

The California State Auditor released the following report today:

Judicial Branch Procurement

Six Superior Courts Generally Complied With the Judicial Branch Contracting Law, but They Could Improve Some Policies and Practices

BACKGROUND

Comprised of the superior—or trial—courts in each of the State's 58 counties, appellate courts, and administrative and policy entities, including the Habeas Corpus Resource Center, the Judicial Council, and the Administrative Office of the Courts (AOC), California's judicial branch is a separate and independent branch of state government. Although the State's Public Contract Code generally governs contracting and purchasing practices for state entities, those requirements did not apply to the judicial branch. However, in March 2011, the State enacted the California Judicial Branch Contract Law (judicial contract law) that requires judicial branch entities to follow procurement and contracting policies that are consistent with the Public Contract Code and that are similar to other requirements state entities must follow.

KEY FINDINGS

During our review of the implementation of the judicial contract law at six trial courts—the superior courts of Napa, Orange, Sacramento, Stanislaus, Sutter, and Yolo counties—we noted the following:

- The *Judicial Branch Contracting Manual* (judicial contracting manual) is inconsistent with the Public Contract Code because it did not include a preference for small businesses bidding on information technology procurements.
- The AOC's semiannual report was incomplete and inaccurate for the reporting period January 1 through June 30, 2012—AOC excluded certain transactions from the report and also made a number of errors in the report such as including inaccurate data on the amounts courts paid for goods and services.
- Each of the six superior courts we visited generally demonstrated good internal controls and compliance with state procurement requirements. However, they all lack policies related to state programs targeting specific types of businesses. None of the six courts had procedures to implement the State's small business preferences for information technology procurements, and most lack policies related to the Disabled Veteran Business Enterprise (DVBE) program.
- Some of the courts had isolated instances of noncompliance with their contracting practices such as having no justification for using sole-source contracts or not advertising for competitive bids.

KEY RECOMMENDATIONS

We made several recommendations to the six courts we visited such as developing policies to implement the DVBE program. We also recommended that two courts ensure that managers do not sign transactions above their approved dollar limits. To the AOC, we recommended that it include all relevant procurement transactions in its semiannual report and to ensure that its processes for developing the semiannual report provide accurate information.