

SUPERIOR COURTS OF CALIFORNIA

Report to the California State Legislature

FISCAL COMPLIANCE AUDITS OF REVENUES, EXPENDITURES, AND FUND BALANCES

Calendar Year 2025



MALIA M. COHEN

CALIFORNIA STATE CONTROLLER

April 2026



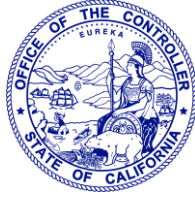
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MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

April 6, 2026

California State Legislature
State Capitol Building
Sacramento, CA 95814

Members of the California State Legislature:

I am pleased to present the State Controller's Office annual report for the Superior Courts of California, Fiscal Compliance Audits of Revenues, Expenditures, and Fund Balances. This report was prepared pursuant to Government Code section 77206(h)(3), and compiles the findings from our recent audits of Superior Courts of California (trial courts).

The State Controller's Office completed audits of three trial courts during calendar year 2025.

The purpose of these audits was to determine whether the trial courts complied with governing statutes, rules, regulations, and policies relating to the revenues, expenditures, and fund balances of all material and significant funds under their administration, jurisdiction, and control.

If you have any questions regarding this report, please contact my Chief of Staff, Regina Evans, by email at revans@sco.ca.gov or telephone at 916-445-2636. Thank you.

Sincerely,

Original signed by

Malia M. Cohen



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

April 6, 2026

The Honorable Monique Limón, Senate President pro Tempore
1021 O Street, Suite 8518
Sacramento, CA 95814

Dear Senator Limón:

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CALIFORNIA STATE CONTROLLER

April 6, 2026

The Honorable Robert Rivas, Speaker of the Assembly
State Capitol
P.O. Box 942849
Sacramento, CA 94249-0029

Dear Speaker Rivas:

I am pleased to present the State Controller's Office annual report for the Superior Courts of California, Fiscal Compliance Audits of Revenues, Expenditures, and Fund Balances. This report was prepared pursuant to Government Code section 77206(h)(3), and compiles the findings from our recent audits of Superior Courts of California (trial courts).

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EXECUTIVE SUMMARY

OVERVIEW

This report summarizes the results of the State Controller's Office (SCO) audits of Superior Courts of California (trial courts) completed in calendar year 2025. This report was prepared pursuant to Government Code (GC) section 77206(h)(3).

SCO audited the following three trial courts:

- Nevada County (fiscal year [FY] 2023-24)
- San Diego County (FY 2021-22)
- San Francisco County (FY 2021-22)

The purpose of these audits was to determine whether the trial courts complied with governing statutes, rules, regulations, and policies relating to the revenues, expenditures, and fund balances under their administration and control that we determined were material and significant.

We reviewed \$257,617,528 in recorded revenues, \$5,321,687 in recorded expenditures, and \$26,486,369 in recorded fund balances.

We found \$604,018 in cumulative financial reporting errors and several internal control deficiencies.

We identified the following accounting misstatements, accounting errors, and internal control deficiencies.

- Accounting misstatements and errors:
 - Financial statement reporting errors
 - Unadjusted expenditures

- Unadjusted revenues
- Internal control deficiencies:
 - Inconsistent application of access controls
 - Inadequate payroll documentation
 - Inadequate controls over computer access

We also found noncompliance with legal contracting requirements involving city and county services, grant reporting requirements, and internal control procedures at one of the trial courts.

BACKGROUND

The trial courts are located in each of California’s 58 counties and follow the California Rules of Court, established through Article IV of the California Constitution. The Constitution charges the Judicial Council of California (JCC) with authority to adopt rules for trial court administration, practices, and procedures. The *Judicial Council Governance Policies* are included in the California Rules of Court. Trial courts are also required to comply with various other state laws, rules, and regulations, many of which are codified in GC sections 68070 through 77013 of Title 8, “The Organization and Government of Courts.”

Pursuant to California Rules of Court (CRC) rule 10.804, the JCC adopted the *Trial Court Financial Policies and Procedures Manual* (FIN Manual), which provides guidance and directives for trial court fiscal management. As required by CRC rule 10.804(a), the FIN Manual contains regulations establishing budget procedures, recordkeeping practices, accounting standards, and other financial guidelines. The FIN Manual describes an internal control framework that enables trial courts to monitor their use of public funds, provide consistent and comparable financial statements, and demonstrate accountability. Procurement

and contracting policies and procedures are addressed separately in the *Judicial Branch Contracting Manual*, adopted by the JCC under Public Contract Code section 19206.

With respect to trial court operations, CRC rule 10.810 provides cost definitions (inclusive of salaries and benefits, certain court-appointed counsel provisions, services and supplies, collective bargaining, and indirect costs), exclusions to court operations, budget appropriations for counties, and functional budget categories. GC section 77001 provides trial courts with the authority and responsibility for managing their own operations.

The JCC requires that trial courts prepare and submit Quarterly Financial Statements, Yearly Baseline Budgets, and Salary and Position Worksheets. Financial statement components form the core subject matter of our audit.

The Trial Court Trust Fund (TCTF) is the primary source of funding for trial court operations. The JCC allocates money in the TCTF to trial courts. The TCTF's two main revenue sources are the annual transfer of appropriations from the State's General Fund and maintenance-of-effort payments by counties, derived from their collections of fines, fees, and forfeitures.

In FY 2021-22 and FY 2023-24, the audited trial courts reported revenues of \$284,385,256. The TCTF provided 80.94 percent of the trial courts' revenue. In FY 2021-22 and FY 2023-24, the audited trial courts incurred expenditures of \$279,332,809. Payroll-related expenditures (salaries and benefits) comprised 81.73 percent of total expenditures.

The audited trial courts employed approximately 1,897 staff members to fulfill the operational and administrative activities necessary to serve the trial courts' respective counties. The aggregate population for the counties served by audited trial courts was approximately 4,245,435 persons.

Funds under each trial court's control include a General Fund, a Special Revenue Non-Grant Fund, and a Special Revenue Grant Fund. Some trial courts also have a Proprietary Fund and a Fiduciary Fund. All funds that had revenue accounts and expenditure accounts with reported

balances at year-end in excess of four percent of total revenues and expenditures, respectively, were considered material and significant.

AUDIT AUTHORITY

We performed the audits at the request of the JCC, pursuant to GC section 77206(j), which requires the JCC to contract with SCO to perform trial court audits; and in accordance with GC section 77206(h), which requires SCO to perform an audit of every trial court at least once every four years, and to report the results of these audits to the California State Legislature, the JCC, and the Department of Finance no later than April 1 of each year.

In addition, GC section 12410 provides SCO with general authority to audit the disbursement of state money for correctness, legality, and sufficient provisions of law for payment.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our audits was to determine whether the trial courts complied with governing statutes, rules, regulations, and policies relating to the revenues, expenditures, and fund balances for any funds under the trial court's administration and control that we determined were material and significant.

Specifically, we conducted these audits to determine whether:

- Revenues were consistent with Government Code, properly supported by documentation, and recorded accurately in the accounting records;
- Expenditures were incurred pursuant to Government Code, consistent with the funds' purposes, properly authorized, adequately supported, and recorded accurately in the accounting records; and

- Fund balances were reported based on the Legal/Budgetary basis of accounting and maintained in accordance with fund accounting principles.

The audit periods were July 1, 2021, through June 30, 2022; and July 1, 2023, through June 30, 2024.

To accomplish our objective, we performed the following procedures.

General Procedures

We reviewed the *Judicial Council Governance Policies* (November 2017 and December 2022), the FY 2021-22 and FY 2023-24 Budget Acts, the Manual of State Funds, Government Code, the California Rules of Court, the FIN Manual (11th edition, June 2020 and 12th edition, July 2022), and internal policies and procedures to identify compliance requirements applicable to trial court revenues, expenditures, and fund balances.

Internal Control Procedures

- We reviewed the trial courts' current policies and procedures, organization, and website, and interviewed trial court personnel to gain an understanding of the internal control environment for governance, operations, and fiscal management.
- We interviewed trial court personnel and prepared internal control questionnaires to identify internal accounting controls.
- We assessed whether key internal controls, such as reviews and approvals, reconciliations, and segregation of duties were properly designed, implemented, and operating effectively by performing walk-throughs of revenue and expenditure transactions.
- We reviewed the trial courts' documentation and financial records supporting the recorded revenues, expenditures, and fund balances.
- We assessed the reliability of financial data by (1) interviewing agency officials knowledgeable about the trial courts' financial and human resources systems; (2) reviewing

trial court policies; (3) agreeing accounting data files with published financial reports; (4) tracing recorded data to source documents to verify the completeness and accuracy of recorded data; and (5) reviewing logical security and access controls for key trial court information systems. We determined that the data was sufficiently reliable for the purposes of achieving our audit objective.

- We selected revenue and expenditure ledger transactions to test the operating effectiveness of internal controls. Using non-statistical sampling, we selected revenue and expenditure items to evaluate key internal controls of transactions recorded in significant operating funds and the related fund accounts.

We designed our testing to verify the trial courts' adherence to prescribed accounting control procedures, and to verify that transactions were correctly recorded in the accounting system for financial reporting. Our testing methodology and results are summarized in the Summary of Audit Results section.

We limited our review of the trial courts' internal controls to gaining an understanding of the significant internal controls within the context of the audit objective.

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

SUMMARY OF AUDIT RESULTS

OVERVIEW

The State Controller's Office (SCO) audited the Superior Courts of California (trial courts) for the following counties in calendar year 2025:

- Nevada County
- San Diego County
- San Francisco County

We tested revenues, expenditures, and fund balances for each of the three trial courts that we audited. This section summarizes the results of all three audits.

REVENUE TESTING

We tested \$257,617,528 of \$284,385,256, or approximately 91 percent of total revenues.

For two of three trial courts audited, we found revenues that were not reported correctly in the trial courts' financial statements. At one court, we found an accrual-related error in the recording of a \$42,123 Jury Fee reimbursement transaction recorded in the MOU [Memorandum of Understanding] Reimbursements Account. At the other court, we found \$126,434 in billable amounts due the trial court at the end of fiscal year (FY) 2021-22 that were not invoiced for collection and accrual to the trial court's recorded MOU Reimbursements Account, and \$456,556 in unbilled amounts due the trial court at year-end for its County Program – Restricted Revenue Account.

EXPENDITURE TESTING

We tested \$5,321,687 of \$279,332,809, or approximately two percent of total expenditures. For one of three trial courts audited, we found expenditures that were not reported in the correct fiscal year in the trial court's financial statements. We found \$1,018,790 in prior year (FY 2020-21) expenditures that were improperly recorded in the current fiscal year (FY 2021-22). We also found \$63,150 in current year (FY 2021-22) expenditures that were improperly recorded in the next fiscal year (FY 2022-23).

FUND BALANCE TESTING

We recalculated sampled funds to ensure that fund balances as of June 30, 2022, and June 30, 2024, were accurate and in compliance with applicable criteria. We determined that fund balances for the tested operating General Funds, Grant Special Revenue Funds, and Non-Grant Special Revenue Funds were not properly reported by two trial courts, and that errors were present in the fund balances reported by the same two trial courts.

Our testing revealed that one trial court's General Fund balance was overstated by \$42,123 as a result of reimbursement for civil jury expenses that were not properly accrued at year-end; and another trial court's General and Special Revenue (Non-Grant) Fund balances were understated by \$646,140 as a result of missing accruals. These errors are considered material to the trial courts' overall financial reporting.

We considered the results of our revenue and expenditure testing to verify that transactions were recorded correctly on the Legal/Budgetary basis of accounting and recorded in accordance with fund accounting principles. As part of our fund balance testing, we also reviewed the accounting transactions used to classify fund balances subject to restrictions and limitations, and found that one of the three trial courts followed established accounting procedures to record and classify fund balances at year-end.

AUDIT RESULTS AND FINDINGS FOR INDIVIDUAL SUPERIOR COURTS OF CALIFORNIA

OVERVIEW

This report summarizes the results of the State Controller's Office (SCO) audit of three Superior Courts of California (trial courts) completed in calendar year 2025.

The findings included below are presented as they were stated in the Trial Court Audit reports issued by SCO in calendar years 2025 and 2026. Unless otherwise indicated, the trial courts agreed with the findings and recommendations.

These results are solely for the information and use of the California State Legislature, the Judicial Council of California (JCC), the respective trial courts, the California Department of Finance, and SCO; they are not intended to be, and should not be, used by anyone other than those specified parties. This restriction is not intended to limit distribution of this report or the respective audit reports, which are a matter of public record.

NEVADA COUNTY SUPERIOR COURT (JULY 1, 2023, THROUGH JUNE 30, 2024)

Audit Results

We found that the trial court complied with statutes, rules, regulations, and policies for revenues, expenditures, and fund balances.

Amount of error: \$0

The trial court agreed with the audit results.

SAN DIEGO COUNTY SUPERIOR COURT (JULY 1, 2021, THROUGH JUNE 30, 2022)

Audit Results

We found that the trial court substantially complied with governing statutes, rules, regulations, and policies for revenues, expenditures, and fund balances. However, we identified an accounting error and an internal control deficiency that warrants the attention of management. Specifically, we found reimbursable jury fee revenues that were not accrued at year-end. We also found a deficiency of internal control regarding inconsistencies in the deactivation of employee access to information technology systems on employment separation and termination.

Amount of error: \$42,123

The trial court agreed with the audit results.

Finding 1—Unaccrued Year-End Revenue

Our audit found \$42,123 in fiscal year (FY) 2021-22 reimbursements for civil jury expenses that were not accrued at year-end. The reimbursements were received and recorded as an adjustment to prior-year revenues in FY 2022-2023.

Our procedures included comparing Trial Court Trust Fund (TCTF) distributions with the trial court's general ledger (GL) revenue accounts during the course of the fiscal year. While conducting the comparison, we noted a distribution of \$42,123 for MOU [memorandum of understanding] Jury Reimbursements into GL Account Number 832011, which was received in the final distribution to courts, Distribution Number 14. This annual distribution occurs every August after trial courts record their year-end accruals.

The trial court clarified that this variance was the result of civil jury expenditures that become uncollectible from parties to a case and may be waived by a judge. The trial court also explained that waived fees are reimbursed by the JCC and recorded for accrual in the trial court's revenue account at year-end. The corresponding jury-related expenditure accounts that are subject to reimbursement showed entries for waived fees recorded on a monthly basis. Given that the trial court anticipated reimbursement for these expenditures and recorded them each month during the fiscal year, the amounts were measurable and should have been accrued at year-end. As a result, the trial court's fiscal year revenues from reimbursements, reported as of June 30, 2022, were understated by \$42,123.

We confirmed the recordation process with staff members in the JCC's Branch Accounting and Procurement Unit; they stated that the accrual had been overlooked in FY 2022-23. Staff members also informed us that, beginning with FY 2023-24, the JCC provided instructions to the courts for self-recording year-end accruals.

Criteria

Policy Number FIN 5.01, section 6.8 "Year-End Procedures," of the JCC's *Trial Court Financial Policies and Procedures Manual* (11th edition, June 2020; henceforth, "FIN Manual") states, in part:

Trial courts are required to adjust their financial statements at year-end to account for revenues not yet received or expenditures not yet paid as of the last day of the fiscal year (June 30). Trial courts must follow the procedures outlined in this section and additional year-end instructions that the Judicial Council of California may issue.

6.8.1 Year-End Revenue and Reimbursement Accruals

During year-end closing, the court must:

1. Review all revenue accounts, including entitlements and local revenues, and accrue revenues that may not have been received, but which are both measurable and available;

2. Review all reimbursement accounts including state, local, and federal grants; MOUs [memorandum of understanding] with state and local entities; and other reimbursable items and accrue reimbursements for expenditures incurred, but not invoiced as of June 30; and
3. Reverse all revenue and reimbursement accruals in the first month of the new fiscal year. . . .

Recommendation

We recommend that the trial court review its accounting practices pertaining to year-end closing to ensure that all year-end accruals are accurately reflected in the GL. Estimates should be used to accrue unbilled transactions remaining at year-end. Adjusting (true-up) entries may be necessary for differences between estimated and actual revenues received in the following accounting period of the new fiscal year.

Trial Court's Response

During the audit scope period (FY 2021-22) and at the time of the booking entry, accrual responsibility fell on the Judicial Council. The court was not responsible for the entry until FY 2023-24, after the audited period. In accordance with longstanding policy and practice, the court relied upon the expertise of the JCC for certain booking entries. This specific finding was acknowledged by the JCC to be an error in their closing process.

SCO Comment

Although the trial court recognized the error and did not disagree, the trial court is ultimately responsible for its accounting and financial statements.

Finding 2—Internal Control Deficiency – Access Control Policies

During our audit of the trial court’s management of computer access, we observed inconsistencies in the deactivation of user account access. We found that employees’ access was not immediately deactivated after employees’ termination, reassignment, or transfer.

We analyzed 13 user accounts that suggested a change in status, and identified four accounts belonging to individuals who had left court employment. Our review of employee files, Computer Services Registration Forms, Phoenix Access Request Forms, and email correspondence between trial court management and its Information Technology Department revealed inconsistencies regarding when network and software access was revoked. The records revealed that two employees’ accounts were not deactivated until approximately a week after the employees’ separation dates, and another two employee accounts that were not deactivated until one to three months after the employees’ separation dates.

When we inquired, trial court representatives could not explain the two shorter delays; however, they explained that the longer delays resulted because one employee worked on an intermittent schedule before retiring from state service, and the other employee’s separation involved personnel issues. We inquired with the trial court’s representatives regarding the trial court’s policies and procedures on computer access management, and learned that no such policies and procedures are in place.

Criteria

Policy Number FIN 1.03, subsection 6.3.3, “Control Activities,” of the JCC’s FIN Manual states, in part:

1. In implementing appropriate controls, courts must incorporate internal control concepts in establishing policies and procedures that help ensure that management directives are carried out. Control activities can be categorized as the establishment, preparation, completion, or performance of the following . . .

- d. Safeguarding—Limiting access to and controlling the use of assets and records are ways to safeguard those assets and records. . . .
3. From an overall perspective, the trial court’s control activities are affected by . . .
- f. The establishment of adequate safeguards to prevent unauthorized access to or destruction of documents, records, and assets.
 - g. The establishment of policies for controlling access to programs and data files. If access security software, operating system software, and/or application software is used to control access to system programs and data, an information security function must be in place and responsible for monitoring compliance with information security policies and procedures. . . .

Policy Number 1.1, “Scope,” of the JCC’s *Information Systems Controls Framework* (version 2.0, December 1, 2018; henceforth, “*Controls Framework*”) states, in part:

This framework of information systems controls has been developed for the establishment of a standard security approach within the Judicial Branch of California. In order to produce this framework, input was solicited from multiple courts ranging from small to large in size so that a comprehensive framework could be developed that is suitable to all entities within the judicial branch. This framework is designed to set a direction, identify and address areas of concern expressed by entities within the judicial branch, and to document policies and practices that can assist judicial branch entities with their concerns by providing a framework for creating entity-specific information security policies and procedures. . . .

Policy Number 5.1, “Access Control Policies and Procedures,” of the JCC’s *Controls Framework* states:

Control: The judicial branch entity:

a. Develops, documents, and disseminates to all workforce members:

1. An access control policy that addresses purpose, scope, roles, responsibilities, management commitment, coordination among organizational entities, and compliance; and
2. Procedures to facilitate the implementation of the access control policy and associated access controls; and

b. Reviews and updates the current:

1. Access control policy on an annual basis; and
2. Access control procedures on an annual basis.

Recommendations: This control addresses the establishment of policy and procedures for the effective implementation of selected security controls in the AC [Access Control] family. Policy and procedures reflect applicable federal and state laws, Executive Orders, directives, regulations, policies, standards, and guidance. Security program policies and procedures at the judicial branch entity level may make the need for system-specific policies and procedures unnecessary. The policy can be included as part of the general information security policy for judicial branch entities or, conversely, can be represented by multiple policies reflecting the complex nature of certain judicial branch entities. The procedures can be established for the security program in general and for particular information systems, if needed. The organizational risk management strategy is a key factor in establishing policy and procedures.

Policy Number 17.4, "Personnel Termination," of the JCC's *Controls Framework* states, in part:

Control: The judicial branch entity, upon termination of individual employment:

- a. Disables information system access immediately/within 24 hours;
- b. Terminates/revokes any authenticators/credentials associated with the individual;
- c. Conducts exit interviews that include a discussion of judicial branch entity-defined information security topics;
- d. Retrieves all security-related organizational information system-related property;
- e. Retains access to organizational information and information systems formerly controlled by [the] terminated individual; and
- f. Notifies judicial branch entity-defined personnel or roles within judicial branch entitydefined time period. . . .

Policy Number 17.5, "Personnel Transfer," of the JCC's *Controls Framework* states, in part:

Control: The judicial branch entity:

- a. Reviews and confirms ongoing operational need for current logical and physical access authorizations to information systems/facilities when individuals are reassigned or transferred to other positions within the judicial branch entity;
- b. Initiates judicial branch entity-defined transfer or reassignment actions within judicial branch entity-defined time period following the formal transfer action;
- c. Modifies access authorization as needed to correspond with any changes in operational need due to reassignment or transfer; and
- d. Notifies judicial branch entity-defined personnel or roles within judicial branch entity-defined time period. . . .

Recommendation

We recommend that the trial court:

- Strengthen internal controls over information system access by establishing access policies based on intended usage;
- Align account management processes with personnel termination and transfer processes; and
- Model its policies and procedures on guidance provided in the JCC's *Controls Framework*.

Trial Court's Response

The Court agrees with the finding and is in the process of developing a policy.

SAN FRANCISCO COUNTY SUPERIOR COURT (JULY 1, 2021, THROUGH JUNE 30, 2022)

Audit Results

We found that the trial court did not comply with certain governing statutes, rules, regulations, and policies for revenues, expenditures, and fund balances.

Specifically, we found accounting-related errors and missing year-end accruals in the recording of both revenues and expenditures. For revenues, we found unbilled invoices and unaccrued revenues. For expenditures, we found unaccrued current-year expenditures and

unadjusted prior-year expenditures. When reviewing payroll expenditures, we found accounting discrepancies that had not been reconciled.

We also found noncompliance with legal contracting requirements involving city and county services, grant reporting requirements, and the trial court's internal control procedures. These exceptions warrant the attention of management.

Amount of error: \$646,140

The trial court agreed with the findings.

Finding 1—Unaccrued Year-End Revenues and Reimbursements

During our review of revenue and reimbursement transactions, we identified accrual-related accounting errors affecting the trial court's current-year (FY 2021-22) operating accounts. In all instances, the trial court did not accrue for year-end revenues and reimbursements. These instances resulted in understated revenues in the amount of \$582,990.

Accrual-related Errors

We noted accrual-related errors affecting the following GL revenue and reimbursement accounts.

GL Account Number 831010, General Fund Assembly Bill 2695 Service of Process

The trial court did not accrue reimbursements due the trial court at FY 2021-22 year-end for the Assembly Bill 2695 Service of Process Program. The trial court receives quarterly reimbursements to help pay law enforcement for service of orders and injunctions. When reviewing the account's ledger activity, we saw no reimbursement for the third quarter (Q3) or the fourth quarter (Q4). The trial court's representatives stated that accruals of \$6,670 for Q3 and of \$8,250 for Q4 may have been overlooked, as the trial court had been understaffed. The trial court's representatives confirmed that the Q3 and Q4 reimbursements were received in

FY 2022-23. The missing accruals resulted in an understatement of \$14,920 to the current-year program revenue account.

***GL Account Number 837011, TCTF Improvement and Modernization Fund
Reimbursement, Self-Help***

The trial court did not accrue reimbursements due the trial court at FY 2021-22 year-end for the Self-Help Program. When reviewing the Self-Help Program ledger activities, we noted that the trial court's expenditures were higher than recorded reimbursements. Upon review of supporting documentation such as executed agreement and monthly distributions, we noted that no reimbursement had been recorded in GL Account Number 837011, which partly funds the Self-Help Program. The trial court's representatives stated that the trial court generally overspent for the Self-Help Program and that the accrual for the funding in GL Account Number 837011 was overlooked, as the trial court had been understaffed. The trial court's representatives confirmed that the reimbursement for the Self-Help Program was received in FY 2022-23. The missing accrual resulted in an understatement of \$111,514 to the current-year program revenue account.

GL Account Number 841015, County Program – Restricted

The trial court did not accrue revenues due the trial court at FY 2021-22 year-end for the Indigent Defense Advisory (IDA) Program or the Civil Grand Jury Program. During our review of changes in revenues between the current year and the prior year, we noted a decrease in the current-year County Program – Restricted roll-up account. The trial court's representatives stated that the decrease was partly due to unaccrued invoices to the City and County of San Francisco (CCSF) for the IDA Program (\$234,951) and Civil Grand Jury Program (\$221,605) that were overlooked, as the trial court had been understaffed. The trial court's representatives confirmed that the invoices had been billed, and that revenues were received, in the following fiscal year of FY 2022-23. The missing accruals resulted in an understatement of \$456,556 to the current-year program revenue account.

Criteria

Policy Number FIN 5.01, section 6.8, “Year-End Procedures,” of the FIN Manual states, in part:

Trial courts are required to adjust their financial statements at year-end to account for revenues not yet received, or expenditures not yet paid as of the last day of the fiscal year (June 30). Trial courts must follow the procedures outlined in this section and additional year-end instructions that the [JCC] may issue.

6.8.1 Year-End Revenue and Reimbursement Accruals

During year-end closing, the court must:

1. Review all revenue accounts, including entitlements and local revenues, and accrue revenues that may not have been received, but which are both measurable and available;
2. Review all reimbursement accounts including state, local, and federal grants; MOUs with state and local entities; and other reimbursable items and accrue reimbursements for expenditures incurred, but not invoiced as of June 30; and
3. Reverse all revenue and reimbursement accruals in the first month of the new fiscal year. . . .

Recommendation

We recommend that the trial court review its accounting practices pertaining to year-end closing to ensure that all year-end accruals are accurately reflected in the GL. Estimates should be used to accrue unbilled transactions remaining at year-end. Adjusting (true-up) entries may be necessary for differences between estimated and actual revenues received in the following accounting period of the new fiscal year.

Finding 2—Unaccrued Year-End Non-Payroll Expenditures

During our review of the trial court's Contracted Services account, we identified three accrual-related accounting errors affecting various sub-accounts in the trial court's current-year (FY 2021-22) operating accounts. In all instances, the trial court did not accrue for year-end expenditures. These instances resulted in an understatement of \$63,150 in the trial court's reported expenditures.

Accrual-related Errors

We noted accrual-related errors affecting the following non-payroll expenditure accounts.

GL Account Number 938401, General Consultant and Professional Services

When comparing the invoice to the purchase order related to the payment for one vendor, we noted a difference between the amounts. The trial court's representatives stated that the difference represents the remaining amount from the purchase order reserved for a January to June services payment. Due to the delay in receiving an invoice from the vendor, the \$29,125 payment was not made until March 2023. In addition, the trial court's representatives confirmed that an accrual should have been made at year-end. However, because the trial court was understaffed, the accrual was overlooked. The missing accruals resulted in an understatement of \$29,125 to the current-year program expenditure account.

GL Account Number 938801, Dependency Counsel Charges for Children

The trial court did not accrue for Court Appointed Counsel Dependency Services for the month of June. The trial court's representatives confirmed that the invoice was paid in July 2022. The missing accruals resulted in an understatement of \$20,414 to the current-year program expenditure account.

GL Account Number 938802, Dependency Counsel Charges for Parents

The trial court did not accrue for Court Appointed Counsel Dependency Services for the month of June. The trial court’s representatives confirmed that the invoice was paid in July 2022. The missing accrual resulted in an understatement of \$13,611 to the current-year program expenditure account.

Criteria

Policy Number FIN 5.01, section 6.8, “Year-End Procedures,” of the FIN Manual states:

Trial courts are required to adjust their financial statements at year-end to account for revenues not yet received, or expenditures not yet paid as of the last day of the fiscal year (June 30). Trial courts must follow the procedures outlined in this section and additional year-end instructions that the [JCC] may issue. . . .

6.8.2 Year-End Expenditure and Related Liability Accruals

During year-end closing, the court must:

1. Accrue expenditures for all open encumbrances for goods and services that have been delivered or rendered, but not paid as of June 30;
2. Review all contracts, including contracts covering more than one fiscal year. Accrue expenditures for services rendered or goods received in the current fiscal year only;
3. Not accrue expenditures for contracts or [purchase orders] that have a valid, open balance, and the goods or services have not been received by June 30;
4. Accrue expenditures for all direct invoices, not supported through an encumbrance, for which goods or services have been received or rendered, but not paid as of June 30;

5. Prepare and maintain a detailed listing of accruals with actual invoice numbers and amounts noted; and
6. Reverse all expenditure accruals in the first month of the new fiscal year.

Recommendation

We recommend that the trial court review its accounting practices pertaining to year-end closing to ensure that all year-end accruals are accurately reflected in the GL. Estimates should be used to accrue expenditures incurred but remained unpaid at year-end. Adjusting (true-up) entries may be necessary for differences between estimated and actual expenditures paid in the following accounting period of the new fiscal year.

Finding 3—Unadjusted Prior-Year Non-Payroll Expenditures

During our review of the trial court's expenditures, we found \$1,018,790 in disbursements for prior-year (FY 2020-21) transactions that were recorded in current-year operating accounts, and which had not been accrued at year-end of the prior fiscal year. Accounting policies require that disbursements for prior-year activities that were not accrued in the prior year be recorded in the GL Account Number 999910 (Prior Year Expenditure Adjustment), instead of in current-year operating accounts.

Accrual-related errors

The following expenditures for accounts and prior-year invoices were not accrued at FY 2020-21 year-end.

Various GL Accounts

The trial court paid \$47,394 to a vendor in the current year for various legal services rendered in the prior year (FY 2020-21). The trial court did not accrue the expenditures and liability at year-end of FY 2020-21. In disbursing payments to the vendor for the prior-year services, the

trial court misclassified the expenditure entries by recording them to current-year operating accounts.

The following table shows transaction recordation:

GL Account Number	GL Description	Amount
938401	General Consultant and Professional Services	\$22,084
938801	Dependency Counsel Charges for Children	15,214
938802	Dependency Counsel Charges for Parents	10,044
938803	Court Appointed Counsel Charges – Family Code Section 3150	52
Total Payment		<u>\$47,394</u>

The trial court should have recorded the expenditures in GL Account Number 999910 (Prior Year Expenditure Adjustment). As a result, the current-year operating expenditure accounts were overstated by \$47,394.

GL Account Number 938801 Dependency Counsel Charges for Children

During our review of GL Account Number 938801 transactions, we noted multiple payments with a document date of June 30, 2021, and a posting date in the current year (FY 2021-22). The trial court’s representatives confirmed that these payments were for services received in FY 2020-21. Due to the delay in receiving invoices from vendors, the trial court was unable to make a year-end accrual in anticipation of these services in the prior year. Invoices were received and paid in the current year. These entries resulted in an overstatement of \$358,103 to the current-year expenditure account.

GL Account Number 938802 Dependency Counsel Charges for Parents

During our review of GL Account Number 938802 transactions, we noted multiple payments with a document date of June 30, 2021, and a posting date in the current year (FY 2021-22). The trial court’s representatives confirmed that these payments were for services received in FY 2020-21. Due to the delay in receiving invoices from vendors, the trial court was unable to make a year-end accrual in anticipation of these services in the prior year. Invoices were

received and paid in the current year. These entries resulted in an overstatement of \$233,283 to the current-year expenditure account.

GL Account Number 938899 Court Appointed Counsel Charges

During our review of GL Account Number 938899 transactions, we noted that the trial court had made a reclassification entry in the amount of \$380,011. The trial court's representatives stated that the reclassification was to move FY 2020-21 foster care-related program expenditures from GL Account Number 938801 (Dependency Counsel Charges for Children; \$240,855) and GL Account Number 938802 (Dependency Counsel Charges for Parents; \$139,155) to GL Account Number 938899 (Court Appointed Counsel Charges). As the transactions were for prior-year services, the auditor informed the trial court that the reclassification should have been made to GL Account Number 999910 (Prior Year Expenditure Adjustment); the trial court concurred with this advice. This entry resulted in an overstatement of \$380,010 to the current-year expenditure account.

Prior Year Adjustment Accounts

The JCC's uniform Trial Court Chart of Accounts establishes adjustment accounts in the trial court GL. Expenditures are reclassified by using GL Account Number 999910 (Prior Year Expenditure Adjustment) to record adjustments of accrual-related accounting differences; and to record expenditures that were incurred, but not accrued in the prior year, and subsequently paid in the current year. Revenues are reclassified in a similar way by using GL Account Number 899910 (Prior Year Revenue Adjustment).

The Prior Year Adjustment accounts reclassify accounting information for financial and budgetary reporting, and isolate differences in prior-year accrued transactions to prevent them from being commingled with current-year transactions and reported in current-year operating accounts. Failure to adjust accounts may lead to material financial misstatements.

The JCC's Administrative Division staff provides guidance to courts for using the Prior Year Expenditure Adjustment account in its annual *Year-End Close Training Manual–General Ledger*.

Criteria

Section 7.1, “Automated Accrual Reversal Process,” of the FY 2021-22 *Year-End Close Training Manual–General Ledger* states, in part:

As previously discussed, most expenditure and revenue accruals are automatically reversed in the new fiscal year by placing Z2 and 07/01/2021 in the last two columns of the ZREVERSAL Journal Entry template. Once period 13 is closed, these adjusting entries will automatically be reversed with a posting date of 07/01/2021.

Note: If an accrual was not recorded at year-end or the difference between the accrual amount and the actual amount received/paid is deemed material, then prior-year accounts are to be used in the subsequent fiscal year.

Recommendation

We recommend that the trial court:

- Record any unaccrued prior-year disbursements in GL Account Number 999910 (Prior Year Expenditure Adjustment); and
- Periodically review expenditure accounts for any transactions paid in the current year but for goods and/or services incurred in the prior year, and make appropriate recordation to GL Account Number 999910 (Prior Year Expenditure Adjustment).

Finding 4—Noncompliance with Program Reporting Requirements

During our review of the reimbursement in GL Account Number 832010, TCTF MOU Reimbursement, specifically pertaining to the Sargent Shriver Civil Counsel Program, we noted a reporting requirement stipulated in the agreement between the JCC and the trial court. The trial court’s representatives indicated that no reports were made or submitted to the JCC. According to the trial court’s representatives, the trial court had no knowledge of the reporting requirement.

Criteria

Paragraph A of Section 5, “Reporting,” in Exhibit A, “Project to Be Funded,” of *Judicial Council Intra-Branch Agreement (IBA) Grant Number 73054 with Superior Court of California, County of San Francisco* states:

The Court will submit periodic reports to the [JCC’s] Program Manager as set forth in Table A-2. The purpose of the periodic reports is to provide the Court and the [JCC] with an evaluation of [the] Project in relation to this Agreement. Failure to supply a periodic report will result in a delay of payment under this Agreement.

Table A-2

Description/Period of Performance	Due Date
Report July 1, 2021, through December 31, 2021	January 31, 2022
Report January 1, 2022, through June 30, 2022	June 30, 2022

Recommendation

We recommend that the trial court:

- Periodically review agreements and/or contracts for compliance such as adherence to reporting requirements; and
- Contact the JCC's program manager to discuss any deviations from the agreement and/or contract requirements.

Finding 5—Noncompliance with Contracting Requirements

The trial court has weak or non-existent controls over its contracting process with the CCSF. We reviewed both revenue receipt and expenditure disbursement transactions associated with the CCSF. We found that, in one of two transactions reviewed, the trial court did not comply with legal requirements for contracting for services provided to the trial court.

We also reviewed 31 transactions related to contracts and agreements between the trial court and various vendors. We noted that 15 of the 31 transactions were for goods and services. We found that eight of the contracts related to these 31 transactions did not include an execution date with the signatures.

Trial Court Payroll and Retirement Plan Costs

We reviewed expenditures related to processing biweekly payroll activities and annual employee retirement plan costs and found that the trial court paid the CCSF \$2,372,838 in FY 2021-22 to provide those services. There is no contract between the trial court and the CCSF for such services. Subparagraphs (1) and (2) of Government Code (GC) section 77212 require that courts contract with counties, or cities and counties, for services.

The CCSF provides these services through its Controller's Office and its Health Service System. The trial court determines its annual payment amounts according to the CCSF County-Wide Cost Allocation Plan (COWCAP) for each department. The payroll costs are

based on an allocation of CCSF departmental indirect costs in the COWCAP for the trial court's share of the CCSF Controller's Payroll and Personnel Division costs. Retirement costs for employees who retired after 2001 appear in the CCSF COWCAP as a direct charge for the trial court's share of Health Service System retirement plan costs. These formerly county employees became state employees as a result of the statewide consolidation of county municipal courts with county superior courts. Employees who retired before 2001 remained county employees and are retained in the CCSF retirement system.

We relied on information presented in the CCSF's FY 2021-22 COWCAP to verify the costs associated with payroll and personnel processing fees for employees who retired after 2001. We matched the COWCAP costs to the payment disbursements and expenditures recorded in the trial court's FY 2021-22 GL. The trial court's representatives explained that the CCSF continues to allocate costs and bill the trial court as if it were still a department of the CCSF. The trial court's representatives also noted that arrangements were merely verbal, and no contract was ever established between the trial court and the CCSF after the trial court consolidation in 2001.

Furthermore, when reviewing the CCSF COWCAP, we also noted costs that appear to be unallowable, and which are factored into the trial court's cost allocation. Examples include allocations made by the CCSF to the Mayor's Office and the Board of Supervisors, along with other CCSF departmental or agency costs. The trial court's costs—both allowable and unallowable—are described in GC section 77003 and in California Rules of Court (CRC) rule 10.810. Certain costs are specifically unallowable.

Because of the lack of a contract, the payment of \$2,372,838 to the CCSF for FY 2021-22 and payments for prior years were not identifiable as vendor payments to the CCSF. Therefore, these payments were not properly reported to the State Auditor as required by Public Contract Code section 19204(a).

Indigent Defense Advisory Program

We reviewed expenditures related to foster care and found that the trial court has an MOU with the CCSF for administration of the IDA Program. The trial court entered into this MOU with the CCSF to cooperatively manage expenditures related to the trial court's IDA Program costs and reimbursements. The MOU is with the Mayor's Budget Office, which annually allocates funding from the CCSF's general fund for this program. When reviewing the MOU, we noted the following exceptions:

- The MOU does not state when it was executed and/or signed by both parties.
- The MOU does not state the amount of funding to be allocated to the IDA Program; instead, it states that the funding amount will be based on the CCSF annual budget.
- The MOU does not outline specifics of work allowed under the IDA Program. The trial court's representatives indicated that foster care is covered under the IDA Program; however, the MOU does not include a description of, or reference to, funding for foster care.

Criteria

GC section 77212(d)(1) states:

If a trial court desires to receive or continue to receive a specific service from a county or city and county as provided in subdivision (c), and the county or city and county desires to provide or continue to provide that service as provided in subdivision (b), the presiding judge of that court and the county or city and county shall enter into a contract for that service. The contract shall identify the scope of service, method of service delivery, term of agreement, anticipated service outcomes, and the cost of the service. The court and the county or city and county shall cooperate in developing and implementing the contract.

For any contract entered into after January 1, 2002, the amount of any indirect or overhead costs shall be individually stated in any contract together with the method of calculation of the indirect or overhead costs. This amount shall not contain items that are not otherwise allowable court operations. The [JCC] may audit the county figures to ensure compliance with this section and to determine the reasonableness of the figures.

GC section 77003(a) states, in part:

As used in this chapter, “court operations” means all of the following . . .

- (7) Subject to paragraph (1) of subdivision (d) of Section 77212, actual indirect costs for county and city and county general services attributable to court operations, but specifically excluding, but not limited to, law library operations conducted by a trust pursuant to statute; courthouse construction; district attorney services; probation services; indigent criminal defense; grand jury expenses and operations; and pretrial release services.
- (8) Except as provided in subdivision (b), and subject to Article 8.5 (commencing with Section 69920) of Chapter 5, other matters listed as court operations in Rule 10.810 of the California Rules of Court as it read on January 1, 2007.

CRC rule 10.810, “Court Operations,” states, in part:

(a) Definition

Except as provided in subdivision (b) and subject to the requirements of subdivisions (c) and (d), “court operations” as defined in Government Code section 77003 includes the following costs . . .

- (7) (*indirect costs*) a share of county general services as defined in subdivision (d), Function 11, and used by the superior and municipal courts. . . .

(b) Exclusions

Excluded from the definition of “court operations” are the following . . .

(9) county costs as provided in subdivision (d) as unallowable. . . .

Function 11, “County General Services (‘Indirect Costs’),” of CRC rule 10.810(d) states:

General county services are defined as all eligible accounting, payroll, budgeting, personnel, purchasing, and county administrator costs rendered in support of court operations. Costs for included services are allowable to the extent the service is provided to the court. . . .

Unallowable costs

Unallowable court-related costs are those

- (a) in support of county operations,
- (b) expressly prohibited by statute,
- (c) facility-related, or
- (d) exceptions of the nature referenced in Functions 1–11.

Unallowable cost items, including any related data processing costs, are not reported in Functions 1–11 and may include, for example [formatted for readability],

- Communications
 - central communication control and maintenance for county emergency and general government radio equipment
- Central Collections
 - processing accounts receivable for county departments (not courts)

- County Administrator
 - legislative analysis and activities
 - preparation and operation of general directives and operating procedures
 - responses to questions from the Board, outside agencies, and the public
 - executive functions: Board of Supervisors
 - county advisory councils
- Treasurer/Tax Collector
 - property tax determination, collection, etc.
- General Services
 - rental and utilities support
 - coordinate county's emergency services
- Property Management
 - negotiations for the acquisition, sale, or lease of property, except for space rented for storage of court records
 - making appraisals
 - negotiating utility relocations
 - assisting County Counsel in condemnation actions
 - preparing deeds, leases, licenses, easements
 - collecting rents

- building lease management services (except for storage of court records)
- Facility-related
 - construction services
 - right-of-way and easement services
 - purchase of land and buildings
 - construction
 - depreciation of buildings/use allowance
 - space rental/building rent (except for storage of court records)
 - building maintenance and repairs (except interior painting and to replace/repair flooring)
 - purchase, installation, and maintenance of H/V/A/C equipment
 - maintenance and repair of utilities
 - utility use charges (e.g., heat, light, water)
 - elevator purchase and maintenance
 - alterations/remodeling
 - landscaping and grounds maintenance services
 - exterior lighting and security
 - insurance on building damages (e.g., fire, earthquake, flood, boiler and machinery)
 - grounds' liability insurance

- parking lot or facility maintenance
- juror parking

Public Contract Code section 19204(a) states, in part:

All judicial branch entities shall comply with the provisions of this code that are applicable to state agencies and departments related to the procurement of goods and services, including information technology goods and services. All contracts with total cost estimated at more than one million dollars (\$1,000,000), except contracts covered by Section 68511.9 of the Government Code, shall be subject to the review and recommendations of the Bureau of State Audits to ensure compliance with this part. All judicial branch entities shall notify the State Auditor, in writing, of the existence of any such contracts within 10 business days of entering the contract. . . .

Recommendation

We recommend that the trial court comply with GC section 77212(d)(1) by establishing contracts with the CCSF for payroll, personnel, retirement service processing and the IDA Program, including foster care. The contracts should identify the scope of service, method of service delivery, term of agreement, anticipated service outcomes, and the cost of the service, and be reported to the State Auditor as necessary. We recommend that all contracts include execution dates with signatories.

We further recommend that the JCC's Office of Audit Services review the CCSF's cost allocations to ensure and verify that no unallowable CCSF costs are charged to the trial court through its contracting and reimbursements.

Finding 6—Internal Control Deficiency – Inadequate Payroll Documentation and Reconciliation Discrepancies

We reviewed the trial court’s fiscal procedures to verify that account entries were checked for accuracy and completeness. Our payroll audit procedures included reviewing and reperforming calculations for pay, retirement, and health benefits.

We inquired with the trial court’s representatives about the trial court’s routine reconciling procedures for ensuring that payroll is fully accounted for and properly entered in the trial court’s GL. Checking for accuracy and completeness usually involves reconciling the payroll register with the GL to identify errors or irregularities that may have occurred when calculating and processing payroll for employees. The trial court’s representatives indicated its payroll is processed externally by the CCSF and that payroll reconciliations are not prepared on a pay-period basis (bi-weekly) but are prepared annually at year end. The annual reconciliation the trial court provided for FY 2021-22 showed an unreconciled discrepancy of \$40,634.

When performing the audit procedures, we also verified the source documents for employee compensation. Of the 10 employees whose records we reviewed, three received additional compensation for longevity and qualification premiums. However, the trial court could not provide proof of the employees’ eligibility.

Criteria

Policy Number FIN 2.01, section 3.0, “Policy Statement,” of the FIN Manual states, in part:

1. It is the policy of the trial court to employ sound business, financial, and accounting practices to conduct its fiscal operations. The court shall be responsible for monitoring and controlling its fiscal operations and accounting publicly for its financial performance through . . .
 - d. The institution of a system of internal controls;

- e. The retention of financial and accounting records for appropriate periods . . .

Policy Number FIN 2.01, section 6.3, “Accounting System,” of the FIN Manual states, in part:

1. The trial court shall utilize the Phoenix Financial System to ensure the efficient, organized, and accurate reporting of all transactions. The court is responsible for assuring that the transactions recorded in the Phoenix Financial System are supported by documentation and evidential matter that can withstand internal or external financial audits.
2. The key elements of an efficient and organized accounting system include:
 - a. An organized and efficient method of accumulating, recording, and reporting all transactions;
 - b. An effective assignment of authority and responsibility;
 - c. An effective approach to segregation of duties; and
 - d. An efficient method of detecting errors and irregularities. . . .

Policy Number FIN 2.01, section 6.4, “Accounting Records,” of the FIN Manual states, in part:

1. Each trial court shall document its financial activities and maintain sufficient accounting records to:
 - a. Ensure that all transactions are properly and accurately recorded.
 - b. Provide sufficient evidence and justification for all transactions.
 - c. Maintain accountability for trial court assets and resources.
 - d. Document accountability of trial court employees who execute and process financial transactions.

- e. Permit preparation of accurate, informative, and reliable reports that conform to applicable criteria.
- f. Support management during internal reviews and external audits. . . .

Policy Number FIN 12.01, item 4 of section 6.1, “General Guidelines,” of the FIN Manual states, in part:

. . . The [JCC] has established a five-year (current year plus four) retention period as the standard for retention of a wide range of court financial documents. The trial court must comply with this standard in the absence of a specific retention period required by statute or the [JCC]. . . .

Policy Number FIN 12.01, section 6.2.1, “Claims and Warrants,” of the FIN Manual states:

Claims and warrants documents/documentation shall be retained for five years. The trial court may destroy any claim, warrant, or other paper issued as a warrant voucher that is more than five years old. Any index or warrant register may also be destroyed after five years. These records may be destroyed at any time if they have been permanently reproduced and the copies are retained for five years after the date of the document. Any index or warrant register that is more than five years old may be destroyed without being reproduced.

Recommendation

We recommend that the trial court implement and document a reconciliation procedure to be performed and/or maintained by the trial court’s staff. The CCSF should either perform reconciliation procedures or provide sufficient data records for the trial court to perform periodic reconciliations. We recommend that the trial court reconcile the \$40,634 to ascertain its effect on the trial court.

We also recommend that the trial court enforce a records-retention policy and a system of procedural controls to ensure that employee records are maintained for the period of time specified by the JCC’s FIN Manual.

Finding 7—Internal Control Deficiency – Inadequate Controls over Computer Access

We noted delays in deactivating user access to the trial court’s computer network for three employees who had separated from trial court employment during the audit period. The trial court provided separation dates in FY 2021-22 for the three employees, but a network list provided by the JCC indicates that none of the employees’ access was deactivated until January 2024. For one of the employees, a final log-in was recorded on August 25, 2021, after the employee’s separation date of August 10, 2021.

We also inquired about the trial court’s policy for user permissions in the SAP Phoenix financial system. We found that the trial court has no documented policy for administering access to either the computer network or the SAP Phoenix financial system. The trial court was not able to provide documentation showing removal of SAP Phoenix user permissions for the three employees whose records we reviewed.

Criteria

Policy Number FIN 1.03, subsection 6.3.3, “Control Activities,” of the JCC’s FIN Manual states, in part:

1. In implementing appropriate controls, courts must incorporate internal control concepts in establishing policies and procedures that help ensure that management directives are carried out. Control activities can be categorized as the establishment, preparation, completion, or performance of the following . . .

- d. Safeguarding—Limiting access to and controlling the use of assets and records are ways to safeguard those assets and records. . . .
- f. The establishment of adequate safeguards to prevent unauthorized access to or destruction of documents, records, and assets.
- g. The establishment of policies for controlling access to programs and data files. If access security software, operating system software, and/or application software is used to control access to system programs and data, an information security function must be in place and responsible for monitoring compliance within information security policies and procedures. . . .

The JCC's *Controls Framework* provides procedural guidance, including the directive to deactivate access within 24 hours of separation.

Policy Number 1.1, "Scope," of the JCC's *Controls Framework* begins:

This framework of information systems controls has been developed for the establishment of a standard security approach within the Judicial Branch of California. In order to produce this framework, input was solicited from multiple courts ranging from small to large in size so that a comprehensive framework could be developed that is suitable to all entities within the judicial branch. This framework is designed to set a direction, identify and address areas of concern expressed by entities within the judicial branch, and to document policies and practices that can assist judicial branch entities with their concerns by providing a framework for creating entity-specific information security policies and procedures.

Policy Number 5.1, "Access Control Policy and Procedures," of the JCC's *Controls Framework* begins:

Control: The judicial branch entity:

- a. Develops, documents, and disseminates to all workforce members:

1. An access control policy that addresses purpose, scope, roles, responsibilities, management commitment, coordination among organizational entities, and compliance; and
 2. Procedures to facilitate the implementation of the access control policy and associated access controls; and
- b. Reviews and updates the current:
1. Access control policy on an annual basis; and
 2. Access control procedures on an annual basis. . . .

Policy Number 17.4, "Personnel Termination," of the JCC's *Controls Framework* begins:

Control: The judicial branch entity, upon termination of individual employment:

- a. Disables information system access immediately/within 24 hours;
- b. Terminates/revokes any authenticators/credentials associated with the individual;
- c. Conducts exit interviews that include a discussion of judicial branch entity-defined information security topics;
- d. Retrieves all security-related organizational information system-related property;
- e. Retains access to organizational information and information systems formerly controlled by [the] terminated individual; and
- f. Notifies judicial branch entity-defined personnel or roles within [the] judicial branch entity-defined time period. . . .

Policy Number 17.5, “Personnel Transfer,” of the JCC’s *Controls Framework* begins:

Control: The judicial branch entity:

- a. Reviews and confirms ongoing operational need for current logical and physical access authorizations to information systems/facilities when individuals are reassigned or transferred to other positions within the judicial branch entity;
- b. Initiates judicial branch entity-defined transfer or reassignment actions within [the] judicial branch entity-defined time period following the formal transfer action;
- c. Modifies access authorization as needed to correspond with any changes in operational need due to reassignment or transfer; and
- d. Notifies judicial branch entity-defined personnel or roles within [the] judicial branch entity-defined time period. . . .

Recommendation

We recommend that the trial court:

- Strengthen internal controls over information system administration by establishing written access policies based on intended usage;
- Align account management processes with personnel termination and transfer processes; and
- Consult with JCC staff to model its policies and procedures on guidance provided in the JCC’s *Controls Framework*.