

**SUPERIOR COURT OF CALIFORNIA,
COUNTY OF KINGS**

Audit Report

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

July 1, 2020, through June 30, 2021



MALIA M. COHEN
California State Controller

August 2023



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

August 7, 2023

Nocona Soboleski, Court Executive Officer
Superior Court of California, County of Kings
1640 Kings County Drive
Hanford, CA 93230

Dear Ms. Soboleski:

The State Controller's Office audited the Superior Court of California, County of Kings (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 internal control deficiencies that warrant the attention of management.

Specifically, we found inconsistent application of access controls for the Court's accounting system, a missing vendor contract, and approvals for vendor payment and contracting in excess of authorized delegation levels.

This report is for your information and use. The Court's responses to the findings are incorporated into this final report. The Court agreed with our observations and provided a Corrective Action Plan to address the fiscal control weaknesses and recommendations. 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/ac

Ms. Nocona Soboleski

August 7, 2023

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cc: Cheryl Pender, Finance Manager
Superior Court of California, County of Kings
Millicent Tidwell, Acting Administrative Director
Judicial Council of California
John Wordlaw, Chief Administrative Officer
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Audit Report

Summary

The State Controller's Office (SCO) audited the Superior Court of California, County of Kings (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 internal control deficiencies that warrant the attention of management.

Specifically, we found inconsistent application of access controls for the Court's accounting system, a missing vendor contract, and approvals for vendor payment and contracting in excess of authorized delegation levels. These issues are described in the Findings and Recommendations section of this report.

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 of 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 \$10,524,433. The Court receives the majority of its revenue from state financing sources. The TCTF provided 70% of the Court's revenue. During the audit period, the Court incurred expenditures of \$11,576,935. Payroll-related expenditures (salaries and benefits) comprised 62% of total expenditures. The Court employed 82 staff members to serve Kings County's population of approximately 152,543 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.

Objective, Scope, and Methodology

The objective of our audit was to determine whether the Court complied with governing statutes, rules, and regulations relating to the validity of recorded revenues, expenditures, and fund balances of all material and significant funds under its administration, jurisdiction, and control.

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 based on 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 JCC's 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 23 revenue items and 37 expenditure items to evaluate key internal controls of transactions recorded in significant operating funds and the related fund accounts. For expenditure testing, our sample consisted of 31 non-payroll transactions and the payroll records of six 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, and MOU (Memorandum of Understanding) Reimbursements accounts were material for testing. We expanded our testing to include Assembly Bill 1058 Judicial Council Grants, Local Fees, Enhanced Collections, and County Program – Restricted accounts. We tested accounts through combined sampling and analytical procedures.
- We tested \$9,189,656 of \$10,524,433 or 87.3% of total revenues.

We found no errors in the recording of transactions. Schedule 1— Summary of Revenues and Revenue Test Results presents, by account, total revenues and related amounts tested.

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 non-payroll accounts (Security Services; Contracted Services).
- For payroll-related accounts, we selected two bi-weekly pay periods (October 2020 and June 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 six of 82 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.
- To test 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 documents. We tested the following expenditures:
 - Security Services – We tested six out of 49 transactions.
 - Contracted Services – We tested 25 out of 1,640 transactions.
- We tested \$1,062,746 of \$11,576,935, or 9.2% of total expenditures.

We did not note any issues with the Court's payroll expenditure accounts. However, we noted control issues with the Court's non-payroll expenditure accounts; the issues were related to computer security, contracts, and reviews and approvals. 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, as 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 based on the Legal/Budgetary basis of accounting and maintained in accordance with fund accounting principles (see Schedules 1 and 2).
- We verified the accuracy of individual fund balances and constraints 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 fund balances for the tested funds were properly reported. 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 internal control deficiencies that warrant the attention of management.

Specifically, we found inconsistent application of access controls for the Court’s accounting system, a missing vendor contract, and approvals for vendor payment and contracting in excess of authorized delegation levels. These issues are described in the Findings and Recommendations section of our report.

**Follow-up on
Prior Audit
Findings**

We have not previously conducted an audit of the Court’s revenues, expenditures, and fund balances; therefore, there are no prior audit findings to address in this report.

**Views of
Responsible
Officials**

We issued a draft audit report on April 19, 2023. The Court responded by letter dated May 3, 2023, agreeing 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 Court; 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

August 7, 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 Amount
	Total	Percentage	Amount	Percentage	
<u>State Financing Sources</u>					
Trial Court Trust Fund ²	\$ 7,330,499	69.7%	\$ 7,330,499	100.0%	\$ -
Improvement and Modernization Fund	18,917	0.2%	-	0.0%	-
Judges' Compensation	-	0.0%	-	0.0%	-
Court Interpreter ²	558,437	5.3%	558,437	100.0%	-
Civil Coordinator Reimbursement	-	0.0%	-	0.0%	-
MOU Reimbursements ²	1,651,018	15.7%	1,166,707	70.7%	-
Other Miscellaneous	45,118	0.4%	-	0.0%	-
Subtotal	9,603,990		9,055,643		-
<u>Grants</u>					
AB 1058 Commissioner/Facilitator	362,018	3.4%	66,343	18.3%	-
Other Judicial Council Grants	57,081	0.5%	-	0.0%	-
Non-Judicial Council Grants	-	0.0%	-	0.0%	-
Subtotal	419,098		66,343		-
<u>Other Financing Sources</u>					
Interest Income	22,335	0.2%	-	0.0%	-
Investment Income	-	0.0%	-	0.0%	-
Donations	-	0.0%	-	0.0%	-
Local Fees	100,137	1.0%	6,260	6.3%	-
Non-Fee Revenues	-	0.0%	-	0.0%	-
Enhanced Collections	318,540	3.0%	33,668	10.6%	-
Escheatment	-	0.0%	-	0.0%	-
Prior Year Revenue	(90,526)	-0.9%	-	0.0%	-
County Program - Restricted	106,122	1.0%	27,742	26.1%	-
Reimbursement Other	44,668	0.4%	-	0.0%	-
Sale of Fixed Assets	-	0.0%	-	0.0%	-
Other Miscellaneous	68	0.0%	-	0.0%	-
Subtotal	501,345		67,670		-
Total Revenues	\$ 10,524,433	100.0%	\$ 9,189,656	87.3%	\$ -

¹ Differences due to rounding

² 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	\$ 4,954,488	42.8%	\$ 25,873	0.5%	\$ -
Temp Help	-	0.0%	-	0.0%	-
Overtime	6,305	0.1%	59	0.9%	-
Staff Benefits ²	2,204,043	19.0%	4,735	0.2%	-
Subtotal	7,164,836		30,666		-
Operating Expenses and Equipment					
General Expense	297,400	2.6%	-	0.0%	-
Printing	9,555	0.1%	-	0.0%	-
Telecommunications	17,415	0.2%	-	0.0%	-
Postage	45,976	0.4%	-	0.0%	-
Insurance	10,048	0.1%	-	0.0%	-
In-State Travel	178	0.0%	-	0.0%	-
Out-of-State Travel	-	0.0%	-	0.0%	-
Training	3,259	0.0%	-	0.0%	-
Security Services ²	558,393	4.8%	195,928	35.1%	-
Facility Operations	376,212	3.2%	-	0.0%	-
Utilities	-	0.0%	-	0.0%	-
Contracted Services ²	2,449,817	21.2%	836,151	34.1%	-
Consulting and Professional Services	61,629	0.5%	-	0.0%	-
Information Technology	381,064	3.3%	-	0.0%	-
Major Equipment	164,485	1.4%	-	0.0%	-
Other Items of Expense	-	0.0%	-	0.0%	-
Subtotal	4,375,431		1,032,079		-
Special Items of Expense					
Grand Jury	354	0.0%	-	0.0%	-
Jury Costs	13,719	0.1%	-	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	22,595	0.2%	-	0.0%	-
Subtotal	36,669		-		-
Total Expenditures	\$ 11,576,935	100.0%	\$ 1,062,746	9.2%	\$ -

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	\$ 2,003,885	\$ 367,942	\$ -	\$ 2,371,827
Revenues	9,173,595	923,656	427,182	10,524,433
Expenditures	(10,176,120)	(913,728)	(487,087)	(11,576,935)
Tranfers In	-	7,879	59,905	67,784
Transfers Out	(67,784)	-	-	(67,784)
Ending Balance	<u>\$ 933,576</u>	<u>\$ 385,749</u>	<u>\$ -</u>	<u>\$ 1,319,325</u>
Errors Noted				
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

¹ Differences due to rounding

Findings and Recommendations

FINDING 1— Inconsistent application of access controls

During our review of electronic access controls over the Court’s accounting system, we found that the Court did not use the JCC-prescribed access request form to create, modify, and delete accounting system user accounts. The form standardizes access privileges across the court system.

For our audit, we requested the access request forms for two Court employees with employment changes. The Court provided email records between it and JCC accounting system security administrators documenting how the Court and the JCC coordinated the access changes for the employees. Based on the Court’s responses to our inquiries, it used alternative documentation for these access changes because staff members were not aware of the JCC access request form.

The courts are bound by JCC internal policies and an organizational structure designed to protect information assets. This centralized function helps courts to secure system data records and safeguard information and resources.

The JCC is responsible for administering system security. This responsibility includes educating the courts on security procedures, enforcing authorized system security practices consistent with JCC policy applicable to all courts, and minimizing vulnerabilities to sensitive information assets.

Policy Number FIN 1.03, section 6.3.3, “Internal Controls,” of the JCC’s FIN Manual (11th edition, June 2020) 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.
2. General computer and application controls are sometimes used to provide an automated and systematic way to address one or more of the above control activities. When this occurs, the general computer and application control must adhere to the policies and procedures outlined in this manual.

An effective system of internal controls includes various control activities to help mitigate significant risks.

Recommendation

We recommend that the Court coordinate with JCC system security personnel to arrange for updated information and training to process user access changes.

**FINDING 2—
Vendor contract
not executed**

During our testing of the Court's Contracted Services expenditure accounts, we requested supporting documentation of charges and service agreements for a sample of selected vendor transactions. We selected five transactions for court-appointed juvenile dependency legal services provided by the County of Kings (vendor) and found that they were not supported by a contract or other written agreement between the Court and the vendor.

The Court provided us with vendor invoices detailing the cases and billed legal costs to substantiate recorded charges. In reply to our request for contracts, the Court confirmed that it did not have a contract or agreement with the vendor in FY 2020-21 prior to receiving services.

The Court indicated that it began working on the contract in FY 2020-21, after the vendor provided services, and that the contract was executed for the following year, FY 2021-22. The Court provided us with a copy of the executed contract; its terms were not retroactive or post-dated for FY 2020-21, and it became effective for FY 2021-22 on July 1, 2021. We noted that the contract does not specify billing rates; however, other elements of the contract appear consistent with JCC policy.

Formal agreements are essential to ensure that the contracting process follows policy guidelines and creates a standard of documentation throughout the Judicial Branch.

Policy Number FIN 7.01, section 3.0, "Policy Statement," of the FIN Manual states:

The trial court must execute a written contract when entering into agreements for services or complex procurements of goods. It is the responsibility of every court employee authorized to commit trial court resources to apply contract principles and procedures that protect the interests of the court.

Policy Number FIN 7.01, section 6.5, "Contract Execution," of the FIN Manual states:

1. Trial court contractual agreements must only be executed by authorized court employees acting within the scope and authorization level (dollar amount) of their official duties.
2. The trial court should not allow any contractor to begin work without a fully executed (signed by both parties) contract. In addition, the contractor should provide all applicable insurance and bonding documentation to the court before beginning work.
3. The trial court's files must contain an *original or electronic* (refer to Policy No. FIN 2.01, section 6.4[2]), *fully executed copy of every contract* it enters into, including any amendments.
4. Contract files must be retained according to the requirements established in Policy No. FIN 12.01 Record Retention.

Section 9.1.A, “Payment Fundamentals,” of the *Judicial Branch Contracting Manual* (revised effective October 1, 2020) states:

Payments should not be processed or released by a JBE [Judicial Branch Entity] to a Vendor for any goods or services unless the JBE possesses all of the following:

- A properly authorized contract;
- Documentation verifying [that] the goods/services were satisfactorily received and/or performed; and
- An accurate, properly submitted Vendor invoice.

Recommendation

We recommend that the Court establish contractual agreements with vendors before services are provided and before payments are disbursed. We further recommend that the Court follow JCC contracting and payment policies to ensure that rates are stipulated, and review its procurement files periodically to ensure that service arrangements are current and appropriately substantiated.

FINDING 3— Delegation of approval for Court Executive Officer

During our testing of expenditure transactions, we found two vendor agreements and 15 vendor payments approved by the Court Executive Officer for amounts that exceeded the approval limits in the Court’s authorized Delegation of Authority. The Court was not able to provide documentation showing that the Presiding Judge reviewed or approved the agreements and payments.

For transactions occurring during the audit period, the Court provided a Delegation of Authority, signed by the Presiding Judge, effective January 1, 2018, and an updated Delegation of Authority, effective January 1, 2020. The Delegation was updated for personnel changes only; dollar limits were not changed.

The Delegation of Authority is required by the CRC rule 10.603(c)(6)(D), which establishes authorization limits for procurement, contract, expenditure, and allocation of funds and is signed by the Presiding Judge. Amounts above \$50,000 must be approved by the Presiding Judge. Amounts between \$15,000 and \$50,000 may be approved by the Court Executive Officer with review by and initials of the Presiding Judge. Amounts between \$10,001 and \$24,999 may be approved by the Court Executive Officer with review only by the Presiding Judge. Amounts of up to \$10,000 may be approved solely by the Court Executive Officer.

The two vendor contracts that exceeded the Court Executive Officer’s approval limit were for \$184,236 and \$1,186,071.

The following table lists, by vendor, the individual transactions that exceeded the Court Executive Officer’s approval limit:

Transaction	Vendor A	Vendor B	Vendor C	Vendor D	Vendor E
1	\$ 34,268	\$ 49,729	\$ 125,512	\$ 27,484	\$ 10,815
2	33,178	46,252	114,154	25,252	
3	32,145		114,100	21,869	
4			100,674	16,970	
5				15,654	
Total	<u>\$ 99,591</u>	<u>\$ 95,981</u>	<u>\$ 454,441</u>	<u>\$ 107,229</u>	<u>\$ 10,815</u>

Vendor identities are not disclosed.

The two vendor agreements and 15 vendor payments identified in this finding represent valid purchases; they have no monetary impact on account entries and no effect on the financial statements. However, missing contracts and agreements, and improper or unauthorized payments, may expose the Court and the JCC to risks of inadequate vendor performance, monetary loss, and liabilities.

CRC rule 10.603(c)(6)(D) (Revised October 1, 2021) provides that presiding judges must:

Approve procurements, contracts, expenditures, and the allocation of funds in a manner that promotes the implementation of state and local budget priorities and that ensures equal access to justice and the ability of the court to carry out its functions effectively. In a court with an executive officer, the presiding judge may delegate these duties to the court executive officer, but the presiding judge must ensure that the court executive officer performs such delegated duties consistent with the court’s established budget.

CRC rule 10.603(d), “Delegation,” states:

The presiding judge may delegate any of the specific duties listed in this rule to another judge. Except for the duties listed in (c)(5)(B) and (c)(6)(C), the presiding judge may delegate to the court executive officer any of the duties listed in this rule that do not require the exercise of judicial authority. The presiding judge remains responsible for all duties listed in this rule even if he or she has delegated particular tasks to someone else.

Item 3 of Policy Number FIN 8.01, section 6.2.1, “Routing of Vendor Invoices,” of the FIN Manual states, “The court executive officer or an authorized representative must approve all invoices for payment.”

Policy Number FIN 8.01, section 6.2.3, “Payment Authorization,” of the FIN Manual states:

1. The trial court shall establish and maintain an authorization matrix that lists employees who are permitted to commit court resources and approve invoices for payment.
2. The authorization matrix shall list the dollar limits and scope of

authority of each authorized employee. For example, only certain court officials will be allowed to approve transactions such as the acquisition of fixed assets, hiring of consultants, etc. The authorization matrix should indicate such conditions.

3. The authorization matrix shall be updated on an annual basis or as required by changes in personnel.
4. Copies of the authorization matrix shall be provided to the trial court accounts payable department and to the accounts payable department of the outside accounting service provider.

Recommendation

We recommend that the Court ensure the adequacy of its internal control by obtaining and documenting appropriate review and approval from the Presiding Judge for procurements, contracts, expenditures, and allocation of funds that exceed thresholds assigned under the Delegation of Authority. The Court should match authorization levels with its operating needs and consider revising authority levels, if necessary.

**Attachment—
Superior Court's Comments
Regarding the Audit Results**



Superior Court of the State of California
County of Kings

Nocona Soboleski
Court Executive Officer
and
Clerk of the Court

May 3, 2023

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

RE: Response to Draft Audit Report Issued on April 19, 2023

Please find below the responses from Superior Court of California, County of Kings in regards to the audit completed by the California State Controller for the period of July 1, 2020 through June 30, 2021.

FINDING 1 – The Court agrees with this finding. The Court would like to add that when the emails were sent to the JCC security administrators for employment changes, they were not notified of the JCC access request form. The changes were completed by the JCC without this required form. The Court will be sure to use the required form for any employment changes going forward.

FINDING 2 – The Court agrees with this finding. The Court will be sure to follow JCC contracting and payment policies as recommended.

FINDING 3 – The Court agrees with this finding. During the audit period, there was a different Court Executive Officer. The current Court Executive Officer has ensured that the Court follows the Delegation of Authority.

Thank you,

A handwritten signature in blue ink that reads 'Nocona Soboleski'.

Nocona Soboleski
Court Executive Officer

**State Controller's Office
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