

# JUDICIAL COUNCIL OF CALIFORNIA

Audit Report

## FISCAL COMPLIANCE AUDIT

*July 1, 2021, through June 30, 2022*



MALIA M. COHEN  
California State Controller

May 2024



MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

May 14, 2024

The Honorable Patricia Guerrero, Chief Justice  
Judicial Council of California  
455 Golden Gate Avenue  
San Francisco, CA 94102

Dear Chief Justice Guerrero:

The State Controller's Office audited the revenues, expenditures, and fund balances of the Judicial Council of California (JCC). We conducted this audit to assess the JCC's compliance with governing statutes, rules, regulations, and policies for all significant funds under the jurisdiction of the JCC for the period of July 1, 2021 through June 30, 2022.

Our audit found that the JCC complied with statutes, rules, regulations, and policies for revenues, expenditures, and fund balances.

This report is for your information and use. We appreciate the JCC's willingness to implement corrective actions for the findings contained in our prior audit report dated January 20, 2022. This report will be posted on our website.

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

Sincerely,

*Original signed by*

Kimberly A. Tarvin, CPA  
Chief, Division of Audits

KAT/ac

Chief Justice Patricia Guerrero  
May 14, 2024  
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Copy: Shelley Curran, Administrative Director  
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# Audit Report

## Summary

The State Controller's Office (SCO) audited the revenues, expenditures, and fund balances of the Judicial Council of California (JCC). We conducted this audit to determine the JCC's compliance with governing statutes, rules, regulations, and policies for all material and significant funds under the JCC's jurisdiction.

We found that the JCC complied with statutes, rules, regulations, and policies for revenues, expenditures, and fund balances for the period of July 1, 2021, through June 30, 2022.

## Background

The JCC sets policies and priorities for California's judicial branch of government, which includes superior courts in 58 counties, six state appellate courts, the Habeas Corpus Resource Center, and the California Supreme Court. Led by the Chief Justice of California and in accordance with the California Constitution, the JCC is responsible for ensuring the consistent, independent, impartial, and accessible administration of justice.

The JCC's non-judicial staff, led by the JCC's Administrative Director, provide accounting, auditing, budgeting, contracting, human resources, procurement, and information technology services. These non-judicial staff members are also responsible for facilitating court construction, issuing and renewing court interpreter licenses, providing training and education services to new judicial officers, and performing budgeting and administrative services for the courts.

## Audit Authority

We conducted this audit at the request of the JCC, in accordance with an interagency agreement between the SCO and the JCC, and with Government Code sections 77206(i)(1) and (j). In addition, Government Code 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.

## Objectives, Scope, and Methodology

Our audit objectives were to determine the JCC's compliance with governing statutes, rules, regulations, and policies relating to revenues, expenditures, and fund balances for all material and significant funds under the administration, jurisdiction, or control of the JCC for the period of July 1, 2021, through June 30, 2022.

To achieve the objectives, we determined whether:

- Revenues and expenditures were accurately recorded, properly supported, and complied with applicable laws, regulations, and policies.
- Fund balances were accurately recorded, contained sufficient documentation, and complied with applicable laws, regulations, and policies.

To accomplish our objectives, we performed the following procedures.

### **Audit Planning**

To plan the audit, we performed general preliminary procedures, evaluated internal controls, and assessed the reliability of data significant to our audit objectives.

#### ***General preliminary procedures***

- We reviewed the *Judicial Council Governance Policies*, the Budget Act, the Manual of State Funds, Government Code, the California Rules of Court, and relevant internal policies and procedures to identify compliance requirements applicable to JCC for material and significant revenues, expenditures, and fund balances.
- We followed up on the status of prior findings identified in our prior audit report, issued on January 20, 2022.

#### ***Internal control evaluation***

- We reviewed current policies and procedures, organization charts, and the JCC's website.
- We interviewed key JCC employees to gain an understanding of the internal control system.
- We determined which controls were significant to the audit objectives.
- We assessed whether key internal controls, such as reviews and approvals, reconciliations, and segregation of duties were properly designed, implemented, and operating effectively.
- We determined the effect of the identified internal control weaknesses on the audit objectives.

#### ***Data reliability assessment***

- We identified the information systems used to process and account for revenues, expenditures, and fund balance transactions.
- We interviewed staff members and reviewed policies and procedures regarding security, data entry, processing, and reporting to gain an understanding of the information technology systems and the data significant to the audit objectives.
- We compared the data to other sources to determine the completeness and accuracy of the data in the FI\$Cal financial system.
- We evaluated electronic access controls over the FI\$Cal financial system.
- We determined that the system data was sufficiently reliable for conducting the audit.

### **Fieldwork Substantive Testing**

Based on the results of our planning procedures and assessments, we designed substantive test procedures to address specific audit objectives.

***Audit Objective 1***

Determine whether revenues and expenditures are consistent with governing statutes, rules, regulations, and the policies and procedures of the JCC and the *State Administrative Manual*; properly supported by documentation; and recorded accurately in the accounting records. We performed the following procedures:

- We identified the total revenue and expenditure amounts recorded in each fund under the JCC's administration, jurisdiction, or control.
- We determined which funds were significant (i.e., funds with revenue and expenditure account totals in excess of 2% of aggregated total revenues and expenditures within the fund).
- We selected representative samples of transactions to test from the significant revenue and expenditure accounts. We selected non-statistical samples on a judgmental basis and did not project the results of testing to the intended (total) population.
- We examined the sampled transactions to verify that revenue and expenditure amounts were accounted for in accordance with Government Code, were properly supported with adequate documentation, and were accurately reported in the accounting records.

***Audit Objective 2***

Determine whether fund balances are recorded on the Legal/Budgetary basis of accounting and maintained in accordance with fund accounting principles. We performed the following procedures:

- We judgmentally selected a sample of funds with fund balances over \$100 million, as of June 30, 2022, or with balances that fluctuated by more than 25% from the prior period.
- We recalculated the sampled fund balances to verify that reported amounts were accurate.
- We considered the results of revenue and expenditure testing to assess whether transactions were reported on the Legal/Budgetary basis of accounting and recorded in accordance with fund accounting principles.

We limited our audit to evaluating the compliance of revenues, expenditures, and fund balances for material and significant funds under the JCC's administration, jurisdiction, or control. We did not audit the accounting records of the Supreme Court, the appellate courts, or the Habeas Corpus Resource Center, as the review and approval authority for these transactions remains with those entities.

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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**Conclusion**

We found that the JCC complied with statutes, rules, regulations, and policies for revenues, expenditures, and fund balances for the period of July 1, 2021 through June 30, 2022.

**Follow-up on  
Prior Audit  
Findings**

The JCC has satisfactorily resolved the findings noted in our prior audit report for the period of July 1, 2019, through June 30, 2020, issued on January 20, 2022.

**Views of  
Responsible  
Officials**

We discussed our audit results with the JCC's representatives during an exit conference conducted on January 30, 2024. At the exit conference, the JCC's representatives agreed with the audit results.

**Restricted Use**

This report is solely for the information and use of the JCC, the California State Legislature, the Department of Finance, 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 distribution of this report, which is a matter of public record and is available on the SCO website at [www.sco.ca.gov](http://www.sco.ca.gov).

*Original signed by*

Kimberly A. Tarvin, CPA  
Chief, Division of Audits

Sacramento, California

May 14, 2024



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## Appendix— Status of Prior Audit Findings

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The following table shows the implementation status of the Judicial Council of California's corrective actions related to the findings contained in our prior audit report dated January 20, 2022.

<b>Prior Audit Finding Number</b>	<b>Prior Audit Finding Title</b>	<b>Status</b>
1	Misstated year-end fund financial reporting	Fully implemented
2	Account coding error	Fully implemented
3	Deficiency in collection of outstanding employee accounts receivable (repeat finding)	Fully implemented

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