$ 472,625	\$ 1,006,852	\$ 1,595,962
Investment in Financial Institution						
Total Investments	\$ 534,227			\$ 472,625	\$ 1,006,852	\$ 1,595,962
Accrued Revenue	\$ 1,038	\$ 173		\$ 0	\$ 1,211	\$ 13,100
Accounts Receivable - General	\$ 603,039	\$ 6,166	\$ 326,533		\$ 935,737	\$ 511,872
Dishonored Checks						
Due From Employee	\$ 1,011				\$ 1,011	\$ 2,011
Civil Jury Fees						
Due From Other Funds	\$ 280,151	\$ 401,677	\$ 0		\$ 681,829	\$ 642,638
Due From Other Governments	\$ 0	\$ 0			\$ 0	\$ 0
Due From Other Courts	\$ 51,619	\$ 346,666		\$ 0	\$ 398,284	\$ 358,619
Due From State	\$ 908,388	\$ 47,017	\$ 23,615		\$ 979,020	\$ 828,980
Civil Filing Fee Due To/From						
General Due To/From	\$ 432				\$ 432	\$ 586
Total Receivables	\$ 1,845,677	\$ 801,699	\$ 350,148	\$ 0	\$ 2,997,524	\$ 2,357,805
Prepaid Expenses - General	\$ 7,417				\$ 7,417	\$ 14,000
Salary and Travel Advances	\$ 0	\$ 0			\$ 0	\$ 0
Counties						
Total Prepaid Expenses	\$ 7,417	\$ 0			\$ 7,417	\$ 14,000
Other Assets	\$ 14,000				\$ 14,000	
Total Other Assets	\$ 14,000				\$ 14,000	
Total Assets	\$ 2,153,958	\$ 1,077,746	\$ 350,148	\$ 5,532,585	\$ 9,114,438	\$ 12,061,498
LIABILITIES AND FUND BALANCES						
Accrued Liabilities	\$ 254,277	\$ 79,786	\$ 73,229		\$ 407,292	\$ 354,957
Accounts Payable - General	\$ 8,948	\$ 0	\$ 0	\$ 0	\$ 8,948	\$ 26,932
Due to Other Funds	\$ 130,099	\$ 281,341	\$ 270,388	\$ 432	\$ 682,261	\$ 643,224
Due to Other Courts						\$ 0
Due to State						\$ 0
TC145 Liability				\$ 518,114	\$ 518,114	\$ 512,715
Due to Other Governments	\$ 0			\$ 4,039,938	\$ 4,039,938	\$ 6,624,806
AB145 Due to Other Government Agency						
Due to Other Public Agencies						
Sales and Use Tax	\$ 999	\$ 43	\$ 0		\$ 1,042	\$ 698
Interest				\$ 8	\$ 8	\$ 13
Miscellaneous Accts. Pay. and Accrued Liab.						
Total Accounts Payable and Accrued Liab.	\$ 394,323	\$ 361,170	\$ 343,618	\$ 4,558,492	\$ 5,657,603	\$ 8,163,344
Civil				\$ 661,479	\$ 661,479	\$ 1,240,334
Criminal				\$ 24,816	\$ 24,816	\$ 24,816
Unreconciled - Civil and Criminal				\$ 0	\$ 0	\$ 0
Trust Held Outside of the AOC				\$ 5,853	\$ 5,853	\$ 5,179
Trust Interest Payable				\$ 221,578	\$ 221,578	\$ 221,122
Miscellaneous Trust						
Total Trust Deposits				\$ 913,726	\$ 913,726	\$ 1,491,451
Accrued Payroll		\$ 0			\$ 0	\$ 0
Benefits Payable	\$ 424,046	\$ 9,039	\$ 5,991		\$ 439,076	\$ 390,304
Deferred Compensation Payable	\$ 28,200	\$ 0	\$ 0		\$ 28,200	\$ 8,565
Deductions Payable	\$ 482,795	\$ 444	\$ 539		\$ 483,778	\$ 214,973
Payroll Clearing	\$ 282,065	\$ 0	\$ 0		\$ 282,065	\$ 281,727
Total Payroll Liabilities	\$ 1,217,105	\$ 9,483	\$ 6,531		\$ 1,233,118	\$ 895,568
Revenue Collected in Advance	\$ 0		\$ 0		\$ 0	\$ 0
Liabilities For Deposits	\$ 18,196	\$ 80		\$ 55,861	\$ 74,137	\$ 74,169
Jury Fees - Non-Interest				\$ 4,506	\$ 4,506	\$ 17,586
Fees - Partial Payment & Overpayment						
Uncleared Collections						
Other Miscellaneous Liabilities						
Total Other Liabilities	\$ 18,196	\$ 80	\$ 0	\$ 60,367	\$ 78,643	\$ 91,755
Total Liabilities	\$ 1,629,624	\$ 370,733	\$ 350,148	\$ 5,532,585	\$ 7,883,090	\$ 10,642,119
Total Fund Balance	\$ 524,335	\$ 707,013	\$ 0		\$ 1,231,348	\$ 1,419,379
Total Liabilities and Fund Balance	\$ 2,153,958	\$ 1,077,746	\$ 350,148	\$ 5,532,585	\$ 9,114,438	\$ 12,061,498

Source: Phoenix Financial System

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

	2013-2014				2012-2013		
	Governmental Funds			Total Funds (Info. Purposes Only)	Current Budget (Annual)	Total Funds (Info. Purposes Only)	Final Budget (Annual)
	General	Special Revenue					
		Non-Grant	Grant				
REVENUES							
State Financing Sources							
Trial Court Trust Fund	\$ 15,367,605	\$ 204,932		\$ 15,572,537	\$ 15,506,811	\$ 14,556,341	\$ 14,013,741
Improvement and Modernization Fund	\$ 56,577			\$ 56,577	\$ 104,840	\$ 104,840	\$ 89,551
Judges' Compensation (45.25)							
Court Interpreter (45.45)	\$ 1,410,042			\$ 1,410,042	\$ 1,397,672	\$ 1,548,005	\$ 1,396,479
Civil Coordination Reimbursement (45.55)							
MOU Reimbursements (45.10 and General)	\$ 927,271			\$ 927,271	\$ 888,416	\$ 872,129	\$ 873,768
Other Miscellaneous	\$ 33,744			\$ 33,744	\$ 33,744	\$ 189,296	
	\$ 17,795,239	\$ 204,932		\$ 18,000,171	\$ 17,931,483	\$ 17,270,612	\$ 16,373,539
Grants							
AB 1058 Commissioner/Facilitator			\$ 995,751	\$ 995,751	\$ 1,061,174	\$ 1,043,743	\$ 1,045,073
Other AOC Grants			\$ 81,839	\$ 81,839	\$ 82,641	\$ 84,597	\$ 73,756
Non-AOC Grants							
			\$ 1,077,591	\$ 1,077,591	\$ 1,143,815	\$ 1,128,340	\$ 1,118,829
Other Financing Sources							
Interest Income	\$ 7,746	\$ 1,063		\$ 8,808	\$ 11,262	\$ 5,665	\$ 16,700
Investment Income							
Donations							
Local Fees	\$ 666,160	\$ 73,174		\$ 739,333	\$ 666,200	\$ 745,084	\$ 750,638
Non-Fee Revenues	\$ 255,266			\$ 255,266	\$ 253,890	\$ 244,480	\$ 242,323
Enhanced Collections		\$ 2,027,339		\$ 2,027,339	\$ 2,085,301	\$ 2,035,354	\$ 1,987,816
Escheatment	\$ 70			\$ 70		\$ 217	
Prior Year Revenue	\$ (2,180)			\$ (2,180)		\$ 25	
County Program - Restricted	\$ 0	\$ 137,992		\$ 137,992	\$ 148,006	\$ 139,530	\$ 143,594
Reimbursement Other	\$ 1,040,507			\$ 1,040,507	\$ 1,088,798	\$ 88,243	\$ 14,770
Sale of Fixed Assets							
Other Miscellaneous	\$ 234,786	\$ 0		\$ 234,786	\$ 454,732	\$ 93,422	\$ 89,004
	\$ 2,202,354	\$ 2,239,567		\$ 4,441,922	\$ 4,708,189	\$ 3,352,020	\$ 3,244,845
Total Revenues	\$ 19,997,593	\$ 2,444,499	\$ 1,077,591	\$ 23,519,683	\$ 23,783,487	\$ 21,750,972	\$ 20,737,213
EXPENDITURES							
Personal Services							
Salaries - Permanent	\$ 9,817,116	\$ 565,192	\$ 478,281	\$ 10,860,589	\$ 11,130,748	\$ 10,330,275	\$ 10,007,525
Temp Help	\$ 211,122	\$ 3,102		\$ 214,224	\$ 200,000	\$ 108,453	\$ 72,000
Overtime	\$ 1,856		\$ 0	\$ 1,856		\$ 797	\$ 500
Staff Benefits	\$ 5,730,640	\$ 329,505	\$ 247,042	\$ 6,307,187	\$ 6,927,511	\$ 6,547,905	\$ 6,723,883
	\$ 15,760,735	\$ 897,798	\$ 725,323	\$ 17,383,856	\$ 18,258,259	\$ 16,987,429	\$ 16,803,908
Operating Expenses and Equipment							
General Expense	\$ 649,987	\$ 12,768	\$ 8,472	\$ 671,226	\$ 446,158	\$ 545,076	\$ 422,099
Printing	\$ 48,500	\$ 10,030	\$ 843	\$ 59,374	\$ 64,346	\$ 67,314	\$ 64,147
Telecommunications	\$ 151,028	\$ 5,986	\$ 4,129	\$ 161,142	\$ 170,565	\$ 129,119	\$ 130,014
Postage	\$ 165,071	\$ 58,027	\$ 3,575	\$ 226,672	\$ 221,916	\$ 230,991	\$ 206,595
Insurance	\$ 12,085			\$ 12,085	\$ 12,085	\$ 6,449	\$ 6,178
In-State Travel	\$ 15,121		\$ 4,601	\$ 19,722	\$ 33,562	\$ 31,850	\$ 31,864
Out-of-State Travel						\$ 1,551	
Training	\$ 280	\$ 40		\$ 320	\$ 280	\$ 520	\$ 247
Security Services	\$ 3,163		\$ 95,113	\$ 98,276	\$ 112,200	\$ 99,324	\$ 91,650
Facility Operations	\$ 200,521	\$ 10,152	\$ 41,608	\$ 252,281	\$ 223,708	\$ 238,330	\$ 237,351
Utilities	\$ 982	\$ 2,233	\$ 1,947	\$ 5,162	\$ 5,308	\$ 6,012	\$ 6,094
Contracted Services	\$ 2,500,599	\$ 1,149,024	\$ 149,413	\$ 3,799,035	\$ 3,558,826	\$ 3,521,722	\$ 3,381,230
Consulting and Professional Services	\$ 29,400			\$ 29,400	\$ 8,925	\$ 8,995	\$ 21,365
Information Technology	\$ 801,922	\$ 11,137	\$ 139	\$ 813,198	\$ 621,848	\$ 563,005	\$ 634,174
Major Equipment	\$ 0			\$ 0		\$ 22,922	\$ 0
Other Items of Expense	\$ 5,674	\$ (3)		\$ 5,672	\$ 8,575	\$ 2,021	\$ 4,991
	\$ 4,584,332	\$ 1,259,394	\$ 309,840	\$ 6,153,566	\$ 5,488,302	\$ 5,475,202	\$ 5,237,999
Special Items of Expense							
Grand Jury							
Jury Costs	\$ 160,686			\$ 160,686	\$ 161,947	\$ 162,762	\$ 126,324
Judgements, Settlements and Claims	\$ 12,480			\$ 12,480		\$ (46,918)	
Debt Service							
Other							
Capital Costs							
Internal Cost Recovery	\$ (235,122)	\$ 125,091	\$ 110,031	\$ 0	\$ 122,952	\$ 0	\$ 0
Prior Year Expense Adjustment	\$ (2,874)			\$ (2,874)		\$ 38	
	\$ (64,830)	\$ 125,091	\$ 110,031	\$ 170,292	\$ 284,899	\$ 115,882	\$ 126,324
Total Expenditures	\$ 20,280,237	\$ 2,282,283	\$ 1,145,194	\$ 23,707,714	\$ 24,031,460	\$ 22,578,513	\$ 22,168,231
Excess (Deficit) of Revenues Over	\$ (282,644)	\$ 162,216	\$ (67,603)	\$ (188,031)	\$ (247,973)	\$ (827,541)	\$ (1,431,018)
Operating Transfers In (Out)	\$ (87,173)	\$ 19,569	\$ 67,603	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance (Deficit)							
Beginning Balance (Deficit)	\$ 894,151	\$ 525,228	\$ 0	\$ 1,419,379	\$ 1,419,379	\$ 2,246,920	\$ 2,246,920
Ending Balance (Deficit)	\$ 524,335	\$ 707,013	\$ 0	\$ 1,231,348	\$ 1,171,406	\$ 1,419,379	\$ 815,902

Source: Phoenix Financial System

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

	2013-2014						2012-2013		
	Personal Services	Operating Expenses and Equipment	Special Items of Expense	Internal Cost Recovery	Prior Year Expense Adjustment	Total Actual Expense	Current Budget (Annual)	Total Actual Expense	Final Budget (Annual)
PROGRAM EXPENDITURES:									
Judges & Courtroom Support	\$ 5,858,774	\$ 1,102,704		\$ 58,511		\$ 7,019,989	\$ 7,359,910	\$ 6,764,562	\$ 6,808,484
Traffic & Other Infractions	\$ 747,779	\$ 105,112				\$ 852,890	\$ 992,182	\$ 893,607	\$ 712,314
Other Criminal Cases	\$ 1,503,474	\$ 810			\$ 14	\$ 1,504,298	\$ 1,768,722	\$ 1,591,815	\$ 1,742,188
Civil	\$ 929,364	\$ 78,185				\$ 1,007,549	\$ 1,011,794	\$ 929,373	\$ 850,126
Family & Children Services	\$ 1,273,531	\$ 235,132		\$ 51,520	\$ (2,246)	\$ 1,557,937	\$ 1,748,308	\$ 1,540,316	\$ 1,569,813
Probate, Guardianship & Mental Health Services	\$ 597,170					\$ 597,170	\$ 505,949	\$ 503,798	\$ 456,412
Juvenile Dependency Services	\$ 85,180	\$ 658,892				\$ 744,072	\$ 792,271	\$ 739,629	\$ 786,837
Juvenile Delinquency Services	\$ 150,890					\$ 150,890	\$ 134,910	\$ 158,572	\$ 136,007
Other Court Operations	\$ 1,719,735	\$ 824,291				\$ 2,544,026	\$ 2,499,299	\$ 2,510,725	\$ 2,430,634
Court Interpreters	\$ 817,441	\$ 800,285				\$ 1,617,726	\$ 1,538,608	\$ 1,570,210	\$ 1,491,005
Jury Services	\$ 384,837	\$ 173,945	\$ 160,686			\$ 719,469	\$ 648,856	\$ 614,382	\$ 541,560
Security		\$ 118,622			\$ (495)	\$ 118,127	\$ 19,239	\$ 188,800	\$ 94,576
Trial Court Operations Program	\$ 14,068,174	\$ 4,097,978	\$ 160,686	\$ 110,031	\$ (2,726)	\$ 18,434,143	\$ 19,020,048	\$ 18,005,789	\$ 17,619,956
Enhanced Collections	\$ 824,591	\$ 1,077,657		\$ 125,091		\$ 2,027,339	\$ 2,085,301	\$ 2,035,382	\$ 1,987,816
Other Non-Court Operations		\$ 84,237				\$ 84,237	\$ 50,589	\$ 78,053	\$ 65,844
Non-Court Operations Program	\$ 824,591	\$ 1,161,894		\$ 125,091		\$ 2,111,576	\$ 2,135,890	\$ 2,113,435	\$ 2,053,660
Executive Office	\$ 523,137	\$ 25,092	\$ 12,480	\$ (43,457)		\$ 517,253	\$ 552,011	\$ 422,886	\$ 449,340
Fiscal Services	\$ 668,083	\$ 42,200		\$ (44,556)	\$ (148)	\$ 665,579	\$ 657,654	\$ 589,547	\$ 586,517
Human Resources	\$ 521,069	\$ 87,870		\$ (37,216)		\$ 571,723	\$ 620,679	\$ 616,077	\$ 552,066
Business & Facilities Services	\$ 21,729	\$ 93,422		\$ (4,919)		\$ 110,232	\$ 109,676	\$ 101,024	\$ 92,159
Information Technology	\$ 757,074	\$ 645,109		\$ (104,975)		\$ 1,297,208	\$ 935,502	\$ 729,755	\$ 814,533
Court Administration Program	\$ 2,491,091	\$ 893,694	\$ 12,480	\$ (235,122)	\$ (148)	\$ 3,161,995	\$ 2,875,522	\$ 2,459,289	\$ 2,494,615
Expenditures Not Distributed or Posted to a Program									
Prior Year Adjustments Not Posted to a Program									
Total	\$ 17,383,856	\$ 6,153,566	\$ 173,166	\$ 0	\$ (2,874)	\$ 23,707,714	\$ 24,031,460	\$ 22,578,513	\$ 22,168,231

Source: Phoenix Financial System

PURPOSE AND SCOPE

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

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

The scope of the audit included reviews of the Court's major functional areas, including: cash collections, contracts and procurement, accounts payable, payroll, financial accounting and reporting, information technology, domestic violence, and court security. The depth of audit coverage in each area is based on initial audit scope coverage decisions. Additionally, although we may have reviewed prior fiscal year financial reporting, the period covered by this review consisted primarily of fiscal year 2014–2015.

The Judicial Council in December 2009 adopted California Rule of Court Rule 10.500 with an effective date of January 1, 2010, that provides for public access to non-deliberative or non-adjudicative court records. Final audit reports are among the court records that are subject to public access unless an exemption from disclosure is applicable. The exemptions under rule 10.500 (f) include records whose disclosure would compromise the security of a judicial branch entity or the safety of judicial branch personnel. Therefore, any information considered confidential or sensitive in nature that would compromise the security of the Court or the safety of judicial branch personnel was omitted from this audit report.

TIMING AND REVIEWS WITH MANAGEMENT

The entrance letter was issued to the Court on February 24, 2015.

The entrance meeting was held with the Court on March 12, 2015.

Audit fieldwork commenced on March 23, 2015.

Fieldwork was substantially completed in July 2015.

Preliminary results were communicated and discussed with Court management during the course of the review. A preliminary exit meeting to review the draft report and audit results was held on October 28, 2015, with the following Court management:

- LaRayne Cleek, Court Executive Officer
- Michelle Martinez, Assistant Court Executive Officer

Audit Services received the Court's final management responses to the audit recommendations on October 9, 2015, and final management responses to the Appendix A log items on October

19, 2015. Audit Services incorporated the Court's final responses in the audit report and subsequently provided the Court with a draft version of the completed audit report for its review and comment on October 26, 2015. On October 28, 2015, Audit Services received the Court's final comments and suggestions concerning its review of the audit report and indicated it did not consider another review of the report necessary before Audit Services presented the report to the Judicial Council.

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

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

Lorraine De Leon, Auditor II

Ed Duran, Auditor II

Steve Lewis, Auditor I

Mami Nakashita, Auditor I

ISSUES AND MANAGEMENT RESPONSES

1. Court Administration

Background

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

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

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

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2014	2013		
Expenditures				
906303 SALARIES - COMMISSIONERS	501,593.61	458,835.61	42,758.00	9.32%
920599 DUES AND MEMBERSHIP	1,438.00	1,644.00	(206.00)	-12.53%
933100 – TRAINING	320.00	520.00	(200.00)	-38.46%
972100 JUDGMENTS, SETTLEMENTS, & CLAIMS	12,480.00	(46,918.00)	59,398.00	126.60%

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

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

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

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

2. Fiscal Management and Budgets

Background

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

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

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2014	2013		
Assets				
120051 SHORT TERM INVESTMENTS-LAIF	424,729.72	904,424.68	(479,694.96)	-53.04%
120051 SHORT TERM INVESTMENTS-CAPITAL SHARES	582,122.74	691,537.79	(109,415.05)	-15.82%
Liabilities				
374001 PAYROLL CLEARING ACCOUNT	282,064.64	281,726.72	337.92	0.12%
374101 RETIREMENT CONTRIBUTIONS	289,669.78	74,435.80	215,233.98	289.15%
374302 STATE UNEMPLOYMENT INS	(1,110.06)	(32,926.70)	31,816.64	96.63%
374303 WORKERS COMPENSATION	70,845.39	56,514.41	14,330.98	25.36%
374304 STATE DISABILITY INSURANC	3,907.45	4,020.09	(112.64)	-2.80%
374305 SOCIAL SECURITY & MEDICARE	60,874.94	62,114.98	(1,240.04)	-2.00%
374401 STATE INCOME TAX WITHHOLD	10,009.78	9,819.31	190.47	1.94%
374501 FEDERAL INCOME TAX WITHHO	33,566.80	36,351.06	(2,784.26)	-7.66%
374601 MANDATORY DEDUCTIONS EE	662.76	498.27	164.49	33.01%
374603 UNION DUES	15,315.11	4,109.61	11,205.50	272.67%
374604 STATE BAR DUES	36.00	36.00	0.00	0.00%
374702 BENEFITS PAYABLE-MEDICAL	431,992.79	386,776.40	45,216.39	11.69%
374703 BENEFITS PAYABLE-DENTAL	3,151.64	1,765.28	1,386.36	78.53%
374706 BENEFITS PAYABLE-FLEX	3,931.42	1,762.43	2,168.99	123.07%
374801 DEFERRED COMPENSATION	28,199.54	8,564.78	19,634.76	229.25%
Expenditures				
900301 SALARIES - PERMANENT	9,392,396.73	9,153,550.22	238,846.51	2.61%
900306 SALARIES - COURT INTERPRE	468,668.60	511,354.19	(42,685.59)	-8.35%
900320 LUMP SUM PAYOUTS	98,774.83	177,404.74	(78,629.91)	-44.32%
900325 BILINGUAL PAY	12,390.00	-	12,390.00	100.00%
900326 SHIFT DIFFERENTIAL	-	(30.00)	30.00	100.00%
900327 MISCELLANEOUS DIFFERENTIA	366,135.30	-	366,135.30	100.00%
900328 OTHER PAY	21,928.30	29,803.55	(7,875.25)	-26.42%
900350 FURLOUGH & SALARY REDUCTI	(418,921.74)	(360,310.25)	(58,611.49)	-16.27%
900351 FURLOUGH CLOSURE (NON-JUD	417,623.09	359,666.47	57,956.62	16.11%
903301 TEMPORARY EMPLOYEES - ON	214,224.30	108,453.45	105,770.85	97.53%

906303 SALARIES - COMMISSIONERS	501,593.61	458,835.61	42,758.00	9.32%
908301 OVERTIME	1,856.46	796.56	1,059.90	133.06%
** SALARIES TOTAL	11,076,669.48	10,439,524.54	637,144.94	6.10%
910301 SOCIAL SECURITY INS & MED	661,560.75	656,131.66	5,429.09	0.83%
910302 MEDICARE TAX	161,036.17	158,454.29	2,581.88	1.63%
* 910300 – TAX	822,596.92	814,585.95	8,010.97	0.98%
910401 DENTAL INSURANCE	222,318.91	220,984.04	1,334.87	0.60%
910501 MEDICAL INSURANCE	3,463,100.47	3,390,274.13	72,826.34	2.15%
910502 FLEXIBLE BENEFITS	136,225.20	536,115.61	(399,890.41)	-74.59%
* 910400 - HEALTH INSURANCE	3,821,644.58	4,147,373.78	(325,729.20)	-7.85%
910601 RETIREMENT (NON-JUDICIAL OFFICERS)	1,228,077.93	1,135,731.54	92,346.39	8.13%
912301 RETIREMENT (SUBORDINATE AND JUDICIAL OFFICERS)	61,567.82	53,627.55	7,940.27	14.81%
* 910600 – RETIREMENT	1,289,645.75	1,189,359.09	100,286.66	8.43%
* 912500 - WORKERS' COMPENSATION	189,816.98	219,801.50	(29,984.52)	-13.64%
913301 UNEMPLOYMENT INSURANCE	102,374.52	95,155.68	7,218.84	7.59%
913501 LIFE INSURANCE	3,310.53	3,378.78	(68.25)	-2.02%
913502 LONG-TERM DISABILITY	12,539.63	12,985.12	(445.49)	-3.43%
913601 VISION CARE INSURANCE	52,909.00	52,900.31	8.69	0.02%
913699 OTHER INSURANCE	6,348.65	6,364.43	(15.78)	-0.25%
* 912700 - OTHER INSURANCE	177,482.33	170,784.32	6,698.01	3.92%
913803 PAY ALLOWANCES	6,000.02	6,000.02	0.00	0.00%
* 913800 - OTHER BENEFITS	6,000.02	6,000.02	0.00	0.00%
** STAFF BENEFITS TOTAL	6,307,186.58	6,547,904.66	(240,718.08)	-3.68%
*** PERSONAL SERVICES TOTAL	17,383,856.06	16,987,429.20	396,426.86	2.33%

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

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

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

3. Fund Accounting

Background

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

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

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2014	2013		
Fund Balance				
535001 RESERVE FOR ENCUMBRANCES	240,820.95	-	240,820.95	100.00%
552001 FUND BALANCE - RESTRICTED	525,227.55	337,089.84	188,137.71	55.81%
552002 FUND BALANCE - COMMITTED	118,000.00	118,000.00	0.00	0.00%
553001 FUND BALANCE - ASSIGNED	776,151.33	1,791,830.16	(1,015,678.83)	-56.68%
615001 ENCUMBRANCES	(240,820.95)	-	(240,820.95)	-100.00%
***Fund Balances	1,419,378.88	2,246,920.00	(827,541.12)	-36.83%
Revenue				
** 837000-IMPROVEMENT FUND - REIMBUR	56,577.00	104,840.00	(48,263.00)	-46.03%
** 840000-COUNTY PROGRAM - RESTRICTED	137,992.09	139,530.46	(1,538.37)	-1.10%
Expenditures				
939420 SMALL CLAIMS ADVISORY SER	27,464.04	27,464.04	0.00	0.00%
*** 701100 OPERATING TRANSFERS IN	(2,564,391.10)	(2,043,711.81)	(520,679.29)	-25.48%
*** 701200 OPERATING TRANSFERS OUT	2,564,391.10	2,043,711.81	520,679.29	25.48%

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

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

4. Accounting Principles and Practices

Background

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

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

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

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

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2014	2013		
Assets				
130001 A/R-ACCRUED REVENUE	1,211.33	13,099.82	(11,888.49)	-90.75%
131201 ACCOUNTS RECEIVABLE (CUST	26,360.89	5,748.40	20,612.49	358.58%
131202 A/R-DUE FROM OTHER GOVERN	582,843.53	20,799.47	562,044.06	2702.20%
131204 A/R-DUE FROM JUDICIAL COU	326,532.84	485,324.42	(158,791.58)	-32.72%
131601 A/R - DUE FROM EMPLOYEE	1,010.55	2,010.55	(1,000.00)	-49.74%
140011 OPERATIONS-DUE FROM TRUST	431.84	586.26	(154.42)	-26.34%
140014 GENERAL-DUE FROM SPECIAL	280,151.33	642,637.54	(362,486.21)	-56.41%
140015 SPECIAL REVENUE-DUE FROM	401,677.44	-	401,677.44	100.00%
151000 A/R-DUE FROM COURTS	398,284.46	358,618.96	39,665.50	11.06%
152000 A/R-DUE FROM STATE	979,019.95	828,979.92	150,040.03	18.10%
** Receivables	2,997,524.16	2,357,805.34	639,718.82	27.13%
172001 PREPAID EXPENSES	7,416.90	14,000.00	(6,583.10)	-47.02%
** Prepaid Expenses	7,416.90	14,000.00	(6,583.10)	-47.02%

*** Accounts Receivable	3,004,941.06	2,371,805.34	633,135.72	26.69%
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Revenue

** 812100-TCTF - PGM 10 OPERATIONS	15,572,536.59	14,556,340.89	1,016,195.70	6.98%
** 816000-OTHER STATE RECEIPTS	33,744.00	189,296.00	(155,552.00)	-82.17%
** 821000-LOCAL FEES REVENUE	739,333.29	745,084.00	(5,750.71)	-0.77%
** 821200-ENHANCED COLLECTIONS - REV	2,027,339.06	2,035,353.97	(8,014.91)	-0.39%
** 822000-LOCAL NON-FEES REVENUE	255,265.97	244,479.60	10,786.37	4.41%
** 823000-OTHER – REVENUE	234,855.98	93,639.30	141,216.68	150.81%
** 825000-INTEREST INCOME	8,808.19	5,664.54	3,143.65	55.50%
** 831000-GENERAL FUND - MOU/REIMB	29,400.00	(8,211.12)	37,611.12	458.05%
** 832000-PROGRAM 45.10 - MOU/REIMB	897,871.00	880,340.55	17,530.45	1.99%
** 834000-PROGRAM 45.45 – REIMB	1,410,042.12	1,548,005.18	(137,963.06)	-8.91%
** 838000-AOC GRANTS – REIMB	1,077,590.60	1,128,339.97	(50,749.37)	-4.50%
** 860000-REIMBURSEMENTS - OTHER	1,040,507.02	88,242.84	952,264.18	1079.14%
** 890000-PRIOR YEAR REVENUE	(2,179.91)	25.33	(2,205.24)	-8706.04%

Expenditures

* 999900 -PRIOR YEAR EXPENSE	(2,874.46)	38.15	(2,912.61)	-7634.63%
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We compared the general ledger year-end account balances between the prior two complete fiscal years and reviewed accounts with material and significant year-to-year variances. We also assessed the Court’s procedures for processing and accounting for trust deposits, disbursements, and refunds to determine whether its procedures ensure adequate control over trust funds. Further, we reviewed selected FY 2013–2014 encumbrances, adjusting entries, and accrual entries for compliance with the FIN Manual and other relevant accounting guidance.

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

5. Cash Collections

Background

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

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

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2014	2013		
Cash Accounts				
100000 POOLED CASH	1,136,646.37	1,703,777.40	(567,131.03)	-33.29%
100025 DISB CHECK-OPERATIONS	(115,560.36)	(264,392.38)	148,832.02	56.29%
100027 DISB OUTGOING EFT	-	(4,673.89)	4,673.89	100.00%
100165 TRUST DISBURSEMENT CHECK	(26,016.82)	(13,849.55)	(12,167.27)	-87.85%
114000 CASH-REVOLVING	30,000.00	30,000.00	0.00	0.00%
119001 CASH ON HAND - CHANGE FUN	6,400.00	6,300.00	100.00	1.59%
120001 CASH WITH COUNTY	11,384.07	6,584.41	4,799.66	72.89%
120002 CASH OUTSIDE OF JUDICIAL	4,045,791.05	6,629,984.10	(2,584,193.05)	-38.98%
Overages/Shortages				
823004 CASHIER OVERAGES	60.98	-	60.98	100.00%
952599 CASHIER SHORTAGES	418.74	-	418.74	100.00%

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

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

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

Further, we reviewed the Court's comprehensive collections program for compliance with applicable statutory requirements to ensure that delinquent accounts are identified, monitored,

and promptly referred to its collections agency, and that collections received are promptly and accurately recorded and reconciled to the associated case.

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

5.1 The Court Needs to Better Track and Monitor Civil Fee Payment Plans

Background

Before courts may process civil filings, civil case parties must pay the required filing fees in full or be granted a fee waiver. Otherwise, when a party does not pay the required civil filing fees in full, the court must void the filing. Nonetheless, Government Code (GC) Section 68630 allows courts to grant initial fee waivers for individuals who cannot afford to pay their civil filing fees and who apply for an initial fee waiver. GC 68632 directs courts to initially grant permission to proceed without paying court fees and costs because of an applicant's financial condition.

Applicants eligible for an initial fee waiver include an applicant who is receiving public benefits under certain programs, an applicant whose monthly income is 125 percent or less of the current poverty guidelines, an applicant who cannot pay court fees without using moneys that normally would pay for the common necessities of life for the applicant and the applicant's family, and a person who files a petition for appointment of a fiduciary in a guardianship or conservatorship when the financial condition of the conservatee or ward meets the standards for a fee waiver.

If the court finds that that an applicant can pay a portion of the court fees, or can pay over a period of time or some other arrangement, without using moneys that normally would pay for the common necessities of life for the applicant and the applicant's family, GC 68632 (c) allows courts to grant such an applicant a partial initial fee waiver to pay a portion of the court fees, or to pay over a period of time or some other arrangement.

If the court denies the initial fee waiver application in whole or in part, GC 68634 (g) requires the applicant to pay the court fees and costs, or make the partial payment ordered by the court, within 10 days after notice of the denial. If the applicant does not pay on time, the court shall void the papers that the applicant filed without payment of court fees.

After granting an initial fee waiver in whole or in part, GC 68636 allows the court, before or at the time of final disposition of the case, to require the applicant to appear at a court hearing to provide reasonable evidence to support the eligibility for the fee waiver. If the court determines that the applicant was not entitled to or is no longer eligible for the initial fee waiver, the court may order the person to pay to the court immediately, or over a period of time, all or part of the court fees and costs.

Further, GC 68638 allows the court to execute on any order for payment of initially waived fees and costs in the same manner as on a judgment in civil action. The court may issue an abstract of judgment, a writ of execution, or both for the recovery of initially waived fees and costs as ordered; the fees for issuing the abstract of judgment, writ of execution, or both; a \$25 administrative fee; and an amount for serving and collecting on the judgment.

Issues

Our review of civil cases in which the Court allowed parties to pay civil filing fees in installments found that the Court is not tracking the civil filing fee installment payments. As a result, the Court did not always void or suspend the filings and allowed cases to continue until disposed prior to receiving full payment of the required civil filing and administrative fees. It also did not take action to collect the required civil filing and administrative fees when the required civil fees were not paid as agreed.

Specifically, our review of six civil cases for which the Court allowed parties to pay the required civil filing fees in installments found five cases where the Court allowed the cases to proceed and close without collecting the required civil filing and administrative fees. The Court issued judgments in two cases, granted a petition in a third case, and dismissed the remaining two cases. However, the Court issued rulings on these five cases without taking action to void or suspend the proceedings, or to compel the parties to pay, even though the parties did not make the installment payments as agreed.

According to the CEO, the Court at one time had a process to track civil fee installment payments, but with budgetary restraints and the associated reduction in staff, this process became less of a priority. Nevertheless, by not tracking these installment payments, the Court is not collecting full payment of the fees that it depends on to cover its costs and continue providing needed services to the public.

Further, for the five cases noted above, in addition to not issuing an order to recover the initially waived civil fees and court costs, and the legal documents and fees needed to recover these fees and costs – the fees for issuing the legal documents, the \$25 administrative fee, and the cost of collection – the Court also did not refer the cases with delinquent civil fees and costs to collections for enhanced collection efforts. As of March 2015, these cases were between 233 and 2,733 days delinquent.

Recommendations

To ensure the prompt collection of the civil fees it allows parties to pay in installments, the Court should consider enhancing its oversight and procedures as follows:

1. Re-establish its process to monitor and collect on all civil installment payment plans. If the parties do not make the required payments as agreed, the Court should notify the judge of the delinquent payments so that the judge can compel the responsible parties to pay the required civil fees prior to the commencement of a trial or hearing, further court proceedings, or final disposition of the case.
2. Develop and implement a process to promptly issue court orders to recover the civil fees and costs the Court initially waived and allowed the party to pay in installments, and the legal documents needed to collect the initially waived fees and costs, the fees for issuing the legal documents, the \$25 administrative fee, and any other cost to serve and collect on the judgment from the parties who did not pay the required civil fees and court costs.

3. Initiate collection proceedings to collect the required civil fees and court costs due to the Court for the cases noted above, and for any civil case the Court allowed to proceed or conclude and for which the responsible parties did not pay the required civil fees and court costs.

Superior Court Response By: LaRayne Cleek, CEO

Date: 08/24/2015

Recommendation #1: The court agrees with this recommendation and is currently in the process of reviewing all processes and notifications that were previously used. After this review both will be updated and provided to staff to implement.

Date of Corrective Action: Planned implementation date is November 1, 2015

Responsible Person(s): Sherry Pacillas, Director of Operations; Michelle Barnes, Civil Court Manager II; Joyce McLaughlin, Court Manager II; Carrie West, Civil Court Manager I; Kim Gogue, Court Manager I

Recommendation #2: The court agrees with this recommendation and is currently in the process of reviewing all processes and notifications that were previously used. After this review both will be updated and provided to staff to implement.

Date of Corrective Action: Planned implementation date is November 1, 2015

Responsible Person(s): Sherry Pacillas, Director of Operations; Michelle Barnes, Civil Court Manager II; Joyce McLaughlin, Court Manager II; Carrie West, Civil Court Manager I; Kim Gogue, Court Manager I

Recommendation #3: The court agrees with this recommendation and is currently developing a manual process to initiate collections on all required Civil fees and costs the Court initially waived and allowed the party to pay in installments, and any other cost to serve and collect on the judgment from the parties who did not pay the required civil fees and court costs.

Date of Corrective Action: Planned effective date is September 14, 2015.

Responsible Person(s): Michelle Martinez, CFO; Nocona Soboleski, Supervising Accountant; Finance Staff.

5.2 The Court Needs to Establish Procedures for Tracking and Monitoring Dishonored Payments in Civil Actions

Background

The Code of Civil Procedure (CCP) requires courts to take certain actions when accepting check payments for civil filings and other services that are later returned unpaid or in an amount less than the required fee. According to CCP Section 411.20, when a payment for a civil action filing is made by check and the check is later returned without payment (dishonored), the court must mail a notice notifying the paying party of the following:

- The check has been returned to the court unpaid;

- The court has imposed an administrative fee for processing the returned check and providing the notice; and
- The filing fee and the administrative fee must be paid within 20 days of the date the notice was mailed.

In addition, if the court does not receive payment of the civil filing and administrative fee within 20 days of the date it mails the notice discussed above, it must void the filing. Further, if any trial or hearing is scheduled to be heard prior to the expiration of the 20-day period, the civil filing and administrative fees must be paid prior to the trial or hearing. Should the party fail to pay the civil filing and administrative fees prior to the expiration of the 20-day period, scheduled trial, or hearing, whichever occurs first, the court must void the filing and proceed as if it had not been filed.

Issue

Our review of four civil cases with dishonored check payments revealed that the Court did not void the associated civil filings and allowed cases to proceed even though the responsible parties had not paid the required civil filing and administrative fees within the required 20-day period. Further, for all four cases, the Court could not demonstrate that it had initiated collection proceedings on the amounts due although it had not yet received the required payments at the time of our review.

The Court allowed the above cases to proceed even though the required filing and administrative fees were not paid because the Court does not flag and track cases with dishonored check payments and void the filings when the required fees are not paid prior to the expiration of the 20-day period, scheduled trial, or hearing. Specifically, according to the Court, when the bank dishonors a check and returns the check unpaid to the Court, the Finance Division sends the responsible party an NSF deficiency notice notifying them to pay the amount due by cash, certified check, money order, or credit card within 20 days from the date of the mailing of the notice. The Finance Division also voids the payment transaction in the cashing system and places a note of the dishonored check payment in the case file within the case management system along with a scanned copy of the Court's NSF deficiency notice mailed to the responsible party. Finally, the Finance Division forwards the bank's NSF notice and a copy of the dishonored check to the Civil Division.

However, because the Civil Division does not flag and track cases with dishonored check payments, it does not void the associated filings when the Court does not receive the required civil and administrative fees prior to the time specified in the letter, the scheduled trial, or hearing, whichever occurs first. Moreover, the Civil Division does not notify the judge of the dishonored check on a civil filing to allow the judge to compel the responsible parties to pay the required filing and administrative fees before commencement of a trial or hearing.

Recommendation

To ensure that the Court processes only civil filings that are paid in full, it should consider the following:

1. Establish procedures for the Civil Division to flag and track cases with dishonored check payments to ensure the responsible parties pay the required civil and administrative fees prior to the time specified in the letter, the scheduled trial, or hearing, whichever occurs first. In addition, the Civil Division should implement procedures to notify the judge of the dishonored check payment so that the judge can compel the responsible parties to pay the required fees prior to the commencement of a trial or hearing.
2. If the responsible parties do not pay the required filing and administrative fees prior to the expiration of the 20-day period, scheduled trial, or hearing, whichever occurs first, the Civil Division should void the filing and proceed as if it had not been filed.
3. Initiate collection proceedings to collect the required filing and administrative fees due to the Court for any case it allowed to continue even though the responsible parties did not pay the required fees.

Superior Court Response By: LaRayne Cleek, CEO

Date: 08/24/2015

Recommendation #1: The court agrees with this recommendation. The court has reviewed its current processes with regards to handling Civil NSF cases and agrees that the court needs to establish procedures for the Civil Division to flag and track those cases where the parties have not paid the required civil and administrative fees prior to the time specified in the letter, the scheduled trial, or hearing, whichever occurs first.

The court has put in place a process, manual at this time, wherein once the Civil Division received notice from Finance of the dishonored check, the notice is then forwarded to an account clerk, who is tasked with verifying whether or not the check and the returned check charge have been paid. If both have been paid, then no further action is necessary. However, if either of the charges have not been paid, then the account clerk will review the NSF letter in eCourt and diary the "20 days" date on a tickler calendar. The original copy from Finance will stay in a NSF Folder at the Account Clerk's desk.

In addition to this, courtroom staff has been instructed to check the cases they handle for any monies owed and to advise the Judge of the monies owed prior to hearing the case.

Date of Corrective Action: July 17, 2015

Responsible Person(s): Sherry Pacillas, Director of Operations; Michelle Barnes, Court Manager II-Civil Filings; Carrie West, Court Manager I-Civil Filings; Joyce McLaughlin, Court Manager II; Kim Gogue, Court Manager I

Recommendation #2: The court agrees with this recommendation and has put in place the following process:

On the set date, referred to above, the Account Clerk will check eCourt to verify if payment for both fees and NSF charges has been received. If it has, no further work is necessary. If payment has not been received for both charges, the Account Clerk will advise the Processing Clerk assigned to the case and the two department managers by email that the filing that was submitted with the NSF check needs to be voided. The Processing Clerk will void the documents

previously filed by stamping the documents with “VOID PURSUANT TO CCP411.20.” The Processing Clerk will prepare a notice of voiding documents and inform all parties in the action by mail, including a certificate of mailing, all prepared in eCourt. If the voided document initiated a hearing date, that date will be vacated. Finally, when the document is voided the Processing Clerk will inform the Managers to rescind the invoice for filing. The Return Check charge will remain.

Date of Corrective Action: July 17, 2015

Responsible Person(s): Sherry Pacillas, Director of Operations; Michelle Barnes, Court Manager II-Civil Filings; Carrie West, Court Manager I-Civil Filings; Joyce McLaughlin, Court Manager II; Kim Gogue, Court Manager I

Recommendation #3: The court agrees with this recommendation and is currently developing a manual process to initiate collections on all unpaid Civil NSF charges.

Date of Corrective Action: Planned effective date is September 14, 2015.

Responsible Person(s): Michelle Martinez, CFO; Nocona Soboleski, Supervising Accountant; Finance Staff

5.3 The Court Needs to Strengthen Its Cash Handling Procedures

Background

To protect the integrity of the court and its employees and promote public confidence, the FIN Manual, Policy No. FIN 10.02, provides courts with uniform guidelines for receiving and accounting for payments from the public. This procedure requires courts to observe certain guidelines to assure the safe and secure collection and accurate accounting of all payments. For example, paragraph 6.3.2 states that cashiers receive a nominal amount of money, secured in individually locked drawers or bags, to enable them to return change on cash transactions. Cashiers should verify receipt of their beginning cash funds with their supervisor, and any beginning cash discrepancies should be resolved before the cashier starts their daily cash collection duties.

In addition, paragraph 6.3.1 states that courts may establish a change fund in each location that the court collects payments to provide cashiers currency and coin in denominations and amounts necessary to permit the making of change in the day-to-day collecting operation of the court. At the end of the business day, the change fund custodian, in the presence of a manager or supervisor, must reconcile the change funds ending balance to the day's beginning balance. In addition, the change fund should be counted by a court employee, other than the change fund custodian, in accordance to the schedule outlined in the FIN Manual and reported to the court fiscal officer.

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

Further, paragraph 6.3.12 requires courts to conduct surprise cash counts (an independent balancing of a cash drawer or register) on all trial court staff that handle payments in the normal course of their duties.

Also, the FIN Manual, Policy No. FIN 10.02, paragraph 6.4, provides courts with the following guidance for processing payments received through the mail:

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

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

Issue

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

1. Change Fund – The change fund at all six cash collection locations reviewed is not verified at least quarterly by someone other than the person responsible for administering the change fund. Also, the change fund at one cash collection location is not counted at the end of the day in the presence of another court employee.
2. Daily Closeout Process – At all six cash collection locations reviewed, the same individual who verifies end-of-day closeouts also prepares the daily deposit. Specifically, fiscal clerks at four cash collection locations reviewed verify cashiers' end-of-day closeout and also perform the incompatible activity of preparing the daily deposit. At the remaining two cash collection locations, the court managers verify cashiers' end-of-day closeout and also perform the incompatible activity of preparing the daily deposit.
3. Surprise Cash Counts – At the time of our review, the Court was not consistently performing the required surprise cash counts on a court-wide basis at least quarterly.
4. Mail Payments – Of the six cash collection locations reviewed, checks received through the mail were not always restrictively endorsed immediately upon receipt at three cash collection locations. Also, at two of these three locations, the cash mail payment log was not always

verified by a supervisor or manager to ensure cash payments received through the mail were processed on the day received or by the next business day.

In addition, the supervisor at one cash collection location could not provide evidence that two of 10 mail payments reviewed were processed in the Court's case management system. The Court asserted that the checks were returned to the payor; however, the Court could not provide records, such as a copy of a letter sent with the returned check, demonstrating that the checks were returned.

Recommendations

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

1. Require change funds court-wide be counted at least quarterly by someone other than the court employee responsible for administering the change fund. Also, remind court staff that the end-of-day count of the change funds must be performed in the presence of a court manager or supervisor.
2. Ensure that court staff verifying cashier end-of-day closeout does not also prepare the daily deposit on the same day.
3. Ensure that the Court is conducting and reporting to the CFO the surprise cash counts required by the FIN Manual.
4. Ensure that checks received through the mail are restrictively endorsed immediately upon receipt. Also, ensure that court supervisors or managers review cash mail payment logs daily to ensure cash received through the mail is processed daily or by the next business day. Further, ensure that cash collection locations retain a copy of the check and any correspondence sent with checks returned to payors to demonstrate the date and return of the checks.
5. Prepare alternative procedure requests and submit them to the Judicial Council's Finance Office for approval if the Court cannot implement the FIN Manual procedures as recommended. The requests should identify the FIN Manual procedures the Court cannot implement, the reasons why it cannot implement the procedures, a description of its alternate procedure, and the controls it proposes to implement to mitigate the risks associated with not implementing the associated FIN Manual procedures.

Superior Court Response By: LaRayne Cleek, CEO

Date: 08/24/2015

Recommendation #1: The court agrees with Recommendation #1. Superior Court of Tulare County 's Cash Handling policy manual (Section 1.8 Surprise Cash Counts) directs staff to perform, at least quarterly, change fund counts by someone other than the change fund administrator. In addition, Superior Court of Tulare County's Cash Handling policy manual (Section 1.14 Change Fund) also directs staff to perform the end of day Change Fund Count by the Change Fund custodian and then have a second employee do another count of the Change Fund. This is slightly different than the FIN Manual's Policy 10.02 Cash Handling (Section

6.3.1 Change Fund, #6); however, the court will correct their local policy to change from a “second person” to a “Court Manager or Supervisor”. The court will remind staff of the importance of these procedures and policies and will provide training on as needed. *Any divisions which are in violation of Superior Court of Tulare County’s policies and procedures will be referred to the CEO for appropriate action.*

Date of Corrective Action: November 1, 2015.

Responsible Person (s): Sherry Pacillas, Director of Operations; Alicia Alvarado, Court Manager II; Ronnie Needham, Court Manager I; Michelle Barnes, Court Manager II; Carrie West, Court Manager I; Joyce McLaughlin, Court Manager II; Kim Gogue, Court Manager I; Michelle S. Martinez, CFO; Nocona Soboleski, Supervising Accountant

Recommendation #2: The court agrees with this recommendation. The current Superior Court of Tulare County’s Cash Handling Policy (Section 1.9 #9 Cashier Balancing Procedures) directs staff to have the Account Clerk verify the Cashier’s end of day; however, it also directs the same Account Clerk to perform the daily deposit. The court will revise its policies to reflect that two separate employees will verify the end of day cashier balancing function and the daily deposit. Court staff will be advised that there will be two separate employees, one to perform end of day cashier balancing and another to prepare the daily deposit.

Date of Corrective Action: November 1, 2015.

Responsible Person (s): Sherry Pacillas, Director of Operations; Alicia Alvarado, Court Manager II; Ronnie Needham, Court Manager I; Michelle Barnes, Court Manager II; Carrie West, Court Manager I; Joyce McLaughlin, Court Manager II; Kim Gogue, Court Manager I; Michelle S. Martinez, CFO; Nocona Soboleski, Supervising Accountant

Recommendation #3: The court agrees with this recommendation. Superior Court of Tulare County’s Cash Handling Policy (Section 1.8 Surprise Cash Counts) directs staff to conduct surprise cash counts on a quarterly basis. Management will remind staff to perform these regularly. The CFO and Finance will also monitor that these are done as well. *Any divisions which are in violation of Superior Court of Tulare County’s policies and procedures will be referred to the CEO for appropriate action.*

Date of Corrective Action: September 1, 2015.

Responsible Person (s): Sherry Pacillas, Director of Operations; Alicia Alvarado, Court Manager II; Ronnie Needham, Court Manager I; Michelle Barnes, Court Manager II; Carrie West, Court Manager I; Joyce McLaughlin, Court Manager II; Kim Gogue, Court Manager I; Michelle Martinez, Court Financial Officer; Nocona Soboleski, Supervising Accountant

Recommendation #4: The court agrees with this recommendation. Current Superior Court of Tulare County’s Cash Handling Policy (Section 1.2 Mail Payments) is slightly different than the FIN Manual’s policy 10.02 Cash Handling (Section 6.4 Payments Received Through the Mail). The court will revise its’ local policies to include that all checks received in the mail or through an onsite drop box will be restrictedly endorsed immediately upon receipt or when removed from the envelope. Staff will also be directed to log all checks received in the mail payment log. In addition, court supervisors or managers will not only review the checks and cash mail payment

logs, but they will actually sign off on the log after review. All payment locations will also keep a copy of any check that is received but return to the sender, along with a copy of any correspondence that is sent back with the check to the sender.

Date of Corrective Action: November 1, 2015.

Responsible Person (s): Sherry Pacillas, Director of Operations; Alicia Alvarado, Court Manager II; Ronnie Needham, Court Manager I; Michelle Barnes, Court Manager II; Carrie West, Court Manager I; Joyce McLaughlin, Court Manager II; Kim Gogue, Court Manager I

Recommendation #5: The court agrees with this recommendation. If the court decides that it needs an alternative procedure for a procedure that is different from the FIN Manual, the court will submit to the Judicial Council's Finance Office for approval prior to implementing said procedure.

Date of Corrective Action: September 1, 2015.

Responsible Person (s): Michelle Martinez, Court Financial Officer; Nocona Soboleski, Supervising Accountant; Finance Staff

6. Information Systems

Background

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

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

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2014	2013		
Expenditures				
943201 IT MAINTENANCE	242,743.25	120,964.17	121,779.08	100.67%
* 943200 - IT MAINTENANCE	242,743.25	120,964.17	121,779.08	100.67%
943301 IT COMMERCIAL CONTRACTS	20,878.00	2,300.00	18,578.00	807.74%
* 943300 - IT COMMERCIAL CONTRACT	20,878.00	2,300.00	18,578.00	807.74%
943401 IT INTER-JURISDICTIONAL C	31,420.00	7,804.33	23,615.67	302.60%
* 943400 - IT INTER-JURISDICTIONAL	31,420.00	7,804.33	23,615.67	302.60%
943501 IT REPAIRS & SUPPLIES	5,050.24	4,362.32	687.92	15.77%
943502 IT SOFTWARE & LICENSING F	513,106.79	427,573.69	85,533.10	20.00%
* 943500 - IT REPAIRS/SUPPLIES/LICE	518,157.03	431,936.01	86,221.02	19.96%
** INFORMATION TECHNOLOGY (IT) TOTAL	813,198.28	563,004.51	250,193.77	44.44%
946601 MAJOR EQUIPMENT - IT	-	16,593.23	(16,593.23)	-100.00%

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

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

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

6.1 The Court Needs to Strengthen Its Procedures for Controlling Access to Sensitive Electronic Data Records

Background

The California Department of Motor Vehicles (DMV) and California Superior Courts agree to cooperate and share information when each court enters into a mutually beneficial DMV Information Security Agreement (DMV ISA). For example, courts need certain DMV data to assist them in determining appropriate judgments in traffic cases. Similarly, DMV needs certain traffic case information from each court to assist it in carrying out its motor vehicle and driver license program responsibilities. The Courts play an important role by reporting abstracts of convictions and failures to appear (FTA), which are used to identify and control problem drivers. DMV ISAs provide courts with the ability to access and update DMV data on-line, such as data in the DMV vehicle registration and driver license files. In addition to the DMV ISA, the courts also apply for authorization to update DMV records by completing a Government Requester Account Application and Agreement (Agreement). The Agreement states the purpose of the account and contains provisions covering information use, general security requirements, and audit requirements.

Before DMV allows courts to access and update sensitive and confidential DMV data, DMV requires each court to agree to certain conditions spelled out in the DMV ISA and Agreement. For example, DMV may require courts to agree to the following conditions in the DMV ISA and Agreement:

- Maintain a current list of individuals who are authorized to access electronic DMV files.
- Establish security procedures to protect DMV information from unauthorized access, including ensuring that each employee having access to DMV records signs an individual security statement which must be re-certified annually.
- Review information system accounts at least annually.
- Employ the concept of least privilege, allowing users only the authorized accesses (and processes) necessary to accomplish authorized business functions.
- Produce monthly audit records that contain sufficient information to establish the following: (a) the date and time of the DMV information request, (b) the identity of the end user making the request to DMV, (c) the type of information requested, (d) the search criteria used for the request, (e) the purpose of the request, and (f) the transaction and information code.
- Review and analyze DMV information system audit records for indications of inappropriate or unusual activity, at least monthly.
- Maintain monthly records of each request for information for a period of two (2) years from the date of the request.
- Allow audits or inspections by DMV authorized employees at court premises for the purpose of determining compliance with the terms of the DMV ISA and Agreement.

Additionally, the DMV ISAs and Agreements may include terms and conditions that allow DMV to immediately cancel the agreements and terminate court access to DMV data if a court, for example, negligently or intentionally misuses DMV data.

Issues

Although the Court understands and takes seriously its responsibility to keep DMV data secure and protected, our review of Court procedures to control and monitor access to sensitive and confidential DMV data identified the following exceptions:

1. The Court does not ensure that court employees with access to sensitive DMV data annually sign and date the DMV required Information Security Statements (INF 1128). Specifically, at the time of our review, the Court provided a list of 71 user-IDs that it assigned to individuals and configured to allow access to sensitive and confidential DMV data. However, of the 70 court employees and one vendor allowed this access, five court employees and the vendor did not have on file the DMV required INF 1128 form. Further, of the 65 court employees with an INF 1128 form on file, fourteen did not date their forms. As a result, we could not determine when these employees signed their forms and whether the forms were current.
2. In addition, the Court does not ensure that access to sensitive and confidential DMV data is restricted to only those employees needing access to perform their job duties. Specifically, out of the 71 user-IDs with access to DMV data and active at the time of our review in March 2015, six user-IDs were assigned to court employees no longer employed by the Court. Further, four user-IDs were assigned to current court employees who changed job assignments and no longer require access to sensitive and confidential DMV data.

Recommendations

To ensure it meets the conditions required by DMV for access to sensitive DMV data, the Court should consider the following:

1. Assign one Court employee the responsibility for ensuring that all individuals with access to sensitive and confidential DMV data have on file a current signed and dated Information Security Statement (INF 1128) form. This responsibility includes ensuring that all individuals complete, sign, and date an INF 1128 form before the Court configures the individual's user ID account with access to DMV data, and ensuring that all individuals with an existing user ID account with access to DMV data recertify their individual INF 1128 form each year. This individual should also be responsible for retaining all INF 1128 forms on file for audit purposes.
2. Establish a process to periodically, and at least annually, review the list of individuals assigned user ID accounts with DMV data access and restrict accounts to only those individuals who, consistent with the approved DMV agreement, need access to this sensitive and confidential DMV data to perform their current job assignments.

Superior Court Response By: LaRayne Cleek, CEO

Date: 09/08/2015

Recommendation #1: The Court is in agreement with the recommendation. Our current process is to secure a signed INF1128 form from each employee on an annual basis (September of each year) or during new employee orientation. Human Resources Management will remind each court manager of the importance of securing this form from each employee and ensure it is dated by the employee upon signature. The Human Resources department will assign one employee (Human Resources Technician) with the task of managing this process.

The HR Technician will request a master list of DMV users from the IT Department. The master list will be sent to all court managers, specific to their department, and the court manager will review the master list. If there are changes to be made, either changes to employee's assigned roles, or adding new employees, or deleting those employees who have left the court or transferred to another court department, the court manager will use the IT User Account form (located on the court's intranet site) to make these changes. The court manager will notify the HR Technician of any changes that were made. If a new INF 1128 form is needed the HR Technician will send the form to the court manager for signature by the employee.

Once all forms are received the HR Technician will audit the forms to make sure they are properly signed and dated. For those employees who are on an extended leave and are unable to complete the INF 1128 form, the court managers will indicate this on the master list when they return it to the HR Technician. The HR Technician assigned to audit this program will track the leave and notify the court manager when the employee returns so that the form is completed before returning to their assigned work place.

Date of Corrective Action: September 30, 2015

Responsible Person(s): Doreen Vitale, Director of Human Resources; Stephanie Cameron, Human Resources Manager; Nang Khounpaseuth, Senior HR Analyst; Martha Gaines, HR Specialist; Jessica Cordero, HR Technician; Court Managers

Recommendation #2: The court is in agreement with this recommendation. Currently, the Information Technology Department (IT) has a process in place to review the Department of Motor Vehicles (DMV) roster every quarter. This is to ensure all DMV access (Form INF1128) additions or deletions during the quarter have been recognized. The IT department will now include in their review, the assigned roles of each person listed on the roster to ensure that all changes in these roles have been updated accordingly. IT will notify the HR Technician of the audit result and if there is a need to secure a new INF 1128 from an employee.

Additionally, IT has modified the court's intranet page, under the Information Technology Tab, "User Account Form" to enable court managers to notify IT of an employee's change in role, or to advise of a new employee. IT will send out an email to all court managers regarding the updated intranet form and when to use it.

Date of Corrective Action: September 30, 2015

Responsible Person(s): Deon Whitfield, Director of IT; Vicki Miller, System Administrator

6.2 The Court Should Distribute Its Collections More Consistent with Statutes and Guidelines

Background

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

Issues

Our review of the Court's process for calculating and distributing the fines, penalties, fees, and other assessments it collects determined that the Court uses Sustain as its case management system (CMS) for all case types. Sustain has the fiscal capability to automatically calculate the required distributions of the monies the Court collects using Court-configured financial code tables. The Court uses the raw summary distribution data from the CMS to compile and report the monthly distribution amounts for the TC-31 and TC-145 remittances to the State.

To determine whether the Court distributed its collections in accordance with applicable statutes and guidelines, we reviewed the Court's distributions of selected case collections from January 1, 2014, to December 31, 2014. We focused our review on high-volume cases, such as Speeding and Red Light, and on cases with violations involving complex or special distributions, such as Driving Under-the-Influence (DUI) and cases disposed with traffic school. We also reviewed the most recent SCO revenue audit issued in March 2014 regarding the distribution of Court collections, to identify any revenue calculation or distribution issues needing special attention.

Our review of the Court calculations and distributions of collections noted the following calculation and distribution exceptions:

1. For the reckless driving case reviewed, the Court did not assess and deduct from the base fine the PC 1463.14(a) Reckless Driving Lab Special Account and the PC 1463.16 Reckless Driving Program Special Account deposits.
2. For the railroad bail forfeiture case and the red light bail forfeiture case reviewed, the Court did not include the PC 1463.28 Local Bail Enhancement in the PC 1463.12 30% Railroad Allocation calculation and the PC 1463.11 30% Red Light Allocation calculation, respectively.
3. For the railroad traffic school case reviewed, the Court did not include the GC 76104.6 and 76104.7 DNA and the GC 76000.5 Additional EMS penalty assessments as components of the Traffic Violator School (TVS) fee when calculating the VC 42007.4 30% Railroad Allocation. In addition, the Court incorrectly included the PC 1463.28 Local Bail Enhancement with the base fine that is converted to a TVS fee, and as a result, incorrectly included the bail enhancement in the base fine TVS fee distribution to the county and city,

instead of distributing this bail enhancement to the county net of the associated 2% transfer to the State Automation fund.

4. For the red light traffic school case reviewed, the Court did not include the GC 76000.5 Additional EMS penalty assessment as a component of the TVS fee when calculating the VC 42007.3 30% Red Light Allocation. In addition, the Court did not make the VC 42007(b) special distribution from the TVS fee to the GC 70372(a) State Court Facilities Construction Fund and the Immediate and Critical Needs Account.
5. For the health and safety case reviewed, the Court did not assess the HS 11372.5 Crime Lab fee and the HS 11372.7 Drug Program fee base fine enhancements.
6. For the fish and game case reviewed, the Court did not assess and distribute the State \$15 FG 12021 Secret Witness penalty, and did not transfer the associated 2% State Automation amount.

Recommendations

To ensure its calculation and distribution of fines, fees, penalties, and other assessments are consistent with applicable statutes and guidelines, the Court should consider the following:

1. Update the Sustain distribution tables in reckless driving cases to assess and deduct from the base fine the PC 1463.14(a) Reckless Driving Lab Special Account and the PC 1463.16 Reckless Driving Program Special Account deposits.
2. Update the Sustain distribution tables in railroad and red light cases to include the PC 1463.28 Local Bail Enhancement in the PC 1463.12 30% Railroad Allocation calculation and the PC 1463.11 30% Red Light Allocation calculation, respectively.
3. Update the Sustain distribution table in railroad traffic school cases to include the GC 76104.6 and 76104.7 DNA and the GC 76000.5 Additional EMS penalty assessments as components of the Traffic Violator School (TVS) fee when calculating the VC 42007.4 30% Railroad Allocation. In addition, update this distribution table to exclude the PC 1463.28 Local Bail Enhancement from conversion to a TVS fee and ensure the bail enhancement is distributed to the county net of the associated 2% transfer to the State Automation fund.
4. Update the Sustain distribution table in red light traffic school cases to include the GC 76000.5 Additional EMS penalty assessment as a component of the TVS fee when calculating the VC 42007.3 30% Red Light Allocation. Also, update this distribution table to make the VC 42007(b) special distribution from the TVS fee to the GC 70372(a) State Court Facilities Construction Fund and the Immediate and Critical Needs Account.
5. Update the Sustain distribution table in health and safety cases to assess the HS 11372.5 Crime Lab fee and the HS 11372.7 Drug Program fee base fine enhancements.

6. Update the Sustain distribution table in fish and game cases to assess and distribute the State \$15 FG 12021 Secret Witness penalty and transfer the associated 2% State Automation amount.

Superior Court Response By: LaRayne Cleek, CEO

Date: 10/07/2015

Recommendation #1: The court agrees with this recommendation. The distribution tables have been updated accordingly in the court's new case management system. The court went live on this new system on September 28, 2015.

Date of Corrective Action: September 28, 2015

Responsible Person(s): Michelle S. Martinez, Assistant Court Executive Officer; Nocona Soboleski, Director of Finance; Cristina Renteria, Accountant III; Finance Department Accounting Staff

Recommendation #2: The court agrees with this recommendation. The distribution tables have been updated accordingly in the court's new case management system.

Date of Corrective Action: September 28, 2015

Responsible Person(s): Michelle S. Martinez, Assistant Court Executive Officer; Nocona Soboleski, Director of Finance; Cristina Renteria, Accountant III; Finance Department Accounting Staff

Recommendation #3: The court agrees with this recommendation. The distribution tables have been updated accordingly in the court's new case management system.

Date of Corrective Action: September 28, 2015

Responsible Person(s): Michelle S. Martinez, Assistant Court Executive Officer; Nocona Soboleski, Director of Finance; Cristina Renteria, Accountant III; Finance Department Accounting Staff

Recommendation #4: The court agrees with this recommendation. The distribution tables have been updated accordingly in the court's new case management system.

Date of Corrective Action: September 28, 2015

Responsible Person(s): Michelle S. Martinez, Assistant Court Executive Officer; Nocona Soboleski, Director of Finance; Cristina Renteria, Accountant III; Finance Department Accounting Staff

Recommendation #5: The court agrees with this recommendation. The court will be providing training to clerks regarding the proper fines and fees that need to be ordered. The court will also be advising our judicial officers on this as well.

Date of Corrective Action: December 1, 2015

Responsible Person(s): Michelle S. Martinez, Assistant Court Executive Officer; Sherry Pacillas, Director of Court Operations; Court Managers

Recommendation #6: The court agrees with this recommendation. The distribution tables have been updated accordingly in the court's new case management system.

Date of Corrective Action: September 28, 2015

Responsible Person(s): Michelle S. Martinez, Assistant Court Executive Officer; Nocona Soboleski, Director of Finance; Cristina Renteria, Accountant III; Finance Department Accounting Staff

7. Banking and Treasury

Background

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

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

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2014	2013		
Assets				
100000 POOLED CASH	1,136,646.37	1,703,777.40	(567,131.03)	-33.29%
100025 DISB CHECK-OPERATIONS	(115,560.36)	(264,392.38)	148,832.02	56.29%
100027 DISB OUTGOING EFT	-	(4,673.89)	4,673.89	100.00%
100165 TRUST DISBURSEMENT CHECK	(26,016.82)	(13,849.55)	(12,167.27)	-87.85%
114000 CASH-REVOLVING	30,000.00	30,000.00	0.00	0.00%
119001 CASH ON HAND - CHANGE FUN	6,400.00	6,300.00	100.00	1.59%
120001 CASH WITH COUNTY	11,384.07	6,584.41	4,799.66	72.89%
120002 CASH OUTSIDE OF JUDICIAL	4,045,791.05	6,629,984.10	(2,584,193.05)	-38.98%
120050 SHORT TERM INVESTMENTS-LA	424,729.72	904,424.68	(479,694.96)	-53.04%
120051 SHORT TERM INVESTMENTS-CA	582,122.74	691,537.79	(109,415.05)	-15.82%
*** Cash and Cash Equivalents	6,095,496.77	9,689,692.56	(3,594,195.79)	-37.09%
Liabilities				
301001 A/P - GENERAL	3,010.88	26,932.33	(23,921.45)	-88.82%
301004 A/P - ELECTRONIC PAYABLES	5,937.02	-	5,937.02	100.00%
314011 TRUST-DUE TO OPERATIONS	431.84	586.26	(154.42)	-26.34%
314014 SPECIAL REVENUE-DUE TO GE	280,151.33	642,637.54	(362,486.21)	-56.41%
314015 GENERAL-DUE TO SPECIAL RE	401,677.44	-	401,677.44	100.00%
321600 A/P - TC145 LIABILITY	518,114.00	512,715.03	5,398.97	1.05%
322001 A/P - DUE TO OTHER GOVERN	4,039,938.33	6,624,805.57	(2,584,867.24)	-39.02%
323001 A/P - SALES & USE TAX	1,041.80	698.32	343.48	49.19%
323010 TREASURY INTEREST PAYABLE	7.99	12.78	(4.79)	-37.48%
330001 A/P - ACCRUED LIABILITIES	407,292.04	354,956.61	52,335.43	14.74%
*** Accounts Payable	5,657,602.67	8,163,344.44	(2,505,741.77)	-30.70%
351003 LIABILITIES FOR DEPOSITS	18,275.99	18,307.27	(31.28)	-0.17%
353003 CIVIL TRUST-OTHER(RPRTR	518,179.15	1,090,209.38	(572,030.23)	-52.47%
353004 JURY FEES- NON-INTEREST B	4,505.72	17,586.17	(13,080.45)	-74.38%
353020 CIVIL TRUST - CONDEMNATIO	14,450.00	21,275.00	(6,825.00)	-32.08%
353021 CIVIL TRUST - INTERPLEADE	128,850.04	128,850.04	0.00	0.00%
353080 LIABILITIES FOR DEPOSITS	55,861.25	55,861.25	0.00	0.00%

353081 CRIMINAL UNCLAIMED/STALE	24,816.47	24,816.47	0.00	0.00%
353090 FUNDS HELD OUTSIDE OF THE	5,852.72	5,178.53	674.19	13.02%
353999 TRUST INTEREST PAYABLE	221,577.96	221,122.03	455.93	0.21%
Revenue				
** 825000-INTEREST INCOME	8,808.19	5,664.54	3,143.65	55.50%
Expenditures				
920302 BANK FEES	22,273.75	25,248.92	(2,975.17)	-11.78%

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

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

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

8. Court Security

Background

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

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

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

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2014	2013		
Expenditures				
934503 PERIMETER SECURITY-SHERIF	50,495.85	51,972.33	(1,476.48)	-2.84%
934510 COURTROOM SECURITY-SHERIF	46,743.16	46,729.17	13.99	0.03%
934512 ALARM SERVICE	1,037.38	622.74	414.64	66.58%
* 934500 - SECURITY	98,276.39	99,324.24	(1,047.85)	-1.05%
941101 SHERIFF - REIMBURSEMENTS	29,400.00	8,960.00	20,440.00	228.13%
941199 SHERIFF	-	35.00	(35.00)	-100.00%
* 941100 - SHERIFF	29,400.00	8,995.00	20,405.00	226.85%

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

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

9. Procurement

Background

The Judicial Branch Contracting Manual (JBCM) provides uniform guidelines for trial courts to use in procuring necessary goods and services and to document their procurement practices. Trial courts must demonstrate that their procurement of goods and services are conducted economically and expeditiously, under fair and open competition, and in accordance with sound procurement practice. Typically, a purchase requisition is used to initiate all procurement actions and to document approval of the procurement by an authorized individual. The requestor identifies the correct account codes, verifies that budgeted funds are available for the purchase, completes the requisition form, and forwards it to the court manager or supervisor authorized to approve the procurement. This court manager or supervisor is responsible for verifying that the correct account codes are specified and assuring that funds are available before approving the request for procurement. Depending on the type, cost, and frequency of the goods or services to be procured, trial court employees may need to perform varying degrees of procurement research to generate an appropriate level of competition and obtain the best value. Court employees may also need to prepare and enter into purchase orders, service agreements, or contracts to document the terms and conditions of the procurement transaction.

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

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2014	2013		
Expenditures				
* 920500 - DUES AND MEMBERSHIPS	1,438.00	1,644.00	(206.00)	-12.53%
* 920600 - OFFICE EXPENSE	188,346.03	181,380.97	6,965.06	3.84%
* 921500 - ADVERTISING	5,657.92	5,824.32	(166.40)	-2.86%
* 921700 - MEETINGS, CONFERENCES, E	7,593.13	7,820.19	(227.06)	-2.90%
* 922300 - LIBRARY PURCHASES AND SU	31,774.59	39,766.54	(7,991.95)	-20.10%
* 922500 - PHOTOGRAPHY	4,041.86	787.60	3,254.26	413.19%
* 922600 - MINOR EQUIPMENT - UNDER	239,034.34	103,918.77	135,115.57	130.02%
* 922700 - EQUIPMENT RENTAL/LEASE	83,737.39	78,162.69	5,574.70	7.13%
* 922800 - EQUIPMENT MAINTENANCE	1,700.00	2,340.00	(640.00)	-27.35%
* 923900 - GENERAL EXPENSE - SERVIC	82,899.28	94,683.59	(11,784.31)	-12.45%
* 924500 - PRINTING	59,373.58	67,314.16	(7,940.58)	-11.80%
* 925100 - TELECOMMUNICATIONS	161,142.27	129,118.52	32,023.75	24.80%
* 926200 - STAMPS, STAMPED ENVELOPE	226,672.10	230,991.27	(4,319.17)	-1.87%
* 928800 - INSURANCE	12,084.60	6,448.83	5,635.77	87.39%
* 933100 - TRAINING	320.00	520.00	(200.00)	-38.46%
* 934500 - SECURITY	98,276.39	99,324.24	(1,047.85)	-1.05%
* 935200 - RENT/LEASE	44,121.44	47,394.28	(3,272.84)	-6.91%
* 935300 - JANITORIAL	200,954.80	180,098.00	20,856.80	11.58%
* 935400 - MAINTENANCE AND SUPPLIES	6,589.03	10,412.68	(3,823.65)	-36.72%
* 935500 - GROUNDS	616.06	425.48	190.58	44.79%
* 936100 - UTILITIES	5,162.37	6,012.08	(849.71)	-14.13%
* 938300 - GENERAL CONSULTANT AND P	91,449.59	71,851.92	19,597.67	27.28%

* 938500 - COURT INTERPRETER SERVIC	785,204.58	731,539.36	53,665.22	7.34%
* 938600 - COURT REPORTER SERVICES	382,050.00	236,800.00	145,250.00	61.34%
* 938700 - COURT TRANSCRIPTS	449,397.09	371,996.30	77,400.79	20.81%
* 938800 - COURT APPOINTED COUNSEL	665,918.69	675,017.04	(9,098.35)	-1.35%
* 938900 - INVESTIGATIVE SERVICES	2,400.00	1,600.00	800.00	50.00%
* 939000 - COURT ORDERED PROFESSIO	112,322.73	94,188.53	18,134.20	19.25%
* 939200 - COLLECTION SERVICES	967,287.02	1,010,182.76	(42,895.74)	-4.25%
* 939400 - LEGAL	27,464.04	27,464.04	0.00	0.00%
* 939800 - OTHER CONTRACT SERVICES	315,541.74	301,082.52	14,459.22	4.80%
* 943200 - IT MAINTENANCE	242,743.25	120,964.17	121,779.08	100.67%
* 943300 - IT COMMERCIAL CONTRACT	20,878.00	2,300.00	18,578.00	807.74%
* 943400 - IT INTER-JURISDICTIONAL	31,420.00	7,804.33	23,615.67	302.60%
* 943500 - IT REPAIRS/SUPPLIES/LIC	518,157.03	431,936.01	86,221.02	19.96%
* 945200 - MAJOR EQUIPMENT	-	22,922.30	(22,922.30)	-100.00%
* 951000 - OTHER ITEMS OF EXPENSE	1,389.45	(5,458.79)	6,848.24	125.45%
* 952300 - VEHICLE OPERATIONS	3,863.37	7,479.81	(3,616.44)	-48.35%

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

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

9.1 The Court Should Strengthen Some of Its Procurement Practices

Background

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

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

Issues

To determine whether the Court follows the procurement policies and procedures in the JBCM, we interviewed Court management and staff regarding its procurement practices. We also selected 20 payment transactions and 10 purchase card transactions for the period July 2014 through March 2015 to review the Court's associated procurement practices. During our review, we determined one of the payment transactions was not associated with a vendor procurement; therefore, we reviewed the procurements associated with the 19 payment transactions as well as the 10 purchase card transactions.

Our review revealed that the Court did not always follow the required Judicial Branch procurement policies and procedures. Specifically, we noted the following:

1. The Court could not demonstrate prior written purchase authorization for many of its procurements. Specifically, the Court did not complete purchase requisitions for three of the 19 procurements reviewed. In addition, for another seven procurements, although procurement documents indicate prior approval by the CEO or PJ, the Court did not prepare written purchase authorizations, such as an approved purchase requisition or other written purchase authorization.

In addition, of the nine procurements reviewed where the Court completed a purchase requisition, the purchase requisition for one procurement was not signed approved by an individual with the requisite authorization to approve the procurement. Specifically, the Court provides in its local contracting manual a purchase authorization matrix that specifies those individuals authorized to sign their approval of procurements and their respective purchase limits. However, the individual who signed certifying funding for this particular \$63,000 purchase requisition only had a \$500 authorized purchase limit and did not obtain signed approval by the CEO.

2. The Court did not always follow the JBCM competitive procurement requirements. Specifically, the Court could not provide sole-source justification documents supporting the reasons why it could not competitively procure two of seven sole-source procurements reviewed. For a third sole-source procurement, the sole-source justification was not approved by the CEO or designee, and did not sufficiently support that the requested items were the only items that met the Court's needs or that the vendor was the only vendor capable of providing the requested items that met the Court's needs.

Also, the Court did not retain in its procurement files documents demonstrating an appropriate solicitation, advertisement for the solicitation, nor the PJ- or designee-approved exemptions from advertising for two of six competitively bid procurements reviewed. The procurement file for one of these two competitively bid procurements also did not contain the offers received for the procurement or copies of the evaluations performed on the offers

received. The Court also did not retain copies of the evaluation performed on the offers received for a third competitively bid procurement.

3. The Court could not always demonstrate prior written purchase authorization for the 10 purchase card transactions reviewed. Specifically, a purchase requisition or request for travel form was not completed for three of the 10 purchase card transactions reviewed. Consequently, we could not determine whether an authorized court employee pre-approved the purchase request.

Although a purchase requisition was completed for the remaining seven purchase card transactions, the purchase requisitions for two purchase card transactions were completed after the purchase of the goods or services. Also, the purchase requisition for one purchase card transaction was signed approved by an individual who did not have the requisite authorization to approve the purchase. Further, the purchase requisitions for two other purchase card transactions were approved by the same court employee making the purchase requests.

The Court also allowed unauthorized users to use its purchase cards. Specifically, in two of ten purchase card transactions reviewed, the authorized user of the purchase card allowed an unauthorized user to use the Court purchase card.

Recommendations

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

1. Require the consistent use of fully completed and appropriately approved purchase requisitions prior to procuring goods and services to adequately demonstrate pre-authorization of its procurements. Also, ensure that purchase requisitions are approved by authorized court staff pursuant to its purchase authorization matrix.
2. Obtain and retain in its procurement files the documentation required to support its procurement activities, including justifications and approvals for sole source procurements, as well as copies of required documents, such as offers and evaluations, supporting its competitively bid procurements.
3. Require purchase card users to prepare and document, prior to use of the purchase card, fully completed and appropriately approved purchase requisitions to adequately demonstrate pre-authorization of its purchase card procurements. Also, inform purchase card holders that they should allow only authorized users to use the court purchase cards.

Superior Court Response By: LaRayne Cleek, CEO

Date: 08/28/2015

Recommendation #1: The court agrees with this recommendation. The court is in the process of reviewing their current purchasing procedures and will be revising or establishing local policy and procedures that reflect the JBCM more accurately. The court will provide a step by step purchasing guide card to help staff understand each step of the purchasing process from receiving bids to completing the purchase requisition. While staff does understand the

purchasing process, this process is complicated and not written down in an easily understood guide card. It is also not part of the court's local finance or contracting manuals. These new policies and procedures will be included in the court's local finance manual. The guide card and instructions will provide information on purchasing authorization limits, requirements for purchasing certain types of goods, and steps in securing the proper signatures.

Date of Corrective Action: December 1, 2015

Responsible Person(s): Michelle Martinez, CFO; Nocona Soboleski, Supervising Accountant; Liz Campbell, Contracts and Procurement Coordinator; Kaileen O'Sullivan, Procurement Clerk

Recommendation #2: The court agrees with this recommendation. The Superior Court of Tulare County's Local Contract Manual, Section Delegation of Authority (1.4 Compliance Documentation) directs staff to ensure that appropriate documentation of the purchase approvals is maintained. The court will update this policy to include a list of any and all supporting documentation that should accompany any and all purchases. This policy will also be included in the Superior Court of Tulare County's Local Finance policies. *Any divisions which are in violation of Superior Court of Tulare County's policies and procedures will be referred to the CEO for appropriate action.*

Date of Corrective Action: December 1, 2015

Responsible Person(s): Michelle Martinez, CFO; Nocona Soboleski, Supervising Accountant; Liz Campbell, Contracts and Procurement Coordinator; Kaileen O'Sullivan, Procurement Clerk

Recommendation #3: The court agrees with this recommendation. The court is in the process of reviewing their current credit card purchasing procedures and will be revising or establishing local policy and procedures that reflect the JBCM and FIN Manual more accurately with regard to credit card purchases. The court will provide a step by step purchasing guide card to help staff understand each step of the credit card purchasing process. These new policies and procedures will be included in the court's local finance manual. The court will also include policy advising staff that issued credit cards shall only be used by the person to which the credit card is assigned to.

Date of Corrective Action: December 1, 2015

Responsible Person(s): Michelle Martinez, CFO; Nocona Soboleski, Supervising Accountant; Liz Campbell, Contracts and Procurement Coordinator; Kaileen O'Sullivan, Procurement Clerk

10. Contracts

Background

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

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

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2014	2013		
Expenditures – Contracted Services				
* 938300 - GENERAL CONSULTANT AND P	91,449.59	71,851.92	19,597.67	27.28%
* 938500 - COURT INTERPRETER SERVIC	785,204.58	731,539.36	53,665.22	7.34%
* 938600 - COURT REPORTER SERVICES	382,050.00	236,800.00	145,250.00	61.34%
* 938700 - COURT TRANSCRIPTS	449,397.09	371,996.30	77,400.79	20.81%
* 938800 - COURT APPOINTED COUNSEL	665,918.69	675,017.04	(9,098.35)	-1.35%
* 938900 - INVESTIGATIVE SERVICES	2,400.00	1,600.00	800.00	50.00%
* 939000 - COURT ORDERED PROFESS	112,322.73	94,188.53	18,134.20	19.25%
* 939200 - COLLECTION SERVICES	967,287.02	1,010,182.76	(42,895.74)	-4.25%
* 939400 - LEGAL	27,464.04	27,464.04	0.00	0.00%
* 939800 - OTHER CONTRACT SERVICES	315,541.74	301,082.52	14,459.22	4.80%

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

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

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

11. Accounts Payable

Background

The FIN Manual provides courts with various policies on payment processing and provides uniform guidelines for processing vendor invoices, in-court service provider claims, and court-appointed counsel. All invoices and claims received from trial court vendors, suppliers, consultants and other contractors are routed to the trial court accounts payable department for processing. The accounts payable staff must process the invoices in a timely fashion and in accordance with the terms and conditions of the purchase agreements. All invoices must be matched to the proper supporting documentation and must be approved for payment by authorized court personnel acting within the scope of their authority.

In addition, trial court judges and employees may be required to travel as a part of their official duties, and may occasionally conduct official court business during a meal period. Courts may reimburse their judges and employees for their reasonable and necessary travel expenses, within certain maximum limits, incurred while traveling on court business. Courts may also reimburse their judges and employees, or pay vendors, for the actual cost of providing business-related meals when certain rules and limits are met.

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

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2014	2013		
Liabilities				
*** Accounts Payable	5,657,602.67	8,163,344.44	(2,505,741.77)	-30.70%
351003 LIABILITIES FOR DEPOSITS	18,275.99	18,307.27	(31.28)	-0.17%
353003 CIVIL TRUST-OTHER(RPRTR	518,179.15	1,090,209.38	(572,030.23)	-52.47%
353004 JURY FEES- NON-INTEREST B	4,505.72	17,586.17	(13,080.45)	-74.38%
353020 CIVIL TRUST - CONDEMNATIO	14,450.00	21,275.00	(6,825.00)	-32.08%
353021 CIVIL TRUST - INTERPLEADE	128,850.04	128,850.04	0.00	0.00%
353080 LIABILITIES FOR DEPOSITS	55,861.25	55,861.25	0.00	0.00%
353081 CRIMINAL UNCLAIMED/STALE	24,816.47	24,816.47	0.00	0.00%
353090 FUNDS HELD OUTSIDE OF THE	5,852.72	5,178.53	674.19	13.02%
353999 TRUST INTEREST PAYABLE	221,577.96	221,122.03	455.93	0.21%
Reimbursements - Other				
** 860000-REIMBURSEMENTS - OTHER	1,040,507.02	88,242.84	952,264.18	1079.14%
Expenditures				
* 920600 - OFFICE EXPENSE	188,346.03	181,380.97	6,965.06	3.84%
* 921500 - ADVERTISING	5,657.92	5,824.32	(166.40)	-2.86%
* 921700 - MEETINGS, CONFERENCES, E	7,593.13	7,820.19	(227.06)	-2.90%
* 922300 - LIBRARY PURCHASES AND SU	31,774.59	39,766.54	(7,991.95)	-20.10%
* 922500 - PHOTOGRAPHY	4,041.86	787.60	3,254.26	413.19%
* 922700 - EQUIPMENT RENTAL/LEASE	83,737.39	78,162.69	5,574.70	7.13%
* 922800 - EQUIPMENT MAINTENANCE	1,700.00	2,340.00	(640.00)	-27.35%
* 922900 - EQUIPMENT REPAIRS	750.00	1,748.11	(998.11)	-57.10%
* 924500 - PRINTING	59,373.58	67,314.16	(7,940.58)	-11.80%

* 925100 - TELECOMMUNICATIONS	161,142.27	129,118.52	32,023.75	24.80%
* 926200 - STAMPS, STAMPED ENVELOPE	226,672.10	230,991.27	(4,319.17)	-1.87%
* 928800 - INSURANCE	12,084.60	6,448.83	5,635.77	87.39%
* 929200 - TRAVEL- IN STATE	19,722.25	31,850.34	(12,128.09)	-38.08%
* 931100 - TRAVEL OUT OF STATE	-	1,550.88	(1,550.88)	-100.00%
* 933100 - TRAINING	320.00	520.00	(200.00)	-38.46%
* 935300 - JANITORIAL	200,954.80	180,098.00	20,856.80	11.58%
* 935400 - MAINTENANCE AND SUPPLIES	6,589.03	10,412.68	(3,823.65)	-36.72%
* 935500 - GROUNDS	616.06	425.48	190.58	44.79%
* 936100 -UTILITIES	5,162.37	6,012.08	(849.71)	-14.13%
* 938300 - GENERAL CONSULTANT AND P	91,449.59	71,851.92	19,597.67	27.28%
* 938500 - COURT INTERPRETER SERVIC	785,204.58	731,539.36	53,665.22	7.34%
* 938600 - COURT REPORTER SERVICES	382,050.00	236,800.00	145,250.00	61.34%
* 938700 - COURT TRANSCRIPTS	449,397.09	371,996.30	77,400.79	20.81%
* 938800 - COURT APPOINTED COUNSEL	665,918.69	675,017.04	(9,098.35)	-1.35%
* 938900 - INVESTIGATIVE SERVICES	2,400.00	1,600.00	800.00	50.00%
* 939000 - COURT ORDERED PROFESSION	112,322.73	94,188.53	18,134.20	19.25%
* 939200 - COLLECTION SERVICES	967,287.02	1,010,182.76	(42,895.74)	-4.25%
* 939400 - LEGAL	27,464.04	27,464.04	0.00	0.00%
* 939800 - OTHER CONTRACT SERVICES	315,541.74	301,082.52	14,459.22	4.80%
* 965100 - JUROR COSTS	160,686.30	162,761.52	(2,075.22)	-1.28%

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

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

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

11.1 The Court Should Improve Its Travel Expense Reimbursement Procedures

Background

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

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

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

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

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

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

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

MEALS	MAXIMUM REIMBURSEMENT
Breakfast	Not to Exceed \$ 8
Lunch	Not to Exceed \$12
Dinner	Not to Exceed \$20
Incidentals	Not to Exceed \$ 6

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

Issues

To determine whether the Court followed the travel expense guidelines required in the FIN Manual, we made inquiries of appropriate Court staff regarding current travel reimbursement practices. We also reviewed selected travel expense transactions in fiscal year 2014-2015. Our review determined that the Court needs to improve its business travel expense reimbursement procedures. Specifically, we noted the following:

1. Of the eight travel expense transactions reviewed, four transactions involved purchase card payments for lodging expenses. For all four of these purchase card transactions, the traveler did not provide a travel expense claim (TEC) that shows approval of the travel expenses or purpose of the business trip. Consequently, we could not determine whether the Court appropriately approved the travel expenses or the business purpose of the travel.

Also, for one of the four lodging expense transactions reviewed that was paid with a Court purchase card, the Court did not require the traveler to submit a lodging receipt with a zero balance to support the lodging expense. In addition, for this same transaction, as well as one other lodging expense transaction paid with a Court purchase card, the lodging costs exceeded the maximum lodging rate allowed per night. However, the traveler did not complete an Exception Request for Lodging form to justify and obtain pre-approval for exceeding the maximum allowed lodging rate.

Further, for two of the four TECs reviewed, the Court did not adequately verify that the mileage claimed was reasonable. Specifically, for these two TECs, the travelers did not claim mileage for the lesser of the distance between their designated headquarters or home and the business destination, resulting in overpayments of \$20 and \$6, respectively.

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

Recommendations

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

1. Require that all Court employees and officials who travel on Court business provide the information and documentation necessary to allow for the proper review and approval of allowable travel expenses, including travel expenses that are paid using the Court purchase card. Instruction should include information on how to properly complete the Travel Expense Claim form, as well as appropriate documentation, including pre-approved Exception

Request for Lodging forms and necessary receipts, needed to support claimed travel expenses.

2. Require appropriate level review and approval signatures on TEC forms from the employee's supervisor or above. If the TEC is submitted by a judicial officer, the PJ or a supervising judge would be the appropriate review and approval level who would sign the TEC approving the travel expenses. In addition, instruct Court accounts payable staff to not process TECs for payment until the appropriate approval levels sign the TEC approving reimbursement of the travel expenses.

Superior Court Response By: LaRayne Cleek, CEO

Date: 08/28/2015

Recommendation #1: The court agrees with this recommendation. Superior Court of Tulare County's Travel Policies and Procedures direct staff with step by step instructions regarding travelling guidelines and the processes to follow prior to, during, and at the completion of court business. The court's travel policies and procedures do provide instruction on how to complete the Travel Expense Claim (TEC). The court will remind staff of the importance of these procedures and policies and will provide training as needed. *Any employees who are in violation of Superior Court of Tulare County's Travel policies and procedures will be referred to the CEO for appropriate action.*

Date of Corrective Action: September 15, 2015.

Responsible Person(s): Michelle S. Martinez, CFO; Nocona Soboleski, Supervising Accountant; Marisa Bravo, Finance Technician; Ellen Kennedy, Executive Secretary; Laura Armas, Judicial Secretary

Recommendation #2: The court agrees with this recommendation. Superior Court of Tulare County's Travel Policies and Procedures direct staff with step by step instructions regarding travelling guidelines and the processes to follow prior to, during, and at the completion of court business. The court's travel policies and procedures do provide instruction on how to complete the Travel Expense Claim for (TEC). The court will update the policy to include instructions regarding authorization of court travel by bench officers. The court will remind staff of the importance of these procedures and policies and will provide training as needed. *Any employees who are in violation of Superior Court of Tulare County's Travel policies and procedures will be referred to the CEO for appropriate action.*

Date of Corrective Action: September 15, 2015.

Responsible Person(s): Michelle S. Martinez, CFO; Nocona Soboleski, Supervising Accountant; Marisa Bravo, Finance Technician; Ellen Kennedy, Executive Secretary; Laura Armas, Judicial Secretary

12. Fixed Assets Management

Background

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

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

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

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2014	2013		
Expenditures				
922601 MINOR OFFICE EQUIPMENT/MA	2,173.74	1,040.55	1,133.19	108.90%
922603 OFFICE FURNITURE - MINOR	-	5,896.23	(5,896.23)	-100.00%
922605 MODULAR FURNITURE-MINOR	-	166.10	(166.10)	-100.00%
922608 WEAPON SCREENING EQUIPMEN	6,900.00	77,735.50	(70,835.50)	-91.12%
922611 COMPUTER	123,097.01	1,908.54	121,188.47	6349.80%
922612 PRINTERS	9,716.54	6,286.82	3,429.72	54.55%
922699 MINOR EQUIPMENT - UNDER \$	97,147.05	10,885.03	86,262.02	792.48%
* 922600 - MINOR EQUIPMENT - UNDER	239,034.34	103,918.77	135,115.57	130.02%
945301 MAJOR EQUIPMENT - NON-IT	-	11,113.12	(11,113.12)	-100.00%
946601 MAJOR EQUIPMENT - IT	-	16,593.23	(16,593.23)	-100.00%
946699 MAJOR EQUIPMENT	-	(4,784.05)	4,784.05	100.00%
* 945200 - MAJOR EQUIPMENT	-	22,922.30	(22,922.30)	-100.00%

Due to other audit planning considerations, we did not review this area.

13. Audits

Background

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

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

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

14. Records Retention

Background

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

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

ACCOUNT	Total Funds as of June 30		\$ Inc. (Dec.)	% Change
	2014	2013		
Expenditures				
935203 STORAGE	2,715.18	2,450.00	265.18	10.82%

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

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

15. Domestic Violence

Background

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

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

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

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

Background

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

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

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

- Penal Code (PC) 1202.4 (b) State Restitution Fine
Courts must impose a separate and additional State Restitution Fine in every case where a person is convicted of a crime. Effective January 2014, the minimum State

Restitution Fine amounts for felonies and misdemeanor convictions increased to \$300 and \$150, respectively. Courts must impose this fine unless it finds compelling and extraordinary reasons for not doing so and states those reasons on the record.

Inability to pay is not considered a compelling and extraordinary reason not to impose this restitution fine, but may be considered only in assessing the amount of the fine in excess of the minimum.

- PC 1202.44 (or PC 1202.45) Probation (or Parole) Revocation Restitution Fine
Effective January 2005, courts must impose an additional Probation (or Parole) Revocation Restitution Fine in the same amount as the restitution fine imposed under PC 1202.4 (b) in every case in which a person is convicted of a crime and a probation (or parole) sentence is imposed. This additional fine is effective upon the revocation of probation or of a conditional sentence (or parole), and shall not be waived or reduced by the court, absent compelling and extraordinary reasons stated on record.
- PC 1203.097 Domestic Violence Fee
If courts grant a person probation for committing a domestic violence crime, courts must include in the terms of probation a minimum period of probation of 36 months and, effective January 2013, a \$500 Domestic Violence Fee. Courts may reduce or waive this fee if, after a hearing in court on the record, they find that the defendant does not have the ability to pay.
- PC 1465.8 (a)(1) Court Operations Assessment
Courts must impose a \$40 Court Operations Assessment for each conviction of a criminal offense effective July 1, 2011.
- GC 70373 Conviction Assessment
Courts must impose a \$30 Criminal Conviction Assessment for each misdemeanor or felony conviction of a criminal offense effective January 1, 2009.

Issues

Our review of 30 criminal DV cases disposed from July 2014 through February 2015 found that the Court did not always impose the correct fines and fees. Specifically, our review noted the following exceptions:

- For the 28 DV cases reviewed where the Court sentenced the defendant to probation, the Court did not consistently impose the correct minimum DV Fee pursuant to PC 1203.097(a)(5). Specifically, for six of the 28 applicable cases, the court did not order the minimum \$500 DV Fee. In addition, the Court ordered a \$400 DV Fee in one case and a \$250 DV Fee in two other cases instead of the \$500 minimum DV Fee.
- Also, for five of the 28 DV cases reviewed where the Court sentenced the defendant to probation, the Court did not order the Probation Revocation Restitution Fine pursuant to PC 1202.44.

- For one of the nine DV cases reviewed with convictions for multiple violations, the PC 1465.8 Court Operations Assessment and the GC 70373 Criminal Conviction Assessment were not ordered for all convictions in one case. Specifically, the case contained convictions for three violations; however, the Court Operations Assessment and the Criminal Conviction Assessment were ordered for convictions on only one violation.
- For two of the 30 DV cases reviewed, the Court did not order imprisonment or the penal code fine pursuant to PC 273.5(a), nor order a payment to a battered women's shelter in lieu of a fine, and the Court's determination of the defendants' inability to pay the fine is not reflected on the record in these two cases. Also, for one of these two DV cases, the Court ordered the incorrect PC 1202.4(b) State Restitution Fine when it ordered a \$240 fine instead of the minimum \$300 fine for felony offenses effective January 1, 2014. Consequently, the Court also ordered the incorrect lower PC 1202.44 Probation Revocation Restitution Fine amount.
- For two of the 30 DV cases reviewed, the Court did not order the PC 1202.4(b) State Restitution Fine, the PC 1465.8 Court Operations Assessment, and the GC 70373 Criminal Conviction Assessment. Further, the Court did not order the GC 70373 Criminal Conviction Assessment for a third case.

Recommendations

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

1. Ensure that courtroom staff refer to an updated bench schedule of minimum fines and fees to assist judicial officers in assessing the correct DV fine and fee amounts. In addition, it should consider inserting these updated minimum fine and fee amounts on the official order of probation forms to further help it ensure the assessment of correct DV fine and fee amounts.
2. Document in DV case minute orders, and also its case management system, any compelling and extraordinary reasons, waivers, and determinations from financial hearings to support why the Court did not impose the statutory minimum fines and fees.

Superior Court Response By: LaRayne Cleek, CEO

Date: 08/28/2015

Recommendation #1: The court agrees with this recommendation. Currently, the court is in the process of creating an updated fine and fee schedule for distribution to court support staff and bench officers. Courtroom clerks will be provided with group and/or individual training on fines and fees so they have proper information to assist the judicial officers.

Additionally, support staff will be trained to identify any cases wherein the correct fines/fees have not been imposed and there is no explanation reflected on the minute order. They will bring the case to the attention of the clerk/judge for either correction or explanation.

Date of Corrective Action: November 1, 2015

Responsible Person(s): Sherry Pacillas, Director of Operations, Remigia Contreras, Court Manager II; Dee Dee Hernandez, Court Manager I; Joyce McLaughlin, Court Manager II; Kim Gogue, Court Manager I

Recommendation #2: The court agrees with this recommendation. Courtroom clerks will be directed to reflect on minute orders any compelling and extraordinary reasons why the court did not impose the statutory minimum fines and fees. Support staff will be trained to look for this information on the minute orders. If the correct fines/fees were not imposed support staff will be directed to bring the case back to the attention of the courtroom clerk for explanation.

Date of Corrective Action: November 1, 2015

Responsible Person(s): Sherry Pacillas, Director of Operations, Remigia Contreras, Court Manager II; Dee Dee Hernandez, Court Manager I; Joyce McLaughlin, Court Manager II; Kim Gogue, Court Manager I

16. Exhibits

Background

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

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

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

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

17. Bail

Background

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

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

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

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

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

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

APPENDIX A

**Superior Court of California,
County of Tulare**

Issue Control Log

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

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

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

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
1	Court Administration		No issues to report.					
2	Fiscal Management and Budgets							
		Log	For one of five lump-sum payments reviewed, the Court could not provide supporting documents to demonstrate appropriate authorization of the payout. For two other payouts, although signed by the Human Resources Manager, the check request form was not also signed approved by the CEO or her designee.		C	It is unclear how this could have happened; since the current process is to get all of the necessary and authorized signatures and supporting documentation before the check to complete the lump sum payout is even created. Since it is not possible to pull the documents at question in time for our review; I have directed staff that effective today all checks issued from the Court's revolving account be scanned with their supporting documentation for auditing purposes.	Stephanie Cameron, HR Manager; Nocona Soboleski, Director of Finance; HR Staff and Finance Staff	October 2015
		Log	The CEO's electronic time card is approved by the Court Administrative Manager, a subordinate, rather than by the PJ or Assistant PJ, the appropriate supervisory levels.		C	This practice was changed immediately upon notification that this was not an appropriate practice. Currently, the Assistant CEO (or designee) will review the time card of the CEO and notify by email the PJ of the time card information; total hours worked, any leave taken, etc. The PJ will respond to the ACEO that the time card is approved or if more clarification is needed. Once the approval is received, then the ACEO approves the electronic time card and it is submitted for processing.	Michelle Martinez, Assistant CEO (or designee)	July 2015
		Log	The Court could not provide documents demonstrating pre-authorization of the overtime worked in six of the eight overtime payments reviewed.		C	The court has always had in place an overtime policy in the personnel policy manual that indicates all overtime must be pre-approved. All overtime was pre-approved; however, the court has not been able to find those emails from staff to manager requesting approval. The current procedure for requesting overtime is that staff request approval from their immediate supervisor, who then requests approval from the director of that program. If overtime is necessary, the Director will request approval from the CEO or designee for the overtime and provide justification. As of today, staff has been directed to include HR in the authorizing email back to staff. HR will save email to the secure R Drive for auditing and budget management purposes.	Directors of Operations, IT, HR, Finance, SHC/Facilitator, Fam Svcs, or ax'd designee; Stephanie Cameron, HR Manager; Nang Khounpaseuth, Sr. HR Analyst	October 2015
		Log	At the time of our review, the Court had not prepared a Projected Cash Flow report since November 2014. The Court is in the process of preparing the report.	I		The court had been preparing this report since it's implementation by the JCC; however, when the accountant assigned this duty went on leave the report was not completed by finance due to a shortage of staff and other high priority work. The report was prepared again in April 2015; however, the new CFO was not convinced that it was prepared correctly. The new CFO and staff have been working with the JCC assigned General Ledger lead for the court to ensure staff received training in completing the report correctly.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Cristina Renteria, Accountant III	December 2015
		Log	The Court acknowledged that it had not amended its Fiscal Year 2014-15 budget to reflect additional or amended allocations from the Judicial Council, local revenues above those originally budgeted, or new grants received from other governments due to staffing issues. The Court stated that it would amend its Fiscal Year 2015-16 budget if needed.		C	The court had recently been without a CFO for about 4 months during the fiscal year 2014/215. The new CFO came on board in middle January 2015 and did not have any experience with this court's budget; both in revenue and expenses. It took time to do a complete audit of the budget to determine what, if any changes, needed to be made. It was decided to not do any amendments during the fiscal year. So to avoid this from occurring in the future, the budget team in Finance is comprised of the Assistant CEO (who still has full responsibility for Finance), the Director of Finance, and the Accountant III. This team will work together to develop and manage the budget of the court; cross-train in each aspect of the budget so that court is never without continuous budget review and management again. This will ensure if amendments are needed they are done timely.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Cristina Renteria, Accountant III	July 2015
3	Fund Accounting		No issues to report.					

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
4 Accounting Principles and Practices								
		Log	The Court did not record two legally restricted revenues in special revenue funds. Specifically, the Court recorded legally restricted revenues of \$6,000 and \$4,000 in general ledger accounts 812151 TCTF-program 45.10-custody/visitation-mediation and 812158 TCTF-program 45.10-custody/visitation-family law facilitator, respectively, within the Trial Court Trust Fund instead of in a special revenue fund.		C	Due to a lack of direction by the previous CFO, staff was unsure where to put these funds and kept them in the TCTF, when they should have been moved. This has since been corrected and the monies are currently recognized correctly.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Direction of Finance; Cristina Renteria, Accountant III	January 2015
		Log	Payroll expenditures for the last day of FY 2013-14, estimated to be \$65,852, were not accrued at year-end.		C	It is unclear how this occurred; however, accruals are now reviewed and verified by the ACEO, Director of Finance, and the Accountant III before the accruals are finalized and posted in the financial system.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Direction of Finance; Cristina Renteria, Accountant III	June 2015
		Log	The Court incorrectly recorded restricted revenue as miscellaneous reimbursement. Specifically, the Court received a \$262,252 lump-sum payment from the county for four courtroom clerks in its preliminary hearing courtroom. According to the MOU, any unexpended amount shall be paid back to the county. Because the monies were paid in advance and must be returned if not spent, the payments are not reimbursements and are restricted. Therefore, restricted revenue would be the more appropriate classification.		C	Due to a lack of direction by the previous CFO, staff was unsure where to put these funds and kept them in the TCTF, when they should have been moved. This has since been corrected and the monies are currently recognized correctly.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Direction of Finance; Cristina Renteria, Accountant III	July 2015
		Log	Although reversed in the first period of FY 2014-15, the Court executed FY 2013-14 adjusting transactions that resulted in what could be perceived as an inter-fund loan of \$401,677 from a special revenue fund cash account to other funds, including the general fund, in order to remedy the appearance of cash shortfalls, or negative cash balances, in other funds at year-end.		C	For unknown reasons this seemed to be the practice for quite sometime; however, after a full audit by the new CFO of all the managed funds for the court the direction provided to staff was to stop this practice immediately and to reconcile each fund regularly to ensure accurate balances are within each fund.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Direction of Finance; Cristina Renteria, Accountant III	April 2015
		Log	Although reversed in the first period of FY 2014-15, the adjusting journal entry that moved \$401,677 from a special revenue fund cash account to other funds for the purpose of adjusting abnormal cash balances at year-end, the Court could not provide documentation that this entry was authorized by the CFO.		C	This is true and this practice has been eliminated. For some time during 14/15, there was no CFO in place to authorize any of these types of entries. At the arrival of the new CFO in January, no adjusting journal entries, reclassifications, or transfers were allowed by staff without a complete review and approval by the CFO. The approval must be documented by email.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Direction of Finance; Cristina Renteria, Accountant III	January 2015
		Log	The Court recorded \$5,853 in cash in Trust Fund 320001 that are actually certificates of deposit. As the maturity dates for the certificates of deposit are more than 90 days, they are not cash equivalents and are more appropriately recorded as investments.	I		Noted. The court will correct this and provide direction to accounting staff on how to classify certificates of deposit.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Direction of Finance; Cristina Renteria, Accountant III	December 2015
		Log	Liability account 374302 State Unemployment Insurance ended with an abnormal debit balance of \$1,110 at June 30, 2014, due to higher than expected unemployment insurance payments. However, the Court did not record a year-end adjusting entry to correct the abnormal debit balance by debiting the unemployment insurance expense account and crediting the unemployment insurance liability account.	I		Noted. The court has corrected this past practice. Staff is currently cleaning up these types of liability accounts.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Direction of Finance; Cristina Renteria, Accountant III	January 2016

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Although the entries to reclassify prior-year transactions appear appropriate, for all seven adjusting entries reviewed, each less than \$2,000, there was no documentation or indication of CFO review and approval.		C	This is true and this practice has been eliminated. For some time during 14/15, there was no CFO in place to authorize any of these types of entries. At the arrival of the new CFO in January, no adjusting journal entries, reclassifications, or transfers were allowed by staff without a complete review and approval by the CFO. The approval must be documented by email.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Direction of Finance; Cristina Renteria, Accountant III	January 2015
		Log	The Court did not provide adequate supporting disposal documents, such as an asset disposal form signed approved by the CEO, to support disposal in FY 2014-15 of two x-ray machines costing \$23,000 each when originally purchased.	I		Noted. Effectively immediately, the court will ensure that the Fixed Assets Disposal form is reviewed, approved, and signed by the CEO.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Direction of Finance; Cristina Renteria, Accountant III	November 2015
		Log	The Court provided a spreadsheet supporting the compensated absences payable amount reported in its FY 2013-14 CAFR but did not confirm that the data used in the spreadsheet was extracted from its payroll system.		C	HR supplies the Accrual Balances to Finance from ADP. Finance calculates the total liability using the number of hours times the current hourly salary. Beginning with the FY 14/15 CAFR, all supporting documentation will be kept with Court's copy of the submitted CAFR.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Direction of Finance; Cristina Renteria, Accountant III	September 2015
5	Cash Collections							
	5.1		The Court Needs to Implement a Process to Track and Monitor Civil Fee Payment Plans					
		I	The Court is not tracking civil payment plans. As a result, it does not ensure that civil filing fees are fully paid prior to judicial officers rendering a ruling.	I		The court agrees and is in the process of reviewing all processes and notifications that were previously used. After this review both will be updated and provided to staff to implement.	Sherry Pacillas, Director of Operations; Michelle Barnes, Civil Court Manager II; Joyce McLaughlin, Court Manager II; Carrie West, Civil Court Manager I; Kim Gogue, Court Manager I	November 2015
		I	Of the six civil cases reviewed with civil fee payment plans, five cases were not paid in full prior to disposition of the case and the filings were not voided. In addition, as of March 2015, these cases were between 233 days to 2,733 days delinquent, but not referred to collections.		C	The court agrees and is developing a manual process to initiate collections on all required Civil fees and costs the Court initially waived and allowed the party to pay in installments, and any other cost to serve and collect on the judgment from the parties who did not pay the required civil fees and court costs.	Michelle Martinez, CFO; Nocona Soboleski, Supervising Accountant; Finance Staff	September 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
	5.2		The Court Needs to Establish Procedures for Tracking and Monitoring Dishonored Payments in Civil Actions					
		2	The Court does not track civil fee payments returned unpaid by the bank nor the administrative NSF fees. As a result, it is not suspending civil cases or voiding filings when the civil filing fee is not fully paid due to a NSF.		C	<p>The court has reviewed its current processes with regards to handling Civil NSF cases and agrees that the court needs to establish procedures for the Civil Division to flag and track those cases where the parties have not paid the required civil and administrative fees prior to the time specified in the letter, the scheduled trial, or hearing, whichever occurs first.</p> <p>The court has put in place a process, manual at this time, wherein once the Civil Division received notice from Finance of the dishonored check, the notice is then forwarded to an account clerk, who is tasked with verifying whether or not the check and the returned check charge have been paid. If both have been paid, then no further action is necessary. However, if either of the charges have not been paid, then the account clerk will review the NSF letter in eCourt and diary the "20 days" date on a tickler calendar. The original copy from Finance will stay in a NSF Folder at the Account Clerk's desk.</p> <p>In addition to this, courtroom staff has been instructed to check the cases they handle for any monies owed and to advise the Judge of the monies owed prior to hearing the case.</p>	Sherry Pacillas, Director of Operations; Michelle Barnes, Court Manager II-Civil Filings; Carrie West, Court Manager I-Civil Filings; Joyce McLaughlin, Court Manager II; Kim Gogue, Court Manager I	July 2015
		2	For all four NSF payments reviewed, although it sent the required 20-day notice, the Court had not received full payment of the filing fee and NSF fee, nor voided the filings associated with the NSF payments. In addition, it had not referred these amounts due to collections.		C	<p>The court agrees and has put in place the following process:</p> <p>On the set date, referred to above, the Account Clerk will check eCourt to verify if payment for both fees and NSF charges has been received. If it has, no further work is necessary. If payment has not been received for both charges, the Account Clerk will advise the Processing Clerk assigned to the case and the two department managers by email that the filing that was submitted with the NSF check needs to be voided. The Processing Clerk will void the documents previously filed by stamping the documents with "VOID PURSUANT TO CCP411.20." The Processing Clerk will prepare a notice of voiding documents and inform all parties in the action by mail, including a certificate of mailing, all prepared in eCourt. If the voided document initiated a hearing date, that date will be vacated. Finally, when the document is voided the Processing Clerk will inform the Managers to rescind the invoice for filing. The Return Check charge will remain.</p> <p>In addition, the court is developing a manual process to initiate collections on all unpaid Civil NSF charges.</p>	Sherry Pacillas, Director of Operations; Michelle Barnes, Court Manager II-Civil Filings; Carrie West, Court Manager I-Civil Filings; Joyce McLaughlin, Court Manager II; Kim Gogue, Court Manager I	July 2015
					C		Michelle Martinez, CFO; Nocona Soboleski, Supervising Accountant; Finance Staff	September 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
	5.3		The Court Needs to Strengthen Its Cash Handling Procedures					
		3	Fiscal clerks at four cash collection locations verify cashiers' end-of-day closeout and also perform the incompatible activity of preparing the daily deposit.	I		The court agrees with this recommendation. The current Superior Court of Tulare County's Cash Handling Policy (Section 1.9 #9 Cashier Balancing Procedures) directs staff to have the Account Clerk verify the Cashier's end of day; however, it also directs the same Account Clerk to perform the daily deposit. The court will revise its policies to reflect that two separate employees will verify the end of day cashier balancing function and the daily deposit. Court staff will be advised that there will be two separate employees, one to perform end of day cashier balancing and another to prepare the daily deposit.	Sherry Pacillas, Director of Operations; Alicia Alvarado, Court Manager II; Ronnie Needham, Court Manager I; Michelle Barnes, Court Manager II; Carrie West, Court Manager I; Joyce McLaughlin, Court Manager II; Kim Gogue, Court Manager I; Michelle S. Martinez, CFO; Nocona Soboleski, Supervising Accountant	November 2015
		3	Court managers at two cash collection locations verify cashiers' end-of-day closeout and also perform the incompatible activity of preparing the daily deposit.	I		See response above.	See above.	November 2015
		3	The change fund at all cash collection locations is not verified at least quarterly by someone other than the person administering the change fund.	I		The court agrees. Superior Court of Tulare County 's Cash Handling policy manual (Section 1.8 Surprise Cash Counts) directs staff to perform, at least quarterly, change fund counts by someone other than the change fund administrator. In addition, Superior Court of Tulare County's Cash Handling policy manual (Section 1.14 Change Fund) also directs staff to perform the end of day Change Fund Count by the Change Fund custodian and then have a second employee do another count of the Change Fund. This is slightly different than the FIN Manual's Policy 10.02 Cash Handling (Section 6.3.1 Change Fund, #6); however, the court will correct their local policy to change from a "second person" to a "Court Manager or Supervisor". The court will remind staff of the importance of these procedures and policies and will provide training on as needed. Any divisions which are in violation of Superior Court of Tulare County's policies and procedures will be referred to the CEO for appropriate action.	Sherry Pacillas, Director of Operations; Alicia Alvarado, Court Manager II; Ronnie Needham, Court Manager I; Michelle Barnes, Court Manager II; Carrie West, Court Manager I; Joyce McLaughlin, Court Manager II; Kim Gogue, Court Manager I; Michelle S. Martinez, CFO; Nocona Soboleski, Supervising Accountant	November 2015
		3	The change fund at one cash collection location is not counted in the presence of a second court employee.	I		See response above.	See above.	November 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		3	At the time of our review, the Court was not consistently performing the required surprise cash counts on a court-wide basis at least quarterly.		C	The court agrees. Superior Court of Tulare County's Cash Handling Policy (Section 1.8 Surprise Cash Counts) directs staff to conduct surprise cash counts on a quarterly basis. Management will remind staff to perform these regularly. The CFO and Finance will also monitor that these are done as well. Any divisions which are in violation of Superior Court of Tulare County's policies and procedures will be referred to the CEO for appropriate action.	Sherry Pacillas, Director of Operations; Alicia Alvarado, Court Manager II; Ronnie Needham, Court Manager I; Michelle Barnes, Court Manager II; Carrie West, Court Manager I; Joyce McLaughlin, Court Manager II; Kim Gogue, Court Manager I; Michelle Martinez, Court Financial Officer; Nocona Soboleski, Supervising Accountant	September 2015
		3	Checks received through the mail at three cash collection locations were not always restrictively endorsed immediately upon receipt.	I		The court agrees. Current Superior Court of Tulare County's Cash Handling Policy (Section 1.2 Mail Payments) is slightly different than the FIN Manual's policy 10.02 Cash Handling (Section 6.4 Payments Received Through the Mail). The court will revise its' local policies to include that all checks received in the mail or through an onsite drop box will be restrictively endorsed immediately upon receipt or when removed from the envelope. Staff will also be directed to log all checks received in the mail payment log. In addition, court supervisors or managers will not only review the checks and cash mail payment logs, but they will actually sign off on the log after review. All payment locations will also keep a copy of any check that is received but return to the sender, along with a copy of any correspondence that is sent back with the check to the sender.	Sherry Pacillas, Director of Operations; Alicia Alvarado, Court Manager II; Ronnie Needham, Court Manager I; Michelle Barnes, Court Manager II; Carrie West, Court Manager I; Joyce McLaughlin, Court Manager II; Kim Gogue, Court Manager I	November 2015
		3	The cash mail payment log at two cash collection locations is not always verified by the location supervisor or manager to ensure cash payments received through the mail are processed on the day received.	I		See response above.	See above.	November 2015
		3	The supervisor at one cash collection location could not provide evidence that two of 10 mail payments reviewed were processed in the CMS. The Court asserted that the checks were returned to the payor; however, the Court could not provide evidence that the checks were returned, such as by a copy of a letter sent with the returned checks.	I		See response above.	See above.	November 2015
		Log	Legal Processing Clerks set up new cases in the CMS and perform the incompatible activity of processing payments in the CMS without a review of new case activity per the Court's Judicial Council-approved alternative procedure.		C	The court will create a schedule to run a random sample of new cases at regular intervals (quarterly) to perform an audit of these cases to ensure all work was appropriate. Directions will be provided to the Court Managers to perform this audit.	Sherry Pacillas, Director of Operations; Court Managers	October 2015
		Log	At one cash collection location, the key to the file cabinet where the change fund is locked is not kept on the fiscal clerk's person or locked in her desk during the day. Instead, the key is hung on the cubicle partition.		C	Noted. The court has directed staff to make arrangements to have the key to the file cabinet locked in the fiscal clerk's desk during working hours when not in use.	Sherry Pacillas, Director of Operations; Court Managers	October 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Although the supervisor signs the beginning cash verification log, cashier change bags at one cash collection location are not verified in front of a supervisor at the beginning of the day. Instead, cashiers independently verify their change bags at their desk.		C	Noted. The court directed staff to ensure that all cashier change bags are verified in front of a supervisor at the beginning of the day.	Sherry Pacillas, Director of Operations; Court Managers	October 2015
		Log	The cashier bag log at three cash collection locations is not signed by both the cashier and the supervisor acknowledging that the cashier turned in their bag at the end of the day.		C	Noted. The court directed staff to ensure that when the cashier turns in their cashier bag, the log will be signed by both the supervisor and the cashier acknowledging that the bag was turned in.	Sherry Pacillas, Director of Operations; Court Managers	October 2015
		Log	Due to a limited number of available staff, the prepared deposit at two cash collection locations is not verified by someone other than the person who prepared the deposit.		C	The court has directed court managers to identify another staff member to verify the deposit different than the preparer of the deposit.	Sherry Pacillas, Director of Operations; Court Managers	October 2015
		Log	Handwritten receipts at two cash collection locations were not always used in sequential order. (Repeat)	I		Currently, the court has individual numbered receipts. The receipts are issued in order in small groups to each cashier; however, they are not necessarily used in sequential order. To correct this and adhere to the Fin Manual (10.02 6.3.9.1) the court will order pre-numbered receipt books that each manager will secure and control, and that can be issued to each cashier when the system is unavailable. The manager will monitor and maintain an accounting of the receipt books as per the Fin Manual.	Nocona Soboleski, Director of Finance; Sherry Pacillas, Director of Operations; Court Managers	February 2016
		Log	Not all mail payments at four cash collection locations are recorded on a mail payments log, only cash received through the mail. (Repeat)		C	This will be corrected immediately. All payments, whether cash or check received in the mail, will be recorded on the mail payments log.	Sherry Pacillas, Director of Operations; Court Managers; Legal Processing Clerks	October 2015
		Log	Although two clerks open and log cash drop box payments, these same clerks at one cash collection location also perform the incompatible activity of processing the same drop box payments in the CMS.		C	Noted. This will be corrected immediately. One clerk will handle all drop box payments and log them appropriately. The other clerk will do all of the processing only.	Sherry Pacillas, Director of Operations; Court Managers; Legal Processing Clerks	October 2015
		Log	The Court was unable to provide the accounting records requested to support its costs of collections and associated cost recovery reported in its most recent FY 2013-14 Collections report.		C	This has since been corrected and all supporting documentation is and will be available with our copy of the annual final report.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Debbie Kennard, Collections Manager	August 2015
		Log	In seven of ten cases reviewed where a third-party collections vendor provided collections services to the Court, the Court did not pay the vendor the correct commission rates, and for four of these seven, the commissions paid exceeded the agreed upon commission rates	I		Noted. In the past it appears that the court allowed for the previous 3rd party collector to calculate their commission earned on each case and the courts collection department would randomly sample cases to see if the commission was correct. The court will provide direction to the collections manager to widen their random sample to more cases on the monthly statement from the new 3rd party collector.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Debbie Kennard, Collections Manager	December 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
6	Information Systems							
	6.1		The Court Needs to Strengthen Its Procedures for Controlling Access to Sensitive Electronic Data Records					
		7	Our review of the DMV Information Security Statements, Form INF 1128, that the Court is required to have on file for individuals who access DMV data found it did not have forms for all individuals with this DMV data access. Specifically, five court employees and one vendor did not have a form on file. Also, 14 court employees had undated forms on file; therefore, we could not determine whether the form was current for the year. (Repeat)		C	<p>The Court is agrees. Our current process is to secure a signed INF1128 form from each employee on an annual basis (September of each year) or during new employee orientation. Human Resources Management will remind each court manager of the importance of securing this form from each employee and ensure it is dated by the employee upon signature. The Human Resources department will assign one employee (Human Resources Technician) with the task of managing this process.</p> <p>The HR Technician will request a master list of DMV users from the IT Department. The master list will be sent to all court managers, specific to their department, and the court manager will review the master list. If there are changes to be made, either changes to employee's assigned roles, or adding new employees, or deleting those employees who have left the court or transferred to another court department, the court manager will use the IT User Account form (located on the court's intranet site) to make these changes. The court manager will notify the HR Technician of any changes that were made. If a new INF 1128 form is needed the HR Technician will send the form to the court manager for signature by the employee.</p> <p>Once all forms are received the HR Technician will audit the forms to make sure they are properly signed and dated. For those employees who are on an extended leave and are unable to complete the INF 1128 form, the court managers will indicate this on the master list when they return it to the HR Technician. The HR Technician assigned to audit this program will track the leave and notify the court manager when the employee returns so that the form is completed before returning to their assigned work place.</p>	Doreen Vitale, Director of Human Resources; Stephanie Cameron, Human Resources Manager; Nang Khounpaseuth, Senior HR Analyst; Martha Gaines, HR Specialist; Jessica Cordero, HR Technician; Court Managers	September 2015
		7	Our review of 71 DMV user IDs active at the time of our review in March 2015 and with DMV data access found six assigned to former employees and four assigned to current employees who changed job assignments and no longer require access to DMV data. (Repeat)		C	<p>The court agrees. Currently, the Information Technology Department (IT) has a process in place to review the Department of Motor Vehicles (DMV) roster every quarter. This is to ensure all DMV access (Form INF1128) additions or deletions during the quarter have been recognized. The IT department will now include in their review, the assigned roles of each person listed on the roster to ensure that all changes in these roles have been updated accordingly. IT will notify the HR Technician of the audit result and if there is a need to secure a new INF 1128 from an employee.</p> <p>Additionally, IT has modified the court's intranet page, under the Information Technology Tab, "User Account Form" to enable court managers to notify IT of an employee's change in role, or to advise of a new employee. IT will send out an email to all court managers regarding the updated intranet form and when to use it.</p>	Deon Whitfield, Director of IT; Vicki Miller, System Administrator	September 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
	6.2		The Court Should Distribute Its Collections More Consistent with Statutes and Guidelines					
		8	For the reckless driving case reviewed, the Court did not assess and deduct from the base fine the PC 1463.14(a) RD Lab Special Acct and PC 1463.16 RD Program Special Acct deposits.		C	The court agrees with this recommendation. The distribution tables have been updated accordingly in the court's new case management system.	Michelle S. Martinez, Assistant Court Executive Officer; Nocona Soboleski, Director of Finance; Cristina Renteria, Accountant III; Finance Department Accounting Staff	September 2015
		8	For the railroad bail forfeiture case and the red light bail forfeiture case reviewed, the Court did not include the PC 1463.28 Local Bail Enhancement in the PC 1463.12 30% Railroad Allocation calculation and the PC 1463.11 30% Red Light Allocation calculation.		C	See response above.	Michelle S. Martinez, Assistant Court Executive Officer; Nocona Soboleski, Director of Finance; Cristina Renteria, Accountant III; Finance Department Accounting Staff	September 2015
		8	For the railroad traffic school case reviewed, the Court did not include the GC 76104.6 and 76104.7 DNA and GC 76000.5 Add'l EMS penalty assessments as components of the TVS fee when calculating the VC 42007.4 30% Railroad Allocation. In addition, the Court incorrectly included the PC 1463.28 Local Bail Enhancement with the base fine that is converted to a TVS fee, and as a result, incorrectly included the bail enhancement in the base fine TVS fee distribution to the county and city, instead of distributing this bail enhancement to the county net of the associated 2% transfer to State Automation.		C	See response above.	Michelle S. Martinez, Assistant Court Executive Officer; Nocona Soboleski, Director of Finance; Cristina Renteria, Accountant III; Finance Department Accounting Staff	September 2015
		8	For the red light traffic school case reviewed, the Court did not include the GC 76000.5 Add'l EMS penalty assessment as a component of the TVS fee when calculating the VC 42007.3 30% Red Light Allocation. In addition, the Court did not make the VC 42007(b) special distribution from the TVS fee to the GC 70372(a) SCFCF and ICNA.		C	See response above.	Michelle S. Martinez, Assistant Court Executive Officer; Nocona Soboleski, Director of Finance; Cristina Renteria, Accountant III; Finance Department Accounting Staff	September 2015
		8	For the health and safety case reviewed, the Court did not assess the HS 11372.5 Crime Lab fee and the HS 11372.7 Drug Program fee base fine enhancements.	I		The court agrees with this recommendation. The court will be providing training to clerks regarding the proper fines and fees that need to be ordered. The court will also be advising our judicial officers on this as well.	Michelle S. Martinez, Assistant Court Executive Officer; Sherry Pacillas, Director of Court Operations; Court Managers	December 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		8	For the fish and game case reviewed, the Court did not assess and distribute the State \$15 FG 12021 Secret Witness penalty, and did not transfer the associated 2% State Automation amount.		C	The court agrees with this recommendation. The distribution tables have been updated accordingly in the court's new case management system.	Michelle S. Martinez, Assistant Court Executive Officer; Nocona Soboleski, Director of Finance; Cristina Renteria, Accountant III; Finance Department Accounting Staff	September 2015
		Log	For two DUI cases reviewed, the Court did not transfer the GC 68090.8 – 2% State Automation amount from the PC 1463.25- Alcohol Education Penalty. The Court took immediate corrective action by modifying its CMS distribution tables to transfer the 2% State Automation amount from the Alcohol Education Penalty.		C	Noted. This was corrected immediately and with the implementation of the Court's new CMS program all of the Revenue Distribution Tables were reviewed and corrected if needed.	Deon Whitfield, Director of IT; Vicki Miller, Systems Administrator; Nocona Soboleski, Director of Finance; Cristina	September 2015
7	Banking and Treasury							
		Log	The Court could not provide a copy of the Notification to Close Bank Account for the Union Bank GMRA account closed in May 2014.		C	Noted. The Finance Department has tightened up the way it handles supporting documentation for all financial matters for the court.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Direction of Finance; Cristina Renteria, Accountant III	July 2015
		Log	The Court does not keep its working check stock separate from its long-term check stock for its revolving account. (Repeat)		C	No the Court does not keep it separated, but this will be corrected immediately.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Direction of Finance; Cristina Renteria, Accountant III	October 2015
		Log	The Court could not provide documentation supporting the re-evaluation and increase of its credit card fee from the Judicial Council-approved \$5 fee to its current \$10 fee.	I		Noted. The Finance Department has tightened up the way it handles supporting documentation for all financial matters for the court. However, at this time, the court is unable to find the supporting documentation for the credit card fee increase. The court has decided to re-evaluate the credit card fee; since it has been sometime since the last one was done.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Direction of Finance; Cristina Renteria, Accountant III	June 2016
		Log	Our review noted three checks, over a two-month period, that exceeded \$15,000 and were made payable to parties other than the State Treasury or another state agency and for which the Court did not require two authorized signatures. (Repeat)		C	Noted. It is unclear how this occurred since the process is to get two signatures on any check over \$15,000.00 Staff will be reminded immediately to ensure these checks get two signatures before going out.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Direction of Finance; Cristina Renteria, Accountant III	October 2015
		Log	Although Judicial Council staff reconcile the total trust monies to the total trust balance in the accounting system, the Court does not prepare a per case reconciliation between its CMS and the accounting system trust balance for its trust accounts. The Court indicates staff shortages caused it to postpone these reconciliations, but indicates restarting these reconciliations in April 2015.	I		Noted. Yes the Finance Department is working on a process to ensure that this is done regularly. There is some work that needs to be addressed within the courts new CMS.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Direction of Finance; Cristina Renteria, Accountant III; finance staff	December 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court does not note the interest earned on its trust accounts in the CMS to reflect the total principal plus earned interest.	I		Noted. The Finance Department will look into how they can correct this within the parameters of the new case management system which went live on 09/28/2015	Michelle Martinez, Assistant CEO; Nocona Soboleski, Direction of Finance; Cristina Renteria, Accountant III; finance staff	December 2015
8	Court Security							
		Log	Of the four court locations reviewed, two locations have not conducted an evacuation drill within the last 12 months. (Repeat)	I		Noted. Due to the number of justice partners involved with a building evacuation drill at any location, it is very difficult to schedule. The goal is to have an evacuation drill at both locations within the next 12 months.	Michelle Martinez, Assistant Court Executive Officer; Danette Boarba, Director of Safety and Risk Management	November 2016
9	Procurement							
	9.1		The Court Should Strengthen Some of Its Procurement Practices					
		4	Out of 19 procurements reviewed, the Court did not complete purchase requisitions for three procurements. For another seven procurements, although procurement documents indicate prior approval by the CEO or PJ, purchase requisitions were not prepared, approved, and filed in the procurement file. (Repeat)	I		The court agrees. The court is in the process of reviewing their current purchasing procedures and will be revising or establishing local policy and procedures that reflect the JBCM more accurately. The court will provide a step by step purchasing guide card to help staff understand each step of the purchasing process from receiving bids to completing the purchase requisition. While staff does understand the purchasing process, this process is complicated and not written down in an easily understood guide card. It is also not part of the court's local finance or contracting manuals. These new policies and procedures will be included in the court's local finance manual. The guide card and instructions will provide information on purchasing authorization limits, requirements for purchasing certain types of goods, and steps in securing the proper signatures.	Michelle Martinez, CFO; Nocona Soboleski, Supervising Accountant; Liz Campbell, Contracts and Procurement Coordinator; Kaileen O'Sullivan, Procurement Clerk	December 2015
		4	Out of nine procurements reviewed where a purchase requisition was prepared, one purchase requisition was not approved by an authorized court employee per the Court's authorization matrix. Specifically, the Court's IT manager, who has procurement approval authority for up to \$500, approved the purchase requisition totaling over \$63,000.	I		See response above.	See above.	December 2015
		4	Out of seven sole-source procurements reviewed, the sole-source justification was not prepared for two sole-source procurements and was not approved by the CEO or designee for a third sole-source procurement.	I		The court agrees with this recommendation. The Superior Court of Tulare County's Local Contract Manual, Section Delegation of Authority (1.4 Compliance Documentation) directs staff to ensure that appropriate documentation of the purchase approvals is maintained. The court will update this policy to include a list of any and all supporting documentation that should accompany any and all purchases. This policy will also be included in the Superior Court of Tulare County's Local Finance policies. Any divisions which are in violation of Superior Court of Tulare County's policies and procedures will be referred to the CEO for appropriate action.	Michelle Martinez, CFO; Nocona Soboleski, Supervising Accountant; Liz Campbell, Contracts and Procurement Coordinator; Kaileen O'Sullivan, Procurement Clerk	December 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		4	Out of seven sole-source procurements reviewed, the sole-source justification for one did not reasonably justify the need for the sole-source procurement. Specifically, the justification did not support that the requested items were the only items that met the Court's needs or that the vendor was the only vendor capable of providing the requested items that met the Court's needs.	I		See response above.	See above.	December 2015
		4	Out of six competitively bid procurements reviewed, two did not have in the procurement files documents demonstrating an appropriate solicitation, advertisement for the solicitation, nor the exemptions from advertising approved by the PJ or written designee.	I		See response above.	See above.	December 2015
		4	Out of six competitively bid procurements reviewed, the Court did not list or retain in its procurement files the offers received for one procurement.	I		See response above.	See above.	December 2015
		4	Out of six competitively bid procurements reviewed, the Court did not retain copies of the evaluations performed on the offers received for two procurements.	I		See response above.	See above.	December 2015
		4	Out of the seven purchase card transactions reviewed where a purchase requisition was completed, the purchase requisitions for two transactions were approved by the same court employee making the purchase request. Further, the purchase requisitions for the same two transactions were completed after the purchase was made.	I		The court agrees with this recommendation. The court is in the process of reviewing their current credit card purchasing procedures and will be revising or establishing local policy and procedures that reflect the JBCM and FIN Manual more accurately with regard to credit card purchases. The court will provide a step by step purchasing guide card to help staff understand each step of the credit card purchasing process. These new policies and procedures will be included in the court's local finance manual. The court will also include policy advising staff that issued credit cards shall only be used by the person to which the credit card is assigned to.	Michelle Martinez, CFO; Nocona Soboleski, Supervising Accountant; Liz Campbell, Contracts and Procurement Coordinator; Kaileen O'Sullivan, Procurement Clerk	December 2015
		4	Out of the seven purchase card transactions reviewed where a purchase requisition was completed, the purchase requisition for one transaction was not approved by an authorized court employee per the Court's authorization matrix. Specifically, the Court's IT manager, who has procurement approval authority for up to \$500, approved the purchase requisition totaling over \$1,000.	I		See response above.	See above.	December 2015
		4	Out of 10 purchase card transactions reviewed, two transactions were not made by the authorized user of the purchase card.	I		See response above.	See above.	December 2015
		Log	At the time of our review, one of the two court accountants had the ability to release purchase requisitions up to \$10,000 in the automated accounting system. However, the accountant was not listed on the Court's signature authorization matrix. After our inquiry, the Court took immediate action to remove the accountant's ability to release purchase requisitions.		C	Noted. The court made immediate changes when this was brought to the court's attention. Currently, there are three employees, not part of the Finance department, who can release purchase requisitions. They are the CEO, ACEO, and the Court Administration Analyst. There are two accountants in Finance who can release/accept the goods receipt for the accounts payable function.	LaRayne Cleek, CEO; Michelle Martinez, Assistant CEO; Deanna Jasso, Court Administrative Analyst; Liz Campbell, Procurement and Contracts Specialist	September 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Out of 18 procurements reviewed over \$500, the Court could not demonstrate that it encumbered in the automated accounting system the appropriate amount for 11 procurements. Amounts are encumbered by entering the procurements or contracts as a purchase order in the automated accounting system.		C	Noted. Yes, this was past practice, but the CFO changed that practice in March 2015. This is no longer an issue.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Liz Campbell, Procurement and Contracts Specialist	July 2015
		Log	Out of eight applicable procurements for non-IT goods and services reviewed, the Darfur Contracting Act Certification was not completed for five procurements.		C	Noted. Yes, this was past practice, but the CFO changed that practice immediately. This is no longer an issue.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Liz Campbell, Procurement and Contracts Specialist	July 2015
		Log	Of the two competitively bid procurements reviewed that required a Notice of Intent to Award, the Court did not post the notice before it awarded the contract for one procurement.	I		Noted. The procurement process has been reviewed and audited. This did not always happen, but all parties have been noticed that all steps of the IT Procurement process will be adhered to. Staff is also creating a guide card for court personnel to use that will provide them clear direction on what is required for all types of purchases.	Michelle Martinez, Assistant CEO; Deon Whitfield, Director of IT; Liz Campbell, Procurement and Contracts Specialist	December 2015
		Log	Out of 10 purchase card transactions reviewed, the Court did not complete a purchase requisition for one transaction. Consequently, we could not determine whether an authorized court employee pre-approved the purchase associated with the purchase card transaction. (Repeat)		C	Noted. The court's procurement staff have been directed to complete a purchase requisition on each and every purchase the court makes.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Liz Campbell, Procurement and Contracts Specialist	July 2015
		Log	Out of 10 purchase card transactions reviewed, the appropriate purchase card was not used for one transaction. Specifically, the purchase card designated for court travel was used to purchase IT goods.		C	The court agrees that the incorrect card was used for this purchase. Direction has been provided to all staff that the purchasing card used for travel will not be used for other purposes.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Liz Campbell, Procurement and Contracts Specialist	July 2015
		Log	During our review of purchase card transactions, we noted that the associated purchase card statements indicated that the Court paid unnecessary late payments or finance charges on its purchase card transactions.		C	Noted. The court has directed Accounts Payable Staff to not allow for the purchase card statements to be paid late. The AP person will keep track of all credit card package for court users to ensure that they are submitted timely so that the statement can be paid timely. They have been directed to make their immediate supervisor aware of any issues with receiving the credit card packages from those users, which may impact the date of payment for the statement.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Marisa Bravo, Finance Technician	October 2015
10	Contracts							
		Log	Although the Court acknowledged that it does not retain all payment dispute correspondence in its procurement files, it indicates completing this process going forward.		C	Noted. The court agrees that this was past practice. However, the court is now ensuring that our contract files contain all of the correspondence received for each contract.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Liz Campbell, Procurement and Contracts Specialist	July 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	The Court acknowledged that it has not conducted an annual review of its contract files, but indicates completing this process going forward. (Repeat)	I		Noted. The court agrees that this was past practice. However, the court is now ensuring that our contract files are reviewed annually.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Liz Campbell, Procurement and Contracts Specialist	March 2016
		Log	Although the Court acknowledged that it has not closed out contract files after final payments, it indicates completing this process going forward.	I		Noted. The court is currently going through all closed files and completing the close out process.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Liz Campbell, Procurement and Contracts Specialist	March 2016
		Log	Of the five contracts reviewed, although entered in 2007 before the 2011 Judicial Branch Contracting Manual took effect, the software support contract did not contain the non-availability of funds provision, the termination for cause provision, and the independent contractor provision.	I		Noted. These clauses are now being entered as part of the normal contracting process.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Liz Campbell, Procurement and Contracts Specialist	December 2015
		Log	Of the four contracts reviewed that the Court entered in after the effective date of the 2011 Judicial Branch Contracting Manual, the legal services contract did not contain many applicable contract provisions. Specifically, the contract did not have a certification of compliance with orders issued by the National Labor Relations Board, a certification of compliance with antitrust claims requirements provided in Government Code 4552-4554, a provision requiring worker's compensation and employer's liability insurance, a certification that the contractor is qualified to do business in California, the California State Auditor audit rights provision, the provision that the contractor will not assist, promote, or deter union organizing activities, a certification of compliance with Public Contract Code requirements for domestic partners, a certification of compliance with the Child Support Compliance Act, and a provision requiring the contractor to adhere to the Court's legal cost and billing guidelines and legal budgets.	I		Noted. Staff will ensure that future contracts for services contain the necessary and applicable contract provisions.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Liz Campbell, Procurement and Contracts Specialist	December 2015
		Log	Of the four contracts reviewed that the Court entered in after the effective date of the 2011 Judicial Branch Contracting Manual, the contract for the lease of photocopiers did not have a certification of compliance with the Sweatfree Code of Conduct.		C	Noted. These applicable clauses are now being entered as part of the normal contracting process.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Liz Campbell, Procurement and Contracts Specialist	October 2015
		Log	Of the five contract files reviewed, four contract files did not contain evidence of monitoring contract performance such as written reviews or evaluations. The Court indicated it would develop a process for contract monitoring.	I		Noted. Yes the court will be monitoring the performance of all contracts. This will be done during the annual contract review and during the closing of contracts process.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Liz Campbell, Procurement and Contracts Specialist	January 2016

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	For the four contract files reviewed where the Court entered into the contracts after the effective date of the 2011 Judicial Branch Contracting Manual, two contract files contained expired insurance certificates and the remaining two did not contain insurance certificates. (Repeat)	I		Noted. The court is currently reviewing all contract types for required supporting documentation. This will be an ongoing process.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Liz Campbell, Procurement and Contracts Specialist	March 2016
		Log	The Court could not provide the agreement with its credit card payment processor; consequently, we could not determine whether the agreement contained the required information pursuant to Government Code 6159(d).	I		Noted. The court will ensure that all of the required information pursuant to GC 6159(d) is included within any and all future credit card processor contracts.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Liz Campbell, Procurement and Contracts Specialist	March 2016
		Log	The MOU for county-provided services does not state the method of service delivery or the anticipated service outcomes.	I		Noted. The court will ensure that all future contracts/mou's include the method of service delivery or the anticipated service outcomes.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Liz Campbell, Procurement and Contracts Specialist	March 2016
		Log	The MOU for county-provided services does not state the method used to calculate county indirect costs charged to the Court.	I		Noted. All supporting documentation that is used to arrive at a total cost of either the service provided or of the goods received will be attached to the actual contract as an exhibit.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Liz Campbell, Procurement and Contracts Specialist	March 2016
		Log	The MOU for county-provided services does not include a provision stating that the costs charged to the Court will not exceed the rates charged to county departments for similar services and that costs charged to the Court may not contain unallowable court operations costs as defined by California Rules of Court, Rule 10.810. Also, the MOU does not include a right to audit provision.	I		Noted. Court staff will ensure that future contracts/mou's will contain all necessary provisions.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Liz Campbell, Procurement and Contracts Specialist	March 2016
		Log	The Court did not record county expenditures within appropriate general ledger expense accounts. Specifically, the Court recorded county expenditures similar to third party vendor expenditures rather than within the general ledger expense accounts specifically designated for recording county expenditures.		C	The CFO provided direction to all staff in the finance department that all expenses and revenue will be recorded correctly both within the funds and by using the appropriate general ledger accounts.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Cristina Renteria, Accountant III	July 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
11	Accounts Payable							
		11.1	The Court Should Improve Its Travel Expense Reimbursement Procedures					
		5	For all four lodging expenditures reviewed, the traveler paid for the lodging using the Court purchase card; however, the traveler did not provide a travel expense claim form to demonstrate appropriate approval of the travel expenses or document the business purpose of travel. Consequently, we could not determine whether the Court appropriately approved the travel expenses or the business purpose of the travel.		C	The court agrees. Superior Court of Tulare County's Travel Policies and Procedures direct staff with step by step instructions regarding travelling guidelines and the processes to follow prior to, during, and at the completion of court business. The court's travel policies and procedures do provide instruction on how to complete the Travel Expense Claim (TEC). The court will remind staff of the importance of these procedures and policies and will provide training as needed. Any employees who are in violation of Superior Court of Tulare County's Travel policies and procedures will be referred to the CEO for appropriate action.	Michelle S. Martinez, CFO; Nocona Soboleski, Supervising Accountant; Marisa Bravo, Finance Technician; Ellen Kennedy, Executive Secretary; Laura Armas, Judicial Secretary	September 2015
		5	For one of the four lodging expenditures reviewed which the traveler paid using the Court purchase card, the traveler did not provide a lodging receipt with a zero balance.		C	See response above.	See above.	September 2015
		5	For two of the four lodging expenditures reviewed which the traveler paid using the Court purchase card, the lodging costs exceeded the maximum lodging rate allowed per night. However, the traveler did not complete and obtain pre-approval on an Exception Request for Lodging form to justify exceeding the maximum allowed lodging rate. (Repeat)		C	See response above.	See above.	September 2015
		5	For two of the four travel expense claims reviewed that reimbursed for mileage, the traveler did not claim the lesser of the distance between the claimant's designated headquarters or home and the business destination.		C	See response above.	See above.	September 2015
		5	Of the four travel expense claims reviewed, the travel expense claims for two judges were not approved by the appropriate level. Specifically, the CEO signed approving the judges' travel expense claims instead of the appropriate approval level supervisor for judges, the PJ or Assistant PJ.		C	The court agrees. Superior Court of Tulare County's Travel Policies and Procedures direct staff with step by step instructions regarding travelling guidelines and the processes to follow prior to, during, and at the completion of court business. The court's travel policies and procedures do provide instruction on how to complete the Travel Expense Claim for (TEC). The court will update the policy to include instructions regarding authorization of court travel by bench officers. The court will remind staff of the importance of these procedures and policies and will provide training as needed. Any employees who are in violation of Superior Court of Tulare County's Travel policies and procedures will be referred to the CEO for appropriate action.	Michelle S. Martinez, CFO; Nocona Soboleski, Supervising Accountant; Marisa Bravo, Finance Technician; Ellen Kennedy, Executive Secretary; Laura Armas, Judicial Secretary	September 2015
		Log	Of the 37 invoices and claims reviewed, the vendor address on one claim did not match the vendor address in the SAP vendor master file. In addition, for another invoice, the Court used a vendor pre-paid postage account report to support replenishment of the postage account. However, the Court did not document an invoice or order form with the vendor's name and address for this payment; therefore, we could not determine whether the vendor address matched the vendor address in the SAP vendor master file.	I		Noted. The court will direct staff to ensure that vendor addresses on the invoice match to the SAP vendor master file. The court will also direct staff to always enter an invoice or order number for all payment processing.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Marisa Bravo, Finance Technician	November 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Of the 37 invoices and claims reviewed, there was no evidence of payment approval on two invoices. As a result, we could not determine whether the individual who approved these invoices for payment was different from the individual who procured the goods or services.	I		The court CEO signs off on all invoices for the court, except for those under \$500.00. The invoices should have all supporting documentation, including the purchase requisition, which will indicate the individual who procured the goods. However, the court realizes that the invoice under \$500.00 still requires a signature by the purchaser's immediate supervisor for checks and balances. The Accounts Payable staff will be directed to secure an authorizing signature on all invoices under \$500.00 from the purchasers immediate supervisor or designee.	Michelle Martinez, Assistant CEO; Nocona Soboleski, Director of Finance; Marisa Bravo, Finance Technician; Liz Campbell, Procurement and Contracts Specialist	November 2015
		Log	For 10 of the 37 invoices and claims reviewed, the Court could not demonstrate how it matched and agreed the invoices to supporting procurement documents, such as a PO or contract. Therefore, we were unable to determine if the payment amounts agreed with the agreed payment terms for nine of these 10 invoices.		C	Noted. The Finance Department has tightened up the way it handles supporting documentation for all financial matters for the court.	Michelle Martinez, ACEO; Nocona Soboleski, Director of Finance; Marisa Bravo, Finance Technician;	July 2015
		Log	For one of the six court interpreter claims reviewed, the Court paid for travel and mileage but did not document its authorization pre-approving the higher rates and extra-ordinary travel costs.	I		The court is working to put together a process to ensure that preauthorization is garnered prior to receiving the service. The court has very few interpreters who, because of the language skill they possess, are paid a special rate above and beyond the normal rate of an interpreter.	Michelle Martinez, ACEO; Nocona Soboleski, Director of Finance; Amy Williams, Jury Services Manager; Marisa Bravo, Finance Technician;	March 2016
		Log	For one of the four travel expense claims reviewed that reimbursed for mileage, the traveler did not provide documentation, such as an online map, to support the lesser distance between the designated headquarters or home and the business destination.		C	Noted. The process has been for the Accounts Payable Clerk to confirm mileage costs with printing out and attaching to the TEC an online map with corresponding total mileage. The court will direct the accounts payable clerk to always attach supporting documentation confirming mileage to the TEC	Michelle Martinez, ACEO; Nocona Soboleski, Director of Finance; Marisa Bravo, Finance Technician;	October 2015
		Log	Of the three business-related meal forms reviewed, one form was not signed pre-approved by the PJ or CEO. (Repeat)		C	The finance departments' Accounts Payable staff has been directed to ensure that all authorizing signatures are obtained prior to the event. In addition, the executive secretary who handles all travel and business related meals requests has been directed to ensure that the event is pre-authorized by securing the PJ's or CEO's signature on the request form.	Michelle Martinez, ACEO; Nocona Soboleski, Director of Finance; Marisa Bravo, Finance Technician; Ellen Kennedy, Executive Secretary	October 2015
12	Fixed Assets Management		Not reviewed.					
13	Audits		No issues to report.					
14	Records Retention		No issues to report.					

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
15	Domestic Violence							
		15.1	The Court Could More Consistently Impose the Statutorily Required Domestic Violence Fines and Fees					
			6 For two of the 30 criminal domestic violence cases reviewed, the Court did not order imprisonment or the fine pursuant to PC 273.5(a), nor order a payment to a battered women's shelter in lieu of a fine, and the case records provided do not reflect a determination of the defendants' inability to pay the fine.	I		The court is in the process of creating an updated fine and fee schedule for distribution to court support staff and bench officers. Courtroom clerks will be provided with group and /or individual training on fines and fees so they have proper information to assist the judicial officers. Additionally, support staff will be trained to identify any cases wherein the correct fines/fees have not been imposed and there is no explanation reflected on the minute order. They will bring the case to the attention of the clerk/judge for either correction or explanation. Further, courtroom clerks will be directed to reflect on minute orders any compelling and extraordinary reasons why the court did not impose the statutory minimum fines and fees. Support staff will be trained to look for this information on the minute orders. If the correct fines/fees were not imposed support staff will be directed to bring the case back to the attention of the courtroom clerk for explanation.	Sherry Pacillas, Director of Operations, Remigia Contreras, Court Manager II; Dee Dee Hernandez, Court Manager I; Joyce McLaughlin, Court Manager II; Kim Gogue, Court Manager I	November 2015
			6 The \$500 PC 1202.097(a)(5) Domestic Violence Fee was not ordered in six of the 28 criminal domestic violence cases reviewed where probation was ordered. In addition, the incorrect Domestic Violence Fee was ordered in three other cases. Specifically, \$400 was ordered in one case and \$250 was ordered in two other cases instead of the \$500 DV fee that took effect on January 1, 2013. (Repeat)	I		See court response above.	See above.	November 2015
			6 Of the 28 criminal domestic violence cases reviewed where probation was ordered, the PC 1202.44 Probation Revocation Restitution Fine was not ordered in five cases. (Repeat)	I		See court response above.	See above.	November 2015
			6 Of the nine criminal domestic violence cases reviewed with convictions for multiple violations, the PC 1465.8 Court Operations Assessment and the GC 70373 Criminal Conviction Assessment were not ordered for each conviction in one case. Specifically, the defendant was convicted for three violations; however, the Court Operations Assessment and the Criminal Conviction Assessment were ordered for only one of the three convictions.	I		See court response above.	See above.	November 2015
			6 Of the 30 criminal domestic violence cases reviewed, the PC 1202.4(b) State Restitution Fine, the PC 1465.8 Court Operations Assessment, and the GC 70373 Criminal Conviction Assessment were not ordered in two cases. In a third case, the Court ordered the incorrect State Restitution Fine when it ordered a \$240 fine instead of the minimum \$300 fine for felony offenses effective January 1, 2014. Consequently, for this case, the Court also ordered the incorrect PC 1202.44 Probation Revocation Restitution Fine amount. Further, for a fourth case, the GC 70373 Criminal Conviction Assessment was not ordered. (Repeat)	I		See court response above.	See above.	November 2015
16	Exhibits							
		Log	Of the three court locations reviewed, one location does not maintain a key register to account for the location of its exhibit room keys.		C	This has been corrected. The location without a key register now has one and it is maintained at the location.	Sherry Pacillas, Director of Operations; Court Managers; Exhibit Clerks	March 2015

FUNCTION	RPT NO.	ISSUE MEMO	ISSUE	I	C	COURT RESPONSE	RESPONSIBLE EMPLOYEE	ESTIMATED COMPLETION DATE
		Log	Of the three court locations reviewed, two locations have not performed periodic inspections of their exhibit rooms. (Repeat)		C	This has been corrected. They are now completed on a monthly basis and reported to the Court Managers and Director of Ops.	Sherry Pacillas, Director of Operations; Court Managers; Exhibit Clerks	March 2015
		Log	Although one of the three court locations reviewed conducts monthly inspections of its exhibit room, all three court locations reviewed have not conducted an inventory of their exhibits, at least annually. (Repeat)	I		The court has scheduled the first annual inventory for January 2016.	Sherry Pacillas, Director of Operations; Court Managers; Exhibit Clerks	January 2016
		Log	Out of the five cases selected from one location's CMS exhibits report, we could not locate exhibits for two cases. For one case, we later learned that the exhibits were ordered to be destroyed; however, the exhibit report did not reflect the destruction date. For the second case, whose jurisdiction is at another court location, the CMS exhibits report indicated these exhibits were located at the location under review; however, we could not locate these exhibits.	I		The process for tracking of exhibits as always been in place. The court will begin scheduling quarterly random sampling of the exhibit reports and test whether the exhibit on the report is where it is supposed to be.	Sherry Pacillas, Director of Operations; Court Managers; Exhibit Clerks	January 2016
		Log	Out of the seven cases selected for review from one court location's exhibit room, the location's CMS exhibits report did not list exhibits for four cases. Specifically, for one case, the Court did not enter sensitive exhibits in the CMS once accepted into evidence. For the second case, the Court entered the exhibits, including sensitive exhibits, into its previous CMS system, but did not transfer this information to its current CMS. For the remaining two cases, the Court did not list the non-sensitive exhibits on the CMS exhibits report.	I		The process for tracking of exhibits as always been in place. The court will begin scheduling quarterly random sampling of the exhibit reports and test whether the exhibit on the report is where it is supposed to be.	Sherry Pacillas, Director of Operations; Court Managers; Exhibit Clerks	January 2016
		Log	One sensitive exhibit at another court location was not properly secured. The Court took immediate action to secure the exhibit and begin the disposal process.		C	Noted. The court took immediate action on this exhibit. The disposal process is an ongoing responsibility of the exhibit clerks. This is overseen by the court manager, who oversees the exhibit clerks.	Sherry Pacillas, Director of Operations; Court Managers; Exhibit Clerks	March 2015
17	Bail		No issues to report.					