



January 8, 2026

**2025-302**

The Governor of California  
President pro Tempore of the Senate  
Speaker of the Assembly  
State Capitol  
Sacramento, California 95814

Dear Governor and Legislative Leaders:

This report concludes that the Judicial Council of California (Judicial Council) and the superior courts in the counties of Fresno, Merced, San Diego, Solano, and Tehama have policies and practices that are sufficient and appropriate to guide their procurement and payment activities. The Judicial Council is the policymaking body of the California courts. Under the leadership of the Chief Justice and in accordance with the California Constitution, the Judicial Council is responsible for ensuring the consistent, independent, impartial, and accessible administration of justice.

In 2011, the State enacted the California Judicial Branch Contract Law (judicial contract law), which requires *Judicial Branch entities*—any superior court, court of appeal, the California Supreme Court, the Judicial Council, or the Habeas Corpus Resource Center—to comply with provisions of the Public Contract Code (PCC), subject to certain exceptions.<sup>1</sup> The PCC generally contains the laws for government procurement of goods and services applicable to state agencies and departments.

As an example of one of the ways the judicial contract law compels Judicial Branch entities to comply with elements of the PCC, judicial contract law requires the Judicial Council to adopt a Judicial Branch Contracting Manual (judicial contracting manual), incorporating procurement and contracting policies and procedures that all Judicial Branch entities must follow. The law also requires the Judicial Council and all other Judicial Branch entities to each adopt a local contracting manual (local manual) to direct the procurement and contracting for its own goods and services. These manuals must be consistent with the PCC and contain provisions substantially similar to those in the *State Administrative Manual* (SAM) and *State Contracting Manual* (SCM). The text box describes the purpose and content of these two types of manuals.

#### **The Judicial Council's Contracting Manuals**

**Judicial Contracting Manual:** State law requires the Judicial Council to adopt a contracting manual that applies to all Judicial Branch entities. The contracting manual establishes requirements related to procurements, bidding, and payments that all Judicial Branch entities, including the Judicial Council, must follow. The Judicial Council is responsible for maintaining and updating the contracting manual to ensure that it meets requirements in state law.

**Local Manual:** Additionally, state law requires each Judicial Branch entity, including individual courts and the Judicial Council, to adopt a local contracting manual. The local manual must include the Judicial Branch entity's organizational structure and be consistent with the judicial contracting manual. The local manual may also contain any requirements specific to a given Judicial Branch entity's procurements. For example, the Judicial Council's local manual outlines those positions at the Judicial Council that are authorized to make purchases of more than certain dollar amounts.

**Source:** State law and the Judicial Council's contracting manuals.

<sup>1</sup> In July 2014, the Judicial Council voted to retire the name *Administrative Office of the Courts* for its staff agency; however, state law continues to use this name.

Since the 2011 enactment of the judicial contract law, the California State Auditor (State Auditor) has been responsible for regularly auditing Judicial Branch entities' implementation of the judicial contract law. In an amendment to the judicial contract law, which became effective January 2025, the Legislature changed the cycle of the State Auditor's required audits of Judicial Branch entities' implementation of the judicial contract law: subject to legislative appropriation, our office now audits the Judicial Council and five additional Judicial Branch entities every three years. In our most recent prior audits of the Judicial Council and five superior courts, we found that both the Judicial Council and the applicable courts had implemented all of our prior recommendations.<sup>2</sup> As a result of having implemented our recommendations, the Judicial Council and those courts have strengthened their respective procurement and payment policies and practices.

In summer 2025, we contracted with the consulting firm Kearney & Company (consultant), which has in-depth experience auditing procurement processes in the federal and California court systems.

### **Judicial Council**

The consultant evaluated the Judicial Council's procurement and payment policies and performed a detailed review of 50 procurements and more than 20 payments executed by Judicial Council staff from fiscal years 2023–24 through 2024–25. Our consultant determined that in all material respects, the Judicial Council is in compliance with the judicial contract law.

Specifically, our consultant reached the following conclusions:

- Procurement policies: As required, the Judicial Council's contracting manuals are consistent with state law, SAM, and SCM.
- Procurement processes: The Judicial Council has implemented, and its staff is consistently following, appropriate procurement controls and practices.
- Payment processes: The Judicial Council staff is consistently following requirements in its contracting manual and its internal procedures for vendor payments.
- Annual procurement reports: The Judicial Council is accurately reporting to the Legislature and the State Auditor required information on payments and contracts.

### **Selected Courts**

In addition to assessing the Judicial Council's procurement and payment policies and practices, our consultant evaluated the procurement and payment policies for a selection of five superior courts in the following counties: Fresno, Merced, San Diego, Solano, and Tehama. For each of the selected courts, our consultant reviewed a judgmental selection of procurements, payments, and purchases executed by the superior court's staff from fiscal years 2023–24 and 2024–25. The number

<sup>2</sup> For our most recent prior audit of the Judicial Council, see Report 2023-302, *Judicial Branch of California—Judicial Council*, January 2024. For our most recent prior audit of Judicial Branch entities other than the Judicial Council (five superior courts), see Report 2022-301, *Judicial Branch Procurement: Although Four Superior Courts We Reviewed Generally Met Procurement Requirements, Glenn County Superior Court Needs to Significantly Improve Its Procurement Practices*, January 2023.

of procurements selected per court ranged from eight to 26, the payments ranged from 19 to 37, and the monthly purchase card statements ranged from seven to nine. As the text box shows, in making each of these selections, our consultant considered the value of the contract, payment, or purchase relative to the total value of all contracts, payments, or purchases the selected courts made during the applicable fiscal years. Our consultant determined that, in all material respects, the selected superior courts are in compliance with the judicial contract law.

Specifically, our consultant reached the following conclusions:

- Procurement policies: The selected superior courts' contracting manuals are consistent with requirements in the Judicial Council's contracting manuals, which are consistent with state law, SAM, and SCM.
- Procurement processes: The selected superior courts have implemented appropriate procurement controls and practices, and their staffs are consistently following them.
- Payment processes: The selected superior courts' staffs are consistently following requirements in their contracting manuals and their internal procedures related to vendor payments and purchase card transactions.

#### Methods Used to Select Procurements, Payments, and Purchases for Review at Each Court

**Procurements:** Our consultant judgmentally selected high dollar amount contract transactions that accounted for at least 50 percent of the total population of contracts by dollar value. Our consultant also included in this selection all new or amended contracts valued at more than \$1 million. In addition to these judgmental selections, our consultant selected a random sample of procurements for which the court issued multiple purchase documents at less than the competitive bidding threshold and in close proximity to determine whether the court properly justified the purchases and complied with procurement requirements.

**Payments:** From the procurements selected above, our consultant judgmentally selected high dollar amount payments that accounted for at least 50 percent of the total population of payments by dollar value.

**Purchases:** Our consultant judgmentally selected all purchase card monthly statements for which the total purchase card transactions in a given month exceeded a total of \$100,000, or 10 percent of all reported purchase card payments for that fiscal year.

**Source:** Audit workpapers.

#### The Contracting Manuals of the Judicial Council and the Selected Courts Comply With Legal and Administrative Requirements

The Judicial Council maintains a judicial contracting manual for the various Judicial Branch entities, such as the superior courts. It also maintains its own local manual. The judicial contract law requires that these manuals be consistent with the PCC, which governs contracts entered into by public entities, and they must also be substantially similar to SAM and SCM, which provide additional procurement guidance. Our consultant found in its review that the judicial contracting manual remains consistent with the requirements in the PCC, SAM, and SCM. In addition, our consultant determined that the Judicial Council's local manual conforms to the judicial contracting manual. Finally, our consultant determined that the local manuals that each of the selected superior courts maintains also conform to the judicial contracting manual.

### **The Judicial Council Has Sufficient Procurement and Payment Processes**

Our January 2024 audit of the Judicial Council found that the Judicial Council had established appropriate procedures to govern how it processes payments and that it followed those procedures when paying vendors.<sup>3</sup> However, that audit also identified opportunities for the Judicial Council to strengthen certain purchasing practices. As a result of that audit, we made seven recommendations to the Judicial Council, and the Judicial Council has fully implemented all of those recommendations. For this audit, our contractor tested 50 Judicial Council procurements for compliance with the council's local manual and internal procedures, looking specifically at requirements related to competitive bidding and sole-source contracting. Our contractor did not identify any issues related to the Judicial Council's procurement process. Our contractor also selected more than 20 Judicial Council payments for review and determined that all the payments complied with the requirements of the judicial contracting manual, the local manual, and the council's internal procedures.

### **The Selected Courts Have Sufficient Procurement and Payment Processes**

To assess the procurement controls and practices at the Fresno, Merced, San Diego, Solano, and Tehama superior courts, our contractor tested 76 procurements and did not identify any material concerns with the selected courts' procurement controls and practices. Our contractor also reviewed 141 payments and 42 monthly purchase card statements to assess the courts' payment controls and practices and to determine whether they complied with Judicial Council manuals and court manuals. Our contractor determined that each of the selected courts' payment controls and practices were appropriate.

### **The Judicial Council Reports Reliable Financial Information**

The judicial contract law requires the Judicial Council to submit an annual report to the Legislature and the State Auditor with information about its contracts and payments. Among other information, the reports must include lists of the payments and contract amendments that the Judicial Council made during the reporting period. Our consultant assessed the reliability of the Judicial Council's financial information in both the Financial Information System for California (FI\$Cal) and in its reports to the Legislature for July 1, 2023, through June 30, 2025, and determined that the information was reliable.

Our consultant conducted this audit under the authority vested in the California State Auditor by Government Code section 8546 and according to generally accepted government auditing standards. Those standards require that the consultant plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions based on our audit objectives specified in the Scope and Methodology section of the report.

Respectfully submitted,



MIKE TILDEN, CPA  
Chief Deputy State Auditor

January 8, 2026

<sup>3</sup> Report 2023-302, *Judicial Branch of California—Judicial Council*, January 2024.

## APPENDIX

### Scope and Methodology

The State Auditor contracted with Kearney & Company to complete this audit. The audit was conducted according to audit requirements contained in the PCC section 19210, the judicial contract law, and the standards of the U.S. Government Accountability Office, which the State Auditor is statutorily required to follow. The judicial contract law requires the State Auditor, upon legislative appropriation, to perform audits of the Judicial Council and five other Judicial Branch entities every three years. The table lists the audit objectives we developed and the methods Kearney & Company used to fulfill those objectives. Unless otherwise stated in the table or elsewhere in the report, statements and conclusions about items selected for review should not be projected to the population.

### Audit Objectives and the Methods Used to Address Them

AUDIT OBJECTIVE	METHOD
1 Determine whether the Judicial Branch Contracting Manual (judicial contracting manual) is consistent with the requirements set forth in the judicial contract law.	Compiled revisions to the PCC, SAM, and SCM from July 2023 through June 2025, and determined whether the judicial contracting manual reflects those revisions and whether it is consistent with requirements set forth in the judicial contract law.
2 Determine whether the Judicial Council's local manual conforms to the judicial contracting manual.	Determined whether any revisions made to the judicial contracting manual are reflected in the local manual.
3 Assess the Judicial Council's internal controls over procurement practices and then determine whether the council complied with those controls and other key requirements, including requirements related to competitive bidding and sole-source contracting.	<ul style="list-style-type: none"> <li>Reviewed the judicial contracting manual, the local manual, and the Judicial Council's procedures, and interviewed staff members, to assess the Judicial Council's internal controls for contracting and procurement.</li> <li>Used Fi\$Cal data from the Judicial Council to identify all procurements for the period from July 2023 through June 2025. From these data, randomly selected 45 procurements for review and judgmentally selected an additional five procurements based on the factors described in Objective 5.</li> <li>Tested a selection of 50 procurements, including contract agreements, purchase orders, and contract amendments, for compliance with the requirements of the judicial contracting manual and the local manual, including requirements for procurement approval, segregation of duties, competitive bidding, and other key controls.</li> </ul>
4 Assess the Judicial Council's internal controls over payment practices and determine whether it complied with those controls.	<ul style="list-style-type: none"> <li>Reviewed the judicial contracting manual, the local manual, and the Judicial Council's procedures, and also interviewed staff members, to assess the Judicial Council's internal controls for payments.</li> <li>Judgmentally selected a sample of 24 invoice payments, based on payment amounts, from the procurements reviewed in Objective 3. Tested the selected payments for compliance with requirements of the judicial contracting manual and other procedure documents, including requirements for invoice approval, proper authorization, and segregation of duties.</li> </ul>
5 Evaluate the Judicial Council's contracts to determine whether the Judicial Council inappropriately split any contracts to avoid necessary approvals or competitive bidding requirements.	<ul style="list-style-type: none"> <li>Confirmed that the judicial contracting manual still prohibits Judicial Branch entities from splitting transactions of \$10,000 or more into multiple transactions of less than \$10,000.</li> <li>Used data from Fi\$Cal to identify vendors from which the Judicial Council made multiple procurements of less than \$10,000 for the period from July 2023 through June 2025.</li> <li>For a random selection of five vendors with multiple payments of less than \$10,000, assessed corresponding procurement documentation to determine whether any of those multiple procurements should have been a single competitively bid procurement.</li> </ul>

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AUDIT OBJECTIVE	METHOD
6 Assess the reliability of the Judicial Council's contract and payment data recorded in Fi\$Cal to ensure the accuracy and completeness of the data and to establish testing selections.	<ul style="list-style-type: none"> <li>Reviewed the Judicial Council's annual procurement reports submitted to the Legislature and the State Auditor for July 2023 through June 2025.</li> <li>Obtained data from Fi\$Cal that the Judicial Council used to generate the annual reports for July 2023 through June 2025.</li> <li>For a selection of hard copy procurement files, determined whether the selected procurements were accurately recorded in the annual report and in Fi\$Cal.</li> <li>Compared information from the 24 payment invoices selected as part of Objective 4 to the Fi\$Cal data to determine whether the invoices existed in the system and were accurate.</li> </ul>
7 Determine whether each court has developed its own local contracting manual and assess its conformance to the judicial contracting manual.	Obtained each court's local contracting manual that was applicable from July 2023 through June 2025. Assessed whether the local contracting manuals conformed to the judicial contracting manual's requirements and recommendations.
8 Assess each court's compliance with key internal controls over contracting and procurement in the judicial contracting manual and its local contracting manual, including those related to competitive bidding, sole-source contracting, and payment and deliverable review and oversight.	<ul style="list-style-type: none"> <li>Based on factors including contract value and type of goods or services procured, judgmentally selected contracts from each court that were active from July 2023 through June 2025. Based on factors including payment value, judgmentally selected payments that each court made from July 2023 through June 2025.</li> <li>To gain assurance that data used to select payments and contracts were complete, traced source documents to the information used for selection.</li> <li>For each court, reviewed a selection of contracts and an initial selection of payments compared to key requirements and safeguards identified in the judicial contracting manual, local manual, and other relevant policies and procedures.</li> <li>For each court, used the Phoenix Financial System to identify any new or amended contracts valued at more than \$1 million from July 2023 through June 2025. For any such contracts, reviewed the contracts and the courts' documentation of notifications sent to the State Auditor.</li> </ul>
9 Evaluate selected courts' contracts to determine whether they may have inappropriately split contracts to avoid obtaining necessary approvals or compliance with competitive bidding requirements.	Used the Phoenix Financial System to identify any instances of courts having possibly split contracts. For the identified instances, evaluated additional information, such as payment reports and contract documents, to identify whether a court entered into contracts with the same vendor for similar goods or services during the same time frame for the purposes of avoiding competitive bidding.
10 Review the appropriateness of each court's CAL-Card or other court-issued purchase card transactions when those transactions exceed a total of \$100,000 or 10 percent of all reported procurement payments for a one-year period.	Determined whether each court used purchase cards and reviewed monthly purchase card statements for transactions that appeared questionable based on the amount or vendor. Based on factors including transaction amount and purchase justification, reviewed a judgmental selection of purchase card transactions for each court.

Source: Audit workpapers.