

The California State Auditor released the following report today:

Judicial Branch Procurement

Semiannual Reports to the Legislature Are of Limited Usefulness, Information Systems Have Weak Controls, and Certain Improvements in Procurement Practices Are Needed

BACKGROUND

Comprised of the Supreme Court, courts of appeal, superior—or trial—courts in each of the State's 58 counties, and administrative and policy entities, including the Habeas Corpus Resource Center, the Judicial Council of California, and the Administrative Office of the Courts (AOC), California's judicial branch is a separate and independent branch of state government. In March 2011, the State enacted the California Judicial Branch Contract Law (judicial contract law) that requires judicial branch entities (judicial entities) to follow procurement and contracting policies that are consistent with the California Public Contract Code and substantially similar to other state requirements.

KEY FINDINGS

During our review of the implementation of the judicial contract law at the AOC and eight other judicial entities, we noted the following:

- Shortcomings in the AOC's semiannual reports have limited their usefulness to decision makers.
 - ✓ About 97 percent of the 795-page report is individual payment transactions, contracts, and contract amendments.
 - ✓ The report does not show an original contract that was amended or any other amendments related to the same contract that occurred outside of the six-month reporting period.
 - ✓ The report is not in an easy-to-use, electronic format and does not contain other helpful information such as whether the contract was competitively bid.
- The AOC and several superior courts have weak controls over their information systems.
 - ✓ Some of the AOC's plans over their information systems were either nonexistent, or in one case, the plan had not been updated since 1997. Similarly, some of the superior courts' plans date back to 2003.
 - ✓ The data from the applications the AOC and superior courts currently use to perform their day-to-day operations is not sufficiently reliable and could lead to incorrect or improper conclusions.
- Four of the eight judicial entities we reviewed did not competitively procure goods or services totaling approximately \$154,000 in five of the 15 instances we reviewed and, when a competitive process was used, AOC did not always follow its requirements when evaluating bids it received from vendors.
- The AOC and the judicial entities did not consistently document their justification for procuring goods or services when using a noncompetitive process—sole-source procurements. Entities failed to properly document nearly a third of the sole-source procurements we reviewed.
- Although the AOC generally followed internal controls when processing procurement payments, the contracting manual for the judicial branch needs to be updated to address a concern we raised in a March 2013 report and for other recent revisions to the *State Contracting Manual*.

KEY RECOMMENDATIONS

We recommended the Legislature require the AOC make the reports available in an electronic format that facilitates usability, and that it require the AOC to include historical information of contracts amended during the reporting period as well as information about whether the contracts are competitively bid. Further, we recommended that AOC track other information to include in its reports such as whether a contract was with a Disabled Veteran Business Enterprise. Additionally, the AOC should implement best practices related to strengthening and continuously monitoring the effectiveness of the controls over its and certain superior courts' information systems. Other recommendations we made were aimed at improving the AOC's procurement practices and the contracting manual.