

1 **Rule 3-415. Auditing.**

2 **Intent:**

3 To establish an internal ~~fiscal~~ audit program for the judiciary within the administrative office.

4 To examine and evaluate court operations by measuring and evaluating the effectiveness and  
5 proper application of programs.

6 **Applicability:**

7 This rule shall apply to all courts and the administrative office.

8 **Statement of the Rule:**

9 (1) ~~Schedule of audits.~~ **Audit planning.**

10 (1)(A) ~~Periodic.~~ **Audit planning schedule.** ~~Not less than annually, T~~the audit director  
11 shall annually prepare a plan of scheduled fiscal and ~~program~~ performance audits for  
12 submission to and approval by the Council Management Committee. ~~The Board of~~  
13 ~~Justice Court Judges shall provide the audit manager a recommendation of the courts~~  
14 ~~not of record to be included in the annual audit schedule submitted to the Council~~  
15 ~~Management Committee.~~

16 ~~(B) Amendment to schedule. Any modification or change to the approved plan of~~  
17 ~~scheduled audits shall require prior approval by the Council Management Committee.~~

18 ~~(C) Special audits. Requests for special audits not included in the plan shall be submitted~~  
19 ~~in writing to the Council Management Committee and identify the circumstances and~~  
20 ~~need for a special unscheduled audit.~~

21 ~~(1)(B) **Audit recommendations.** The Board of Appellate Court Judges, the Board of~~  
22 ~~District Court Judges, the Board of Juvenile Court Judges, and the Board of Justice Court~~  
23 ~~Judges may provide the audit director recommendations to be included in the audit plan~~  
24 ~~submitted to the Council Management Committee.~~

25 ~~(1)(C)(D) Limited audits.~~ **State court administrator authorization.** ~~The state court~~  
26 ~~administrator may authorize a limited scope audit~~ in the event of a reported theft,  
27 burglary, or other alleged criminal act or suspected loss of monies or property at a court  
28 location, or if a change occurs in the personnel responsible for fiduciary duties ~~the state~~  
29 ~~court administrator may authorize a limited audit.~~

30 ~~(1)(D) **Amendment to the audit plan schedule.** Any modification or change to the~~  
31 ~~approved plan of scheduled audits shall require prior approval by the Council~~  
32 ~~Management Committee. Requests for audits not included in the plan shall be submitted~~  
33 ~~in writing to the Council Management Committee and identify the need for an~~  
34 ~~unscheduled audit to be included in the plan.~~

35 (2) **Authority.** ~~The audit manager shall be independent of the activities audited. The audit~~  
36 ~~manager auditors shall have the authority to conduct audits, consultations, and other~~  
37 ~~engagements in accordance to generally accepted audit principles. The auditors shall be~~  
38 ~~independent of the activities audited, and shall follow generally accepted accounting and~~  
39 ~~performance audit principles for conducting internal audits. The auditors shall have full~~  
40 ~~and unrestricted~~ access to all records, documents, personnel and physical properties  
41 determined relevant to the performance of an audit. The audit ~~or manager~~ shall have the

42 full cooperation and assistance of court personnel in the performance of an audit. ~~The~~  
 43 ~~audit manager shall follow generally accepted accounting and performance audit~~  
 44 ~~principles for conducting internal audits.~~

45 (3) **Fiscal audits.** Fiscal audits may consist of one or more of the following objectives:

46 (3)(A) to verify the accuracy and reliability of financial records;

47 (3)(B) to assess compliance with ~~management fiscal~~ policies, ~~plans~~, procedures, and best  
 48 practices; regulations;

49 (3)(C) to assess compliance with applicable laws and rules; and

50 ~~(D) to evaluate the efficient and effective use of judicial resources;~~

51 (3)(DE) to verify the appropriate protection of judicial assets.

52 ~~(4) Short audits. When a short audit is required or approved, the audit will be conducted~~  
 53 ~~without prior notice. The audit shall consist of a one-time reconciliation of current cash~~  
 54 ~~and receipts and an observation of fiscal management procedures unless otherwise~~  
 55 ~~directed by the State Court Administrator or Management Committee. A written report~~  
 56 ~~shall be prepared and exit conference conducted. **Performance audits.** Performance~~  
 57 ~~auditing is an assessment that provides an objective evaluation about the performance of~~  
 58 ~~court operations. Court operations includes any program, activity, project, function, or~~  
 59 ~~policy that has an identifiable purpose or set of objectives. Performance audits may~~  
 60 ~~contain one or more the following objectives:~~

61 (4)(A) to assess the performance and management of court operations against objective  
 62 criteria;

63 (4)(B) to determine how efficiently court operations manage resources;

64 (4)(C) to determine how effectively court operations accomplish goals and objectives;

65 (4)(D) to assess internal controls and compliance with laws, rules, policies, and best  
 66 practices;

67 (4)(E) to provide information and recommendations to improve court operations.

68 (5) **Audit process.** An audit within the judicial branch may consist of a fiscal audit, a  
 69 performance audit, or elements of both types of audits. ~~Full audits.~~ When a fullan audit is  
 70 required or approved, the audit shall be conducted with prior notice.

71 (5)(A) An entrance conference shall be conducted between:

72 (5)(A)(1) **Courts of record:** the auditors, court executive, presiding judge, clerk of  
 73 court, and state level administrator.

74 (5)(A)(2) **Courts not of record:** the auditors, justice court judge, ~~a local government~~  
 75 representative, and state level administrator. The presiding judge may also be  
 76 invited to attend.

77 (5)(A)(3) **Administrative offices:** the auditors, state court administrator, deputy  
 78 court administrator, and department director.

79 ~~The audit shall be conducted at the convenience of the court.~~

80 (5)(B) An exit conference shall be conducted at the conclusion of the audit. This  
81 conference shall include the same individuals attending the entrance conference for  
82 both courts of record, courts not of record, and administrative offices. At the exit  
83 conference, the auditors shall review the audit findings and recommendations and  
84 provide recognition for commendable court operations, when appropriate.

85 (5)(C) Audit results will be communicated to and approved by the Council Management  
86 Committee.

87 ~~(6) Performance audits. During the course of conducting a short or full fiscal audit, the audit~~  
88 ~~manager shall observe and review compliance with programs and procedures established by~~  
89 ~~state law and this Code and make written findings and recommendations to be incorporated~~  
90 ~~in the final report. The performance audit shall include an evaluation of the adequacy,~~  
91 ~~effectiveness and efficiency of court operations and management. Objectivity shall be~~  
92 ~~employed by the auditors at all times. Proper recognition shall be given to commendable court~~  
93 ~~operations when appropriate.~~

94 **(6) Audit reports.**

95 (6)(A) The audit ~~manager~~ director shall prepare a written report containing findings and  
96 recommendations as a result of the audit. A draft copy of the report shall be provided ~~in~~  
97 advance prior to the exit conference and presented to:

98 (6)(A)(1) Court of record: court executive, presiding judge, clerk of court, and state  
99 level administrator ~~at the exit conference~~. An opportunity for written response or  
100 comment will be afforded the court executive and presiding judge, which will be  
101 incorporated into and become part of the final report.

102 (6)(A)(2) Courts not of record: the presiding judge, justice court judge, and state  
103 level administrator ~~at the exit conference~~. If the court and local government are  
104 following Accounting Model 2, then a local government representative will receive a  
105 draft copy of the sections of the report that pertain to the local government, who  
106 receipt and deposit court collected funds. An opportunity for written response or  
107 comment will be afforded the justice court judge, and a local government  
108 representative if Accounting Model 2 is being followed, which will be incorporated  
109 into and become part of the final report.

110 (6)(A)(3) Administrative offices: state court administrator, deputy court  
111 administrator, and department director.

112 Written responses or comments to reports presented under paragraph (6)(A) shall be  
113 provided to the audit director within 30 days.

114 (6)(B) Copies of the final report shall be provided to:

115 (6)(B)(1) Courts of record: the Council Management Committee, appropriate Board of  
116 Judges, state court administrator, presiding judge, court executive, and state level  
117 administrator.

118 (6)(B)(2) Courts not of record: the Council Management Committee, state court  
119 administrator, presiding judge, justice court judge, a local government representative,  
120 state level administrator, and the Board of Justice Court Judges. A local government  
121 representative will receive the sections of the final report that pertain to the local  
122 government, if Accounting Model 2 is being followed.

123 (6)(B)(3) Administrative offices: the Council Management Committee, state court  
124 administrator, deputy court administrator, and department director.

125 **(7) Follow-up review.**

126 (7)(A) Courts of record: Within 12 months of ~~short or full~~an audit, the audit ~~manager~~  
127 director shall provide a Follow-up Review form, including only non-compliance audit  
128 findings, to the court executive and copy the court level administrator. The court executive  
129 will complete the Follow-up Review form reporting on progress made toward compliance  
130 and return a copy of the completed~~the~~ form within 30 days to the audit ~~manager~~director  
131 and ~~copy the~~ court level administrator, the presiding judge, and the appropriate board of  
132 judges.

133 (7)(B) Courts not of record: Within 12 months of ~~a short or full~~an audit, the audit  
134 ~~manager~~director shall provide a Follow-up Review form, including only non-compliance  
135 audit findings, to the justice court judge and a copy to the state level administrator. The  
136 justice court judge will complete the Follow-up Review form reporting on progress made  
137 toward compliance and return a copy of the completed form within 30 days to the audit  
138 ~~manager~~director, the state level administrator, the presiding judge, and the Board of  
139 Justice Court Judges.

140 (7)(C) Administrative offices: Within 12 months of an audit, the audit director shall  
141 provide a Follow-up Review form, including only non-compliance audit findings, to the  
142 department director and a copy to the state court administrator. The department director  
143 will complete the Follow-up Review form reporting on the progress made toward  
144 compliance and return a copy of the completed form within 30 days to the audit director and  
145 the state court administrator.

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147 *Effective May/November 1, 20\_\_*