



November 12, 2009

Ms. Michele Meadows  
Assistant Director of Operations  
Office of Traffic Safety  
2208 Kausen Drive, Suite 300  
Elk Grove, CA 95758

Dear Ms. Meadows:

**Final Report—Judicial Council of California, Office of Traffic Safety Grant Audit**

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its audit of the Judicial Council of California's (Judicial Council) grant agreement AL0717 for the period October 1, 2006 through December 31, 2008.

The audit was performed under an interagency agreement between Finance and the Office of Traffic Safety (OTS). The objective of our audit was to determine whether the Judicial Council complied with applicable laws, regulations, and grant requirements.

The enclosed report is for your information and use. The Judicial Council's response to the report findings and our evaluation of the response are incorporated into this final report.

In accordance with Finance's policy of increased transparency, the final report will be placed on our website. Additionally, pursuant to the Executive Order S-20-09, please post this report in its entirety to the Reporting Government Transparency Website at <http://www.reportingtransparency.ca.gov/> within five working days of this transmittal. We appreciate the assistance and cooperation of the Judicial Council. If you have any questions regarding this report, please contact Kimberly Tarvin, Manager, or John Rogers, Supervisor, at (916) 322-2985.

Sincerely,

***Original signed by:***

David Botelho, CPA  
Chief, Office of State Audits and Evaluations

Enclosure

cc: Ms. Charlene Depner, Assistant Director, Center for Families, Children & the Courts,  
Judicial Council of California  
Ms. Deborah Hrepich, Associate Accounting Analyst, Office of Traffic Safety  
Ms. Nancy Taylor, Manager, Center for Families, Children & the Courts, Judicial Council of  
California  
Mr. Paul Fontaine, Supervising Accountant, Judicial Council of California

A GRANT AUDIT

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Judicial Council of California  
Administrative Office of the Courts  
Center for Families, Children & the Courts

Grant Agreement AL0717

Prepared By:  
Office of State Audits and Evaluations  
Department of Finance

## **MEMBERS OF THE TEAM**

Kimberly Tarvin, CPA  
Manager

John Rogers, CPA  
Supervisor

Staff  
Patty Roth  
Andrea Corona

Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

Department of Finance  
Office of State Audits and Evaluations  
300 Capitol Mall, Suite 801  
Sacramento, CA 95814  
(916) 322-2985

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## BACKGROUND

The Business, Transportation, and Housing Agency's Office of Traffic Safety (OTS) is charged with the responsibility of obtaining and distributing federal funds in an effort to carry out the direction of the National Highway Safety Act. The federal funds are designed to mitigate traffic safety problems as defined by the Highway Safety Plan. Currently, there are eight program priority areas earmarked for grant funding: Alcohol and Other Drugs, Occupant Protection, Pedestrian and Bicycle Safety, Emergency Medical Services, Traffic Records, Roadway Safety, Motorcycle Safety, and Police Traffic Services. The OTS allocates funds to other government agencies to implement these programs via grant awards.

The Judicial Council of California (Judicial Council) is the policy-making body for the state's judicial system and is responsible for ensuring consistent, independent, impartial, and accessible administration of justice. The Judicial Council received an OTS grant to administer the DUI Courts, Sentencing, and "Courage to Live" in California Middle and High Schools program. The goal of the program was to increase teen awareness of the risks of driving under the influence (DUI) by conducting live DUI court proceedings, sentencing, and the educational presentation "Courage to Live." The program allowed students the opportunity to see the consequences of DUI to individual drivers, crash victims, and their local community.

## SCOPE

In accordance with our interagency agreement, the Department of Finance, Office of State Audits and Evaluations, conducted a compliance audit of the Judicial Council's grant listed below:

<u>Grant Agreement</u>	<u>Audit Period</u>	<u>Awarded</u>
AL0717	October 1, 2006 through December 31, 2008	\$1,465,225

The audit objective was to determine whether the Judicial Council's grant expenditures claimed were in compliance with applicable laws, regulations, and grant requirements. In order to design adequate procedures to evaluate fiscal compliance, we obtained an understanding of the relevant internal controls. We did not assess the efficiency or effectiveness of program operations.

The Judicial Council is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. The OTS is responsible for evaluating the efficiency and effectiveness of program operations.

## METHODOLOGY

To determine whether grant expenditures were in compliance with applicable laws, regulations and the grant requirements, we performed the following procedures:

- Interviewed key personnel.
- Obtained an understanding of the grant-related internal controls.
- Examined the grant files.
- Reviewed the Judicial Council's accounting records.
- Determined whether a sample of expenditures were:
  - Allowable
  - Grant related
  - Incurred within the grant period
  - Supported by accounting records
  - Properly recorded
  - Not double billed to other OTS grants
- Evaluated whether the goals and objectives required by the grant agreement were met.

The results of the audit are based on our review of documentation and other information made available to us, and interviews with Judicial Council staff. The audit was conducted from January 2009 through April 2009.

We conducted our audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and recommendations based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our observations and recommendations.

Except as noted below, the Judicial Council's grant expenditures were in compliance with applicable laws, regulations, and the grant requirements. The claimed, audited, and questioned amounts are presented in Table 1. Additionally, two observations were identified as reported below:

**Table 1: Schedule of Claimed, Audited, and Questioned Amounts**

<b>Grant Agreement AL0717</b>			
<b>For the Period October 1, 2006 to December 31, 2008</b>			
<b>Categories</b>	<b>Claimed</b>	<b>Audited</b>	<b>Questioned</b>
Personnel	\$ 801,703	\$ 797,542	\$ 4,161
Travel Expenses	31,739	31,450	289
Contractual Services	279,250	279,250	0
Other Direct Costs	101,242	101,290	(48)
Indirect Costs	58,170	57,862	308
Total Expenditures	\$1,272,104	\$1,267,394	\$ 4,710

**OBSERVATION 1: Judicial Council Claimed \$4,710 in Ineligible Costs**

The Judicial Council claimed ineligible Personnel, Travel, and Indirect Costs, but did not claim eligible Other Direct Costs as follows:

- Personnel costs of \$4,161 were over claimed due to the following:
  - Salaries and benefits of \$2,998 were claimed for leave hours used which exceeded the leave hours earned during the grant period.
  - Adjusting entries of \$1,163 to the salaries and benefits occurred after the last Grant Claim Invoice (Invoice) was submitted to OTS.
- Travel costs of \$289 were over claimed due to an adjusting entry for a travel refund that occurred after the last Invoice was submitted to OTS.
- Other Direct Costs of \$48 were eligible but not claimed. We allowed these costs to offset the other questioned costs.
- Ineligible Indirect Costs of \$308 were calculated based on ten percent of the questioned salary costs. The grant agreement requires the indirect costs to be calculated as ten percent of the salaries.

Section 2.3 of the OTS Grant Manual states costs must be net of all applicable credits. Additionally, Section 2.5.1 states costs for authorized absences are only reimbursable up to the amount earned during the term of the grant.

*Recommendation:* The Judicial Council should reimburse OTS \$4,710. For future grants, the Judicial Council should implement procedures to ensure adjustments are recorded prior to submitting the final claim and costs are claimed only for leave time up to the amount earned during the grant period.

**OBSERVATION 2: Judicial Council Did Not Fully Meet the Grant Objectives**

As indicated below in Table 2, the Judicial Council did not fully meet Grant Objectives 9 as required by the grant agreement. Failure to meet the goals and objectives may result in withholding or disallowance of grant reimbursements, the reduction or termination of grant funding, or denial of future grant funding.

**Table 2: Schedule of Objectives Not Fully Met**

Objective	Description	Results	Not Met	Partially Met
9	To conduct 300 DUI Court in Schools, Courage to Live, and/or DUI Sentencing programs in high schools and/or middle schools by September 30, 2008.	Judicial Council reported that 119 schools received live programs during the grant period. Other schools received broadcast programs or DVDs. However, the grant agreement required 300 live programs. Furthermore, if representatives from multiple schools attended an event, Judicial Council counted each school represented as a separate program. For example, for one event attendees were from 37 different jurisdictions. This event was counted as 37 programs. As a result, the actual number of live programs held is significantly less than the 119 reported. Furthermore, documentation, such as sign-in sheets, for some of the programs held was unavailable for review.		✓

*Recommendation:* For future grants, Judicial Council should implement procedures to effectively plan the grant activities so the goals and objectives are met. Additionally, Judicial Council should ensure adequate supporting documentation is retained to demonstrate the required goals and objectives were met.





# Judicial Council of California

ADMINISTRATIVE OFFICE OF THE COURTS

CENTER FOR FAMILIES, CHILDREN & THE COURTS

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RONALD M. GEORGE  
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RONALD G. OVERHOLT  
*Chief Deputy Director*

DIANE NUNN  
*Director, Center for Families,  
Children & the Courts*

September 25, 2009

Mr. David Botelho, CPA  
Chief, Office of State Audits and Evaluations  
Department of Finance  
300 Capitol Mall, Suite 801  
Sacramento, California 95814

Dear Mr. Botelho:

Enclosed is our response to the draft audit report regarding the Office of Traffic Safety Grant AL0717 that we received from your office on September 15, 2009. Your letter indicated that we had 10 business days from receipt of that letter to respond. We are also sending an electronic copy of our response to Ms. Kimberly Tarvin, Manager, and Mr. John Rogers, Supervisor, as your letter stated that they are the identified contact persons for your office.

Thank you for the opportunity to provide a response to the audit findings. If you have further questions, please contact Nancy Taylor, Manager, at [nancy.taylor@jud.ca.gov](mailto:nancy.taylor@jud.ca.gov) or 415-865-7607, or Francine Byrne, Supervisor, at [francine.byrne@jud.ca.gov](mailto:francine.byrne@jud.ca.gov) or 415-865-8069.

Very truly yours,

Original signed by:

Charlene Depner  
Assistant Director  
Center for Families, Children & the Courts

CD/NT/kr  
Enclosures

Mr. David Botelho  
September 25, 2009  
Page 2

cc: Diane Nunn, Director, AOC Center for Families, Children & the Courts  
Pat Haggerty, Assistant Director, AOC Finance Division  
Ralph Baird, Manager, AOC Finance Division  
Nancy Taylor, Manager, AOC Center for Families, Children & the Courts  
Francine Byrne, Supervisor, AOC Center for Families, Children & the Courts  
Paul Fontaine, Supervisor, AOC Finance Division

## **Response From Judicial Council, Administrative Office of the Courts, Center for Families, Children & the Courts**

**Prepared by Nancy Taylor, Manager**

### **Response to Observation 1: Judicial Council Claimed \$4,710 in Ineligible Costs**

The Judicial Council's Administrative Office of the Courts (AOC) agrees to reimburse the Office of Traffic Safety (OTS) for the \$4,710 in Ineligible Costs identified.

### **Response to Observation 2: Judicial Council Did Not Fully Meet the Grant Objectives**

Departures from the grant agreement occurred due to unforeseeable problems, all of which were brought to the attention of OTS in communications with OTS grant administrators, through quarterly reports, and during the 2007 grant performance review conducted by OTS. The areas addressed were as follows:

- Timelines affected by the State Budget crisis, delaying project start-up and the ability of courts and schools to embark on a new project; and
- Timelines, deliverables, and work products revised in consultation with OTS.

OTS was informed of the delay in the production of the "How To" manual, reviewed the manual and the revised evaluation plan, and reviewed and approved funding for modified procedures.

#### **Timelines Affected by State Budget Crisis**

Start-up delays resulted from the State Budget process and internal hiring freeze/hiring review exemption processes at the AOC. These delays, related to agency budget constraints throughout the grant period, began at the start of the grant period. As a result, the project was not fully staffed until March 2007, which delayed preparation of the "How To" manual and implementation of the program in courts and schools.

OTS was informed of these schedule changes through regular quarterly reports. A grant performance review conducted by OTS staff on November 27, 2007, reflected that delays had occurred because of internal processes taking longer than expected and the challenges associated with implementing a new program. The December 14, 2007, report from this OTS review specifically indicated that staff was doing a great job in meeting objectives.

Although page 1 of the grant agreement shows an end date of September 30, the program implementation date in phase two of the grant description in the initial grant agreement is December 31. This was referenced in the grant performance review, as was the request by AOC staff for a no-cost extension through December 31, 2008, to allow evaluation and completion of objectives in recognition of the unavoidable start-up delays.

Also as noted in the December 14, 2007, OTS grant performance review report, this was a new statewide program for both courts and schools. At the beginning of the grant period, only four court jurisdictions had the DUI Court in Schools or Courage to Live Programs. The program was also being initiated during the most severe budget crisis in the state since the Great Depression. The fiscal constraints facing both courts and schools during this period further affected their readiness to embark on a new program, slowing implementation.

At least two full school terms were needed for implementation using traditional delivery methods. However, the grant period began after the start of the school term and staffing was further delayed by the hiring freeze/exemption process. As a result, objectives originally designed for two school terms had to be completed in only one term. In discussion with OTS, project deliverables and deadlines were adjusted to adapt to the shortened timeline of the project.

### **Timelines, Deliverables, and Work Products Revised**

The Office of Traffic Safety was provided a copy of the "How To" manual and afforded the opportunity to provide feedback during development of the manual. OTS was also provided a full report on and description of the evaluation plan prepared April 29, 2008, including the use of the retrospective pretest survey method in lieu of traditional pretests and posttests, as part of the quarterly report for April–June 2008. OTS did not recommend any changes to the evaluation plan or the manual. Documentation methods for programs were provided to OTS as part of the quarterly reports and as needed in response to requests from OTS staff.

Events were documented using several methods, depending on the type of event. Documentation included sign-in or registration sheets for schools participating in broadcast or aggregate events, copies of agendas and sign-in sheets for events at schools coordinated by AOC staff, electronic tracking of numbers of Webcast viewings, and reports from grantee courts that included dates and locations of scheduled events. Spreadsheets were maintained regarding schools and courts contacted, event schedules and types, court/school contact information, and requests for DVDs or educational materials. Over the course of the grant period, OTS staff reviewed the documentation and requested some modifications, which were implemented. A separate set of documentation was maintained by the evaluator regarding the numbers of surveys distributed and completed. Since the grant did not require a specific number of participants in the program, participant sign-in sheets were kept at host schools or courts, in part due to confidentiality concerns of some of the host venues.

Evaluation results were as follows:

- 100 percent of participants reported statistically significant increases in knowledge and awareness of DUI as a source of crashes, fatalities, and injuries;
- 87 percent of participants learned new information on laws surrounding DUI offenses; and
- 75 percent of participants agreed that the program helps teens appreciate the law and the legal system.

### **Multiple Delivery Methods Reached 341 Schools in 28 Court Jurisdictions**

Subsequent to the grant agreement, the Judicial Council's Center for Families, Children & the Courts proposed, and OTS approved, development of live broadcasts, Webcasts, and a DVD. These products made it possible to reach more students over a longer period of time.

- Every effort has been made to provide 300 live programs during the grant period, although objective 9 does not specifically require 300 live programs: "To conduct 58 DUI Court in Schools, Courage to Live and/or DUI Sentencing programs in high schools and/or middle schools by September 30, 2007, and an additional 242 by September 30, 2008."
- In the Project Description section of the grant agreement, under phase 2, Program Operations, the agreement indicates that a total of 300 schools will receive one of the programs by the end of the grant period.

Although the number of live programs stated in the grants agreement was not fully completed during the grant period, the AOC has continued to fund the effort through its Collaborative Justice Substance Abuse Focus Grant program.

By the end of the 2008 school year, 255 schools had received live programs. This number includes live broadcast programs and those organized before the end of the grant period but held after the grant ended. Numbers of schools receiving programs are summarized below, as well as the numbers of court jurisdictions reached and the number of viewings of the Webcast. This more accurately reflects the actual reach of the program through all delivery methods.

<b>Type of Program</b>	<b>Number of Schools</b>
Live programs, including aggregate programs	119
Live interactive broadcast programs	90
Live programs scheduled by end of grant, delivered after- in 2008 school year	46
<b>Subtotal, received live programs, including broadcast</b>	<b>255</b>
DVD of live broadcast	19
Requested and received DVD and materials	67
<b>Total of schools reached with live and taped programs</b>	<b>341</b>

**Number of court jurisdictions reached**

**28**

**Number of Webcast viewings**

**4,600**

Initially, 4 court jurisdictions participated in the program statewide. By the end of the grant period, 14 courts had participated in the training to establish these programs, and 9 courts had implemented the program, with programs having occurred in 28 court jurisdictions. The program also has been included as part of an ongoing grant administered by the AOC to ensure continued support.

The Department of Finance, Office of State Audits and Evaluations (Finance), reviewed the Judicial Council of California's (Judicial Council) response to the draft report. Finance's evaluation of the response follows:

### **OBSERVATION 1: Judicial Council Claimed \$4,710 in Ineligible Costs**

The Judicial Council agrees to reimburse the Office of Traffic Safety (OTS) \$4,710 in ineligible costs identified in the report.

### **OBSERVATION 2: Judicial Council Did Not Fully Meet the Grant Objectives**

#### **Objective 5**

The Judicial Council asserts that OTS was notified that retrospective pretest survey methods would be used instead of the pre and post surveys as required in the grant agreement. Upon subsequent discussion with OTS, Finance agrees that the retrospective and pretest survey methods were approved. As a result, the non-compliance issue discussed in Objective 5 of the draft report was removed. In the future, Finance recommends that agreements to modify the grants be documented in writing and retained for future reference.

#### **Objective 9—Live Program Events**

The Judicial Council agrees that providing the program events to 300 schools was not fully met during the grant period, but asserts that providing that many live events was not a specific requirement in Objective 9 of the grant agreement. Also, subsequent to the grant agreement, OTS had approved the development and use of live broadcasts, webcasts, and a DVD for presenting the program events to schools.

Finance disagrees. The Judicial Council was not in compliance with the terms of the grant agreement. The grant agreement required that Judicial Council provide live program events to 300 schools. The grant agreement Project Objectives and Method of Procedure sections require that 300 high schools and/or middle schools receive DUI Court in Schools, Courage to Live, and/or DUI Sentencing programs by the end of the contract period, September 30, 2008. The grant agreement also required these programs to be presented as live events. In addition, Finance confirmed no formal grant revision was requested by Judicial Council or approved by OTS allowing broadcasts, webcasts, or the distribution of DVDs as a substitute for live on-campus events. The OTS provided instructions, including an e-mail to Judicial Council on May 9, 2009, clarifying that using live broadcasts and distributing their duplication (DVD) as a method of presenting the program material would not qualify as live on-campus events. An exemption was granted allowing the use of live broadcasts for two schools because the students were able to interactively participate during the event. This exemption represented an insignificant number of the schools participating in the program and was not considered a change to the grant agreement. As a result, the observation remains unchanged in the report.

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## **Objective 9—Missing Records**

The Judicial Council agrees sign-in sheets were unavailable for review due in part to confidentiality concerns for host schools. However, all grant records, including confidential sign-in sheets, should be available for inspection as required in the grant agreement. The OTS Grant Program Manual, Chapter 6, Exhibit 6-A, requires the Judicial Council maintain and make available all records and supporting documents pertaining to the performance of the grant agreement. These records shall be available for possible audit for a minimum of three years after final payment, unless a longer period of records retention is stipulated. As a result, the observation remains unchanged in the report.