

The California State Auditor released the following report today:

Judicial Branch Procurement

Five Superior Courts Did Not Consistently Follow Judicial Branch Contracting Practices

BACKGROUND

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

KEY FINDINGS

During our review of the contracting practices at the superior courts of five counties—Alameda, Butte, San Luis Obispo, Fresno, and Yuba—we noted the following:

- We reviewed 12 contracts at each of the five courts and found that all five courts did not follow requirements for noncompetitive purchases.
 - ✓ We identified concerns in nine of the contracts we tested in the Alameda court, such as renewing contracts rather than seeking competitive bids or failing to justify using a noncompetitive process (sole-source).
 - ✓ The Butte court did not properly or fully document its justifications when it did not use a competitive process when it entered into three of the contracts we reviewed, while the San Luis Obispo court did not follow requirements for four of the contracts we tested.
 - ✓ Similarly, the Fresno court did not always use appropriate sole-source justification and solicitation methods for four of the contracts we reviewed—the value of the purchases ranged from \$8,000 to nearly \$470,000.
 - ✓ While the procurement controls and practices at the Yuba court were generally adequate, it did not document its reasons for not obtaining competitive bids for one of the contracts we reviewed.
- We examined 18 payments in each of the five courts and found that three of them made procurement payments without proper authorization.
 - ✓ The Alameda court did not properly authorize any of the 18 payments we tested—including nine that had no authorization. Further, the court made six purchases with its state credit card that exceeded the \$1,500 per transaction limit.
 - ✓ The Fresno court did not properly authorize seven of the payments we tested—an assistant court executive officer approved payments above the amount the court's policy allows her to approve. Likewise, the fiscal officer in the Yuba court approved two payments that exceeded her authorized approval level.
- Three courts did not have procedures for implementing the State's Disabled Veteran Business Enterprise (DVBE) program and four courts lacked procedures for the small business preference for competitive information technology procurements. However, two of the courts adopted a procedure to address this when we brought it to their attention.

KEY RECOMMENDATIONS

We made numerous recommendations to the courts to improve their payment and procurement practices to ensure that they comply with applicable procurement requirements, including recommendations that courts do the following:

- Use the appropriate solicitation method for their procurements and maintain proper documentation to justify decisions to enter into noncompetitive procurements, including sole-source contracts.
- Ensure appropriate staff sign and authorize payments prior to processing the payments and that staff does not approve payments for amounts greater than their authorized limits.
- Adopt procedures to implement the State's DVBE program and the small business preference for information technology procurements.