

**SUPERIOR COURT OF CALIFORNIA,
COUNTY OF CONTRA COSTA**

Audit Report

**VALIDITY OF RECORDED REVENUES,
EXPENDITURES, AND FUND BALANCES**

July 1, 2020, through June 30, 2021



MALIA M. COHEN
California State Controller

June 2023



MALIA M. COHEN
California State Controller

June 21, 2023

Kate Bieker, Court Executive Officer
Superior Court of California, County of Contra Costa
725 Court Street, 4th Floor
Martinez, CA 94553

Dear Ms. Bieker:

The State Controller's Office audited the Superior Court of California, County of Contra Costa (Court) to determine whether the revenues, expenditures, and fund balances under the administration, jurisdiction, and control of the Court complied with governing statutes, rules, regulations, and policies; were recorded accurately in accounting records; and were maintained in accordance with fund accounting principles. The audit period was July 1, 2020, through June 30, 2021.

Our audit found that the Court substantially complied with governing statutes, rules, regulations, and policies for revenues, expenditures, and fund balances. However, we identified accounting errors that warrant the attention of management.

Specifically, we found a prior-year reimbursement that the Court did not re-accrue and an unaccrued prior-year revenue for which the Court did not adjust its revenue account.

This report is for your information and use. The Court's response to the finding is incorporated into this final report. The Court agreed with our observation and provided a Corrective Action Plan to address the fiscal control weakness and recommendation. We appreciate the Court's willingness to implement corrective actions.

If you have any questions, please contact Joel James, Chief, Financial Audits Bureau, by telephone at (916) 323-1573.

Sincerely,

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

KT/lis

cc: Fae Li, Director of Finance
Superior Court of California, County of Contra Costa
Millicent Tidwill, Acting Administrative Director
Judicial Council of California
Robert Oyung, Acting Chief Deputy Director
Judicial Council of California
John Wordlaw, Chief Administrative Officer
Judicial Council of California
Zlatko Theodorovic, Chief Financial Officer
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Audit Report

Summary

The State Controller's Office (SCO) audited the Superior Court of California, County of Contra Costa (Court) to determine whether the Court complied with governing statutes, rules, regulations, and policies relating to the revenues, expenditures, and fund balances for any funds under the Court's administration and control that we determined were material and significant. The audit period was July 1, 2020, through June 30, 2021.

Our audit found that the Court substantially complied with governing statutes, rules, regulations, and policies for revenues, expenditures, and fund balances. However, we identified accounting errors that warrant the attention of management.

Specifically, we found a prior-year reimbursement that the Court did not re-accrue and an unaccrued prior-year revenue for which the Court did not adjust its revenue account.

Background

Superior Courts (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 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 Government Code (GC) sections 68070 through 77013, 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 manual describes an internal control framework that enables 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 monies 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 fiscal year (FY) 2020-21, the Court reported revenues of \$58,579,442. The Court receives the majority of its revenue from state financing sources. The TCTF provided 72.12% of the Court's revenue. During the audit period, the Court incurred expenditures of \$57,794,064. Payroll-related expenditures (salaries and benefits) comprised 74.22% of total expenditures. The Court employed 375 staff members to serve Contra Costa County's population of approximately 1,153,854 residents.

Funds under the Court's control include a General Fund, a Special Revenue Non-Grant Fund, and a Special Revenue Grant Fund. The General Fund, the Special Revenue Non-Grant Fund, and the Special Revenue Grant Fund had revenue and expenditure accounts in excess of 4% of total revenues and expenditures, and were considered material and significant for testing.

Audit Authority

We conducted this audit at the request of the JCC; and in accordance with Interagency Agreement Number 78846, dated June 14, 2022, between the SCO and the JCC, and GC section 77206(h), which requires the JCC to contract with the SCO to perform an audit of every trial court at least once every four years. In addition, GC section 12410 provides the 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 audit was to determine whether the Court complied with governing statutes, rules, regulations, and policies relating to the revenues, expenditures, and fund balances for any funds under the Court's administration and control that we determined were material and significant.

Specifically, we conducted this audit 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 using the Legal/Budgetary basis of accounting and maintained in accordance with fund accounting principles.

The audit period was July 1, 2020, through June 30, 2021.

To accomplish our objective, we performed the following procedures.

General Procedures

We reviewed the *Judicial Council Governance Policies* (November 2017), the FY 2020-21 Budget Act, the Manual of State Funds, Government Code, the California Rules of Court, the FIN Manual (11th edition, June 2020), and internal policies and procedures to identify compliance requirements applicable to trial court revenues, expenditures, and fund balances.

Internal Control Procedures

- We reviewed the Court's current policies and procedures, organization, and website, and interviewed Court personnel to gain an understanding of the internal control environment for governance, operations, and fiscal management.
- We interviewed 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 Court's documentation and financial records supporting the validity of recorded revenues, expenditures, and fund balances.
- We assessed the reliability of financial data by (1) interviewing agency officials knowledgeable about the Court's financial and human resources systems; (2) reviewing Court policies; (3) agreeing accounting data files to published financial reports; (4) tracing data records to source documents to verify completeness and accuracy of recorded data; and (5) reviewing logical security and access controls for key court information systems. We determined that the data was sufficiently reliable for the purposes of achieving our objective.
- We selected revenue and expenditure ledger transactions to test the operating effectiveness of internal controls. Using non-statistical sampling, we selected 21 revenue items and 32 expenditure items to evaluate key internal controls of transactions recorded in significant operating funds and the related fund accounts. For expenditure testing, our samples consisted of 16 non-payroll transactions and the payroll records of 16 employees. We expanded testing on accounts with transactions containing errors to determine the impact of identified errors. Errors were not projected to the intended (total) population.

Revenue Testing Procedures

We designed our revenue testing to verify the Court's adherence to prescribed accounting control procedures, and to verify that transactions

were correctly recorded in the accounting system for financial reporting. Our procedures included tests of recorded transaction details and of accounting internal controls.

- We tested revenue transactions and account balances in the General Fund, the Special Revenue Non-Grant Fund, and the Special Revenue Grant Fund to determine whether revenue accounting was consistent with Government Code, properly supported by documentation, and recorded correctly in the accounting system.
- We selected all material financial statement accounts that exceeded 4% of total revenues, and determined that the TCTF, Court Interpreter, MOU (Memorandum of Understanding) Reimbursements, and Enhanced Collections accounts were material for testing. We expanded our testing to include the AB 1058 Judicial Council Grants account. We tested accounts through sampling and analytical procedures.
- We tested \$51,937,392 of \$58,579,442, or 88.7% of total revenues.

We identified two errors in revenue account balances. In the first instance, an unpaid reimbursement due the Court from prior years was not re-accrued, resulting in a \$13,840 shortfall in reported program revenue. In the second instance, an un-accrued prior-year revenue was received in the current year, resulting in unadjusted differences. This second error had no effect on the Court's total reported revenue.

The errors are summarized in the Finding and Recommendation section. Schedule 1—Summary of Revenues and Revenue Test Results presents, by account, total revenues, related amounts tested, and error amounts noted.

Expenditure Testing Procedures

We designed our expenditure testing to verify the Court's adherence to prescribed accounting control procedures, and to verify that transactions were correctly recorded in the accounting system for financial reporting. Our procedures included tests of recorded transaction details and of accounting internal controls.

- We tested expenditure transactions and account balances in the General Fund, the Special Revenue Non-Grant Fund, and the Special Revenue Grant Fund to determine whether expenditures were incurred pursuant to Government Code, consistent with the funds' purposes, properly authorized, adequately supported, and accurately recorded in the accounting records.
- We tested all material expenditure accounts that exceeded 4% of total expenditures. Material accounts included payroll-related accounts (Salary – Permanent; Staff Benefits) and a non-payroll account (Contracted Services).
- For material payroll-related accounts, we selected two bi-weekly pay periods in August 2020 and April 2021 to review. We reconciled the salary and benefit expenditures shown on the payroll registers to the general ledger and examined supporting records of benefit charges.

- We further selected 16 of 375 employees from the payroll registers and verified that:
- Employee timesheets included supervisory approval;
 - Regular earnings and supplemental pay were supported by salary schedules and personnel action forms;
 - Employer retirement contributions and payroll taxes were entered in the general ledger accurately; and
 - Health insurance premiums shown on the payroll register agreed to the employees' benefit election forms.
- For material non-payroll accounts, we selected samples to test key internal control activities and the accuracy of recorded transactions, and traced expenditures recorded in the general ledger to supporting documentation. We tested the following expenditures:
 - Contracted Services – We tested nine out of 3,985 transactions.
 - Information Technology – We tested seven out of 331 transactions.
 - We tested \$2,206,385 of \$57,794,064 or 3.8% of total expenditures.

We found no errors in the recording of transactions. Schedule 2—Summary of Expenditures and Expenditure Test Results presents, by account, total expenditures and related amounts tested.

Fund Balance Testing Procedures

We designed our fund balance testing to verify the Court's adherence to prescribed accounting control procedures, and to verify that transactions were correctly recorded in the accounting system for financial reporting. Our procedures included review of fund classifications and accounting internal controls.

- We judgmentally selected the General Fund, the Non-Grant Special Revenue Fund, and the Grant Special Revenue Fund because these funds had revenue and expenditure accounts with significant balances.
- We tested revenue and expenditure transactions in these funds to determine whether transactions were reported using the Legal/Budgetary basis of accounting and the funds were maintained in accordance with fund accounting principles (see Schedules 1 and 2).
- We verified the accuracy of individual fund balances in the Court's financial supporting documentation.
- We recalculated sampled funds to ensure that fund balances as of June 30, 2021, were accurate and in compliance with applicable criteria.

We found that the general fund balance was understated by \$13,840 due to the error we noted during our testing of revenue transactions. Schedule 3—Summary of Fund Balances and Fund Balance Test Results, presents, by fund, total balances and changes in fund balances.

We limited our review of the Court's internal controls to gaining an understanding of the internal controls that are significant to the audit objective. We did not audit the Court's financial statements.

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

Conclusion

Our audit found that the Court substantially complied with governing statutes, rules, regulations, and policies for revenues, expenditures, and fund balances. However, we identified accounting errors that warrant the attention of management.

Specifically, we found a prior-year reimbursement that the Court did not re-accrue and an unaccrued prior-year revenue for which the Court did not adjust its revenue account. These issues are described in the Finding and Recommendation section.

Follow-up on Prior Audit Findings

We have not previously conducted an audit of the Superior Court of California, County of Contra Costa.

Views of Responsible Officials

We issued a draft audit report on March 9, 2023. The Superior Court of California, County of Contra Costa's representative responded by letter dated March 13, 2023. The Court agreed with the audit results. This final audit report includes the Court's response as an attachment.

Restricted Use

This report is solely intended for the information and use of the Superior Court of California, County of Contra Costa; the JCC, and the SCO; it is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record and is available on the SCO website at www.sco.ca.gov.

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

June 21, 2023

**Schedule 1—
Summary of Revenues and Revenue Test Results
July 1, 2020, through June 30, 2021**

Revenue Accounts	Revenues Reported ¹		Revenues Tested ¹		Error
	Total	Percentage	Amount	Percentage	Amount ²
State Financing Sources					
Trial Court Trust Fund ³	\$ 42,245,147	72.1%	\$ 42,245,147	100.0%	\$ -
Improvement and Modernization Fund	144,156	0.2%	-	0.0%	-
Judges' Compensation	332,084	0.6%	-	0.0%	-
Court Interpreter ³	2,800,778	4.8%	2,800,778	100.0%	-
Civil Coordinator Reimbursement	-	0.0%	-	0.0%	-
MOU Reimbursements ³	6,097,540	10.4%	6,073,745	99.6%	204,308
Other Miscellaneous	1,396,191	2.4%	-	0.0%	-
Subtotal	53,015,896		51,119,670		204,308
Grants					
AB 1058 Commissioner/Facilitator	1,109,917	1.9%	252,611	22.8%	-
Other Judicial Council Grants	15,278	0.0%	-	0.0%	-
Non-Judicial Council Grants	-	0.0%	-	0.0%	-
Subtotal	1,125,195		252,611		-
Other Financing Sources					
Interest Income	48,102	0.1%	-	0.0%	-
Investment Income	-	0.0%	-	0.0%	-
Donations	-	0.0%	-	0.0%	-
Local Fees	641,005	1.1%	-	0.0%	-
Non-Fee Revenues	-	0.0%	-	0.0%	-
Enhanced Collections ³	2,577,542	4.4%	565,111	21.9%	-
Escheatment	124,935	0.2%	-	0.0%	-
Prior Year Revenue	709,005	1.2%	-	0.0%	(218,148)
County Program - Restricted	234,558	0.4%	-	0.0%	-
Reimbursement Other	2,297	0.0%	-	0.0%	-
Sale of Fixed Assets	-	0.0%	-	0.0%	-
Other Miscellaneous	100,909	0.2%	-	0.0%	-
Subtotal	4,438,352		565,111		(218,148)
Total Revenues	\$ 58,579,442	100.0%	\$ 51,937,392	88.7%	\$ (13,840)

¹ Differences due to rounding

² Revenues over/(under) stated; see Finding

³ Material account

Schedule 2—
Summary of Expenditures and Expenditure Test Results
July 1, 2020, through June 30, 2021

Expenditure Accounts	Expenditures Reported ¹		Expenditures Tested ¹		Error Amount
	Total	Percentage	Amount	Percentage	
Payroll					
Salaries - Permanent ²	\$ 24,154,117	41.8%	\$ 183,678	0.8%	\$ -
Temp Help	37,492	0.1%	-	0.0%	-
Overtime	131,010	0.2%	2,265	1.7%	-
Staff Benefits ²	18,574,295	32.1%	36,512	0.2%	-
Subtotal	42,896,914		222,455		-
Operating Expenses and Equipment					
General Expense	881,467	1.5%	-	0.0%	-
Printing	201,434	0.3%	-	0.0%	-
Telecommunications	252,359	0.4%	-	0.0%	-
Postage	65,734	0.1%	-	0.0%	-
Insurance	29,917	0.1%	-	0.0%	-
In-State Travel	8,638	0.0%	-	0.0%	-
Out-of-State Travel	-	0.0%	-	0.0%	-
Training	6,545	0.0%	-	0.0%	-
Security Services	8,392	0.0%	-	0.0%	-
Facility Operations	1,200,901	2.1%	-	0.0%	-
Utilities	44,143	0.1%	-	0.0%	-
Contracted Services ²	7,531,693	13.0%	628,219	8.3%	-
Consulting and Professional Services	1,244,990	2.2%	-	0.0%	-
Information Technology ²	2,714,017	4.7%	1,355,711	50.0%	-
Major Equipment	442,504	0.8%	-	0.0%	-
Other Items of Expense	39,415	0.1%	-	0.0%	-
Subtotal	14,672,151		1,983,930		-
Special Items of Expense					
Grand Jury	-	0.0%	-	0.0%	-
Jury Costs	212,089	0.4%	-	0.0%	-
Judgments, Settlements and Claims	-	0.0%	-	0.0%	-
Debt Service	-	0.0%	-	0.0%	-
Other	-	0.0%	-	0.0%	-
Capital Costs	-	0.0%	-	0.0%	-
Internal Cost Recovery	-	0.0%	-	0.0%	-
Prior Year Expense Adjustment	12,911	0.0%	-	0.0%	-
Subtotal	224,999		-		-
Total Expenditures	\$ 57,794,064	100.0%	\$ 2,206,385	3.8%	\$ -

¹ Differences due to rounding

² Material account

Schedule 3—
Summary of Fund Balances and Fund Balance Test Results
July 1, 2020, through June 30, 2021

Balance	General Fund ¹	Non-Grant Special Revenue Fund ¹	Grant Special Revenue Fund ¹	Total ¹
Beginning Balance	\$ 2,245,286	\$ 1,534,008	\$ -	\$ 3,779,294
Revenues	54,252,556	3,201,691	1,125,195	58,579,442
Expenditures	(53,724,778)	(2,938,624)	(1,130,662)	(57,794,064)
Transfers In	-	-	5,467	5,467
Transfers Out	(5,467)	-	-	(5,467)
Ending Balance	<u>\$ 2,767,597</u>	<u>\$ 1,797,075</u>	<u>\$ -</u>	<u>\$ 4,564,672</u>
Errors Noted ²				
Revenues	\$ (13,840)	\$ -	\$ -	\$ (13,840)
Expenditures	-	-	-	-
Total	<u>\$ (13,840)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,840)</u>

¹ Differences due to rounding

² Revenues over/(under) stated; see the Finding

Finding and Recommendation

FINDING— Unaccrued and unadjusted prior- year revenues

During our review of revenue transactions, we identified two accrual-related accounting errors for prior-year activities affecting the Court's current-year (FY 2020-21) operating accounts. In one instance, the Court did not re-accrue a reimbursement for a FY 2018-19 receivable of state funds that remained outstanding at the end of FY 2019-20. In the other instance, the Court did not adjust its revenue account for an unaccrued prior-year (FY 2019-20) revenue that was received during the current year.

All judicial branch trial courts use an accounting system that has automated account closing and opening processes. Year-end accruals are automatically reversed in the subsequent year opening process. Revenue that is accrued to an account at the end of a fiscal year, but is not fully collected in the subsequent fiscal year, produces a deficit in the account and understates the current-year account balance. The deficit may be offset by a deposit, another accrual, or an adjusting entry.

Difference adjustments reclassify transactions into the Prior Year Revenue Adjustment account, general ledger (GL) Account Number 899910, and promote more accurate reporting of program revenue earned in the current fiscal year.

We noted revenue accrual-related adjustment errors affecting the following accounts:

- GL Account Number 831010 (General Fund – AB2695 Service of Process)

The Court's reported a reimbursement receivable of \$13,840 at the end of the prior year which lapsed in the current year without collection. The prior year accrual was reversed in the Court's opening general ledger account balance, creating a deficit of \$13,840 in the account balance. According to Court representatives, the JCC confirmed that the Court would be reimbursed for the outstanding amount. The receivable should have been re-accrued in the current year to offset the reversal.

- GL Account Number 832012 (TCTF Court Appointed Counsel)

The Court received a \$218,148 distribution of revenue for the prior year that it did not accrue. This reimbursement amount should have been reclassified to GL Account Number 899910 (Prior Year Revenue Adjustment). This error resulted in the current-year program revenue account being overstated by \$218,148. There is no effect to the Court's total reported revenues because GL Account Number 899910 (Prior Year Revenue Adjustment) is reported separately from other revenues in the Statement of Revenue, Expenditures and Fund Balances.

The two exceptions noted above resulted in a net understatement of \$13,840 in reported program revenue for the Court's FY 2020-21 operating accounts. The tested transactions represent only a small sample of all Court transactions. Other unaccrued and unadjusted entries may exist that were not detected during the audit testing.

The JCC's uniform Trial Court Chart of Accounts establishes adjustment accounts in the Trial Court General Ledger. Revenues are reclassified by using GL Account Number 899910 (Prior Year Revenue Adjustment) to record adjustments of accrual-related accounting differences; and to record revenue that was earned and not accrued in the prior year, but received in the current year. Expenditures are reclassified in a similar way by using GL Account Number 999910 (Prior Year Expense 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 Revenue Adjustment account in its annual *Year-End Close Training Manual—General Ledger*.

Section 7.1, "Automated Accrual Reversal Process," of the FY 2020-21 *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.

Policy Number FIN 5.02, section 3.0, "Policy Statement," of the JCC's FIN Manual (11th edition, June 2020) states:

It is the policy of the trial court to establish an accounting system with a chart of accounts and general ledger that enables the court to record financial transactions with accuracy and consistency. All the trial courts use a single chart of accounts. This single set of accounts ensures that the financial position of all courts is reported consistently and clearly. The actual accounts each court utilizes may vary depending on the complexity of operations.

Recommendation

We recommend that the Court review its accounting procedures to ensure that account adjustments are recorded to reclassify unaccrued transactions and accrual differences from the prior-year, as described in the JCC's accounting guidance. Differences between amounts actually received in the current year and the amounts accrued in the prior year should be entered in the adjustment accounts. All unaccrued deposits for the prior year should be either entered in, or reclassified to, the adjustment account.

The Court should also ensure that all year-end accruals are recorded in the general ledger. Estimates should be used to accrue unbilled transactions remaining at year-end. Adjusting (true-up) entries may be necessary at the beginning of the following fiscal year.

**Attachment—
Superior Court’s Response to Draft Audit Report**

Superior Court of California

COUNTY OF CONTRA COSTA
725 COURT STREET
P.O. BOX 911
MARTINEZ, CA 94553-0091



March 13, 2023

Joel James
Chief, Financial Audits Bureau
State Controller's Office, Division of Audits
P.O. Box 942850
Sacramento, CA 94250

Dear Mr. James:

The Superior Court of California, County of Contra Costa (Court) has reviewed the draft Audit Report on the Validity of Recorded Revenues, Expenditures, and Fund Balances for July 1, 2020 through June 30, 2021. Here is our response to the audit finding:

Finding – Unaccrued and unadjusted prior-year revenues

The Court agrees with this finding and had implemented an internal review process in fiscal year 2021-2022 to determine whether all prior year revenue accruals were received during the current year and make adjustments for any unaccrued transactions and accrual differences from the prior year. The Court also works with Judicial Council Branch Accounting and Procurement staff to accrue revenue earned but not received as of June 30th each fiscal year. The Court will continue to monitor prior-year revenue accruals.

Sincerely,

A handwritten signature in blue ink, appearing to be "KB", written over a circular stamp or mark.

Kate Bieker
Court Executive Officer

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250**

www.sco.ca.gov