



Judicial Branch Procurement

Courts Generally Met Procurement Requirements, but Some Need to Improve Their Payment Practices

Background

California's judicial branch—which includes the State's Supreme Court; courts of appeal; county superior courts; and administrative and policy entities, including the Judicial Council of California (Judicial Council)—is a separate and independent branch of state government. In 2011 the California Judicial Branch Contract Law went into effect and requires judicial branch entities to follow procurement and contracting policies for goods and services that are consistent with the Public Contract Code and substantially similar to other state requirements. The law requires the Judicial Council to create a contracting manual for all judicial branch entities, such as superior courts, and for these entities to adopt local contracting manuals. We reviewed five superior courts' practices related to contracts, payments, and purchase card transactions for fiscal year 2019–20.

Key Findings

- Although the courts we reviewed generally used purchase cards appropriately, three courts did not always follow required or recommended practices designed to ensure that payments are appropriate and to minimize the risk of making improper payments.
 - » The Alameda superior court allowed staff to disregard their authorization limits when approving invoices—nine employees approved 13 invoices that exceeded their limits by amounts ranging from \$1,300 to more than \$317,000—and the Orange court made one payment for more than \$160,000 without seeking the executive approval its high-value payments typically required.
 - » The Lake court did not always fully separate payment duties to ensure that no one person could initiate or conceal errors or irregularities—in more than half of the payments we reviewed, the same person approved invoices and posted payments in the court's accounting system.
- Four courts did not consistently notify the State Auditor about high-value contracts, as required by law—the Alameda court did not report four contracts, together worth approximately \$20 million, and the Contra Costa, Orange, and San Bernardino courts did not do so for five contracts worth nearly \$19 million combined.
- Although all five courts met the requirements for local contracting manuals, two did not include certain information recommended by the judicial branch contracting manual—the Alameda court did not have a legal review policy, and neither the Alameda nor the Lake courts included a plan for administering contracts.

Key Recommendations

We recommend that the courts take the following action:

- Follow required and recommended practices for approving invoices and separating payment duties to ensure that payments are appropriate and reduce the risk of improper payments.
- Promptly notify the State Auditor when courts enter into high-value contracts, as required by law.
- Ensure that staff members have sufficient guidance about appropriate contracting practices and include in their local contracting manuals information that the judicial branch contracting manual recommends.