



Judicial Council of California

It Needs to Follow Competitive Bidding Processes More Consistently and Establish Clear Guidance for Invoice Processing

Background

Comprised mainly of the Supreme Court, courts of appeal, superior courts in each of the State's 58 counties, and the Judicial Council of California, California's judicial branch is a separate and independent branch of state government. In 2011 the State enacted the California Judicial Branch Contract Law, which requires judicial branch entities to follow procurement and contracting policies that are consistent with the Public Contract Code and substantially similar to other state requirements. As required, we conducted this biennial assessment of the Judicial Council's compliance with the judicial contract law.

Key Recommendations

To ensure it obtains the best value for its purchases and appropriately pays invoices, the Judicial Council should do the following:

- Continue to reinforce with its staff—through memos, training, or other formal means—the need to obtain proper approvals for noncompetitive procurements.
- Update its contracting manual to better align with the state contracting manual's definitions of *contract splitting* and *sole-source procurements*.
- Develop clear invoice-processing procedures that include common deviations to the typical process to ensure payments are appropriate.

Key Findings

- While the Judicial Council complied with requirements in the judicial contracting manual in most cases we reviewed, in some cases it did not—we found five instances in the 60 procurements we reviewed in which the policies for contracts and purchase orders were not followed.
- The Judicial Council's contracting manual needs to better define and provide guidance for avoiding *contract splitting*, or combining a series of related services, and on what constitutes a *sole-source procurement*.
 - » In reviewing the Judicial Council's contracts and purchase orders over a two year period that were less than \$5,000—the maximum amount of a procurement that can typically be made non-competitively—we found that it awarded one vendor more than 20 contracts totaling about \$50,000.
 - » Its definition of *sole-source procurement* allows staff to purchase goods or services of any value without conducting a competitive procurement if they are the only goods or services that meet the entity's needs rather than if only one vendor is available to provide the goods or services.
- Although the Judicial Council properly authorized the majority of the payments, in three of the 60 payments we reviewed, it either paid invoices without verifying that it had received the product or service or without reviewing the purchase order to ensure the payment was appropriate.