



CORE[®]

National Association
for Court Management

Curriculum Design
**Budget and Fiscal
Management**

Revised May 2025

Budget and Fiscal Management

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About this Curriculum

The NACM Budget and Fiscal Management curriculum was revised in 2025 by a subcommittee of the NACM CORE Committee. The prior revision date was in 2017. The 2025 subcommittee decided to use generative AI for the initial review of the 2017 revision following the recommended guidelines outlined in the NACM AI Guide. Chat GPT was provided with the following information:

- The NACM CORE Curriculum web page: [CORE® Curriculum – National Association for Court Management](#);
- The Budget and Fiscal Management Competency page on the NACM website: [Budget and Fiscal Management – National Association for Court Management](#);
- An explanation of the sub committee’s goal to review and revise the 2017 version of the curriculum;
- A request for Chat GPT to review the existing curriculum section by section and provide recommendations of what should be edited, revised, or added in the 2025 revision;
- A section was uploaded.

Chat GPT’s response for each section was copied into a Word document titled with the section name. The sections reviewed by Chat GPT were:

- Section 1_2 Key Terms;
- Section 1_3 Funding Sources;
- Section 2 Basics of Accounting;
- Section 3 Fund Management;
- Section 4 Budgeting;
- Section 5 Financial Policies;
- Section 6 Facilities Management;

Subcommittee members volunteered to review sections of the 2017 curriculum. Subcommittee members were sent Chat GPT’s recommendations for the section that they reviewed. The subcommittee member considered each suggestion while reviewing, editing, and revising their assigned section. The Chat GPT suggestions are linked in the curriculum bibliography.

Use of Curriculum Design

Taken together, the curriculum designs in this series provide an overarching plan for the education of court managers; this overarching plan constitutes a curriculum. Individually, each curriculum design and associated information provide faculty with resources and guidance for developing courses for court managers.

The designs are based on the NACM Core®. Each of the curriculum designs, organized by thirteen competencies, may be used either in its entirety or in segments to meet the needs of the individual circumstance or situation, the audience, and time constraints, among many other contextual factors.

Each curriculum design includes a series of learning objectives and educational content to support

those learning objectives. Associated information for each curriculum design includes: (1) faculty resources, (2) participant activities, and (3) a bibliography. Each faculty resource and participant activity includes information explaining its use. Also included in each design is a section entitled “Special Notes to Faculty,” which provides important information to assist faculty in effectively preparing to design and deliver a course, and a section entitled “Target Audience,” which provides some guidance on which audiences are most appropriate for the curriculum design.

Participant Activities

Participant activities have been designed to measure whether the learning objectives have been achieved. Participant activities include many types of groups and individual interaction. Information on participant activities includes how to use, direct, and manage each activity. Instructions may be modified for the audience and setting, but the highest goal is to integrate each activity into the learning process and the content of the course. Faculty should incorporate additional activities to ensure that participants remain actively engaged throughout the course. Additional activities may include asking participants questions about the content, engaging them in sharing their experiences with the content, encouraging them to ask questions, and more.

Faculty Resources

Faculty Resources provide written information and/or graphics that support certain content and may also be used as handouts for associated topics in the **Educational Content**. Faculty Resources are a combination of resources referenced within the Educational Content and recreations of those images embedded in the Educational Content as sample images that could be used in PowerPoint® slides. They may be used in any course, but their applicability and use need to be determined by faculty, based on the topics, length of the course, audience, and other factors. Faculty Resources often include examples of documentation and other data that are time-based. Faculty members are encouraged to update time-based material as well as use material that is specific to the presentation and/or audience. As with participant activities, faculty are encouraged to provide additional materials based on the needs of the participants.

Bibliography

While a bibliography may be viewed as optional by faculty, they are often important adult learning tools, foster reflection, and offer sources follow to up research and study.

Needs Assessment

A needs assessment gathers information about the participants’ proficiency on the topic of the session. Without a needs assessment, you may provide content participants cannot or will not use, or already know, or that fails to satisfy their expectations.

Assessing needs enables you to choose and deliver content with much greater accuracy. Conducting a needs assessment before your presentation may include a written survey or focus group discussion; and/or at the beginning of your presentation, you may conduct an informal question and

answer exercise or a short pre-test.

Using surveys or focus groups in advance of a course is preferred as it provides you the opportunity to adapt and adjust your presentation to your audience in advance of the actual course. However, it is also advisable to use some time at the beginning of your presentation to seek information about your audience.

Whether you can conduct a needs assessment prior to the day of the session or not, the goal is to determine the essential knowledge, skills, and abilities the court managers who will be attending the session must have to perform their duties competently. Two key areas to explore are as follows:

- What level of knowledge, skills, and abilities do the participants currently have about the topic?
- What gaps in their knowledge would they like to close?

Questions enable the faculty member to make necessary adjustments to meet learning needs. If you find out that participants are much more knowledgeable about your topic than you had thought, you can adapt your presentation to a higher-level discussion. If you find that they are less knowledgeable, you can adapt your presentation to be more basic.

NACM Core® Reference

Competency: Budget and Fiscal Management

The court is a public entity. It is accountable to the public and funding authorities for its use of public and private funds. The court also shares with the private business sector many financial practices, such as securing funding/income, budgeting, accounts receivable/payable management, facilities management, technology management, and personnel expenses, among many others. Court managers need to possess the skills necessary to balance all of these responsibilities to ensure that the court can function effectively and efficiently so that it can provide equal access to justice to the public without undue delay or interruption of services.

Learning Objectives

The following learning objectives are designed for a comprehensive course on budget and fiscal management.

As a result of this education, participants will be able to:

1. Identify individual learning needs and objectives related to budget and fiscal management.
2. List the basic differences between generally accepted accounting principles and governmental accounting standards as they pertain to adequate controls and audit compliance.

3. Develop a plan to safeguard the court's assets.
4. Define key fund accounts and assess the true cost of applying for and managing grant funds.
5. Write a budget justification for a new program or budgetary need.
6. Develop a plan for responding to potential budget cuts or for funding a new project.
7. Define relevant financial policies for the courts and their purpose.
8. Develop a budget for changes needed in the court's facility; and
9. Develop a plan of action for emergency situations involving the court's fiscal operations and facilities.

Target Audience

This curriculum is designed for a broad audience. It is intended to provide content for court administrators, court managers, unit and division managers, staff with court wide or departmental responsibilities, or for those who aspire to move to senior court leadership. It is also intended to be appropriate for any jurisdiction and type of court.

Court leaders manage and support complex environments, which are comprised of an array of departments, units and functions that need to be maintained on an on-going basis to support court operations. All court leaders and aspiring court leaders must have at least a general knowledge of how court facilities and operations are financed. The target audience for budget and fiscal management is all court employees, but especially the court professionals who oversee funding for the court system. Budget and fiscal management may include fiscal responsibility for building operations, technology, and/or financial/fiscal policy development.

Special Notes to Faculty

Faculty members need to have a solid foundation in governmental accounting, auditing and budgeting. The curriculum design may be broken down into more than one course. Budgeting could encompass one whole course and facilities management could be a separate course.

The budgeting and financial resources of a court are often dependent on the specific court and structure (state, local, etc.). Faculty may want to consider asking participants to bring to the course:

- Their court's mission, vision and strategic plan, because these often affect funding.
- A summary budget for the court and specific programs within the court.
- Budgeting forms and/or formulas used for projecting expenses.

At the beginning of several of the sections are additional notes specific to each section.

Commitment

NACM's Commitment to Diversity, Equity and Inclusion:

In addition to leadership knowledge, court leaders benefit by performing fair and inclusive practices. NACM is committed to inclusionary and equitable practices and policies in all facets of the association. NACM's mission statement regarding diversity, equity, and inclusion, is the foundation for which the association and the users of this curriculum should begin. The resolution of the association reflects and reinforces this commitment.

NACM is committed to a diverse, inclusive and equitable environment where all board members, members, volunteers and educators feel respected and valued regardless of gender, age, race, ethnicity, national origin, sexual orientation or identity, disability, education or other bias. NACM is nondiscriminatory and provides equal opportunity for participation in all areas of the Association. NACM respects the values that diversity of experiences brings to our Association, leadership, and board while striving to listen to all points of view. NACM will increase public awareness of the benefits of diversity, increase the pipeline of minorities toward leadership within court administration, utilize broad selection criteria and procedures in leadership advancement, and include minorities in the leadership selection process.

Educational Content

Section 1 – Overview

Learning Objectives

As a result of this section, participants will be able to:

1. Identify individual learning needs and objectives related to budget and fiscal management.

1.1 Introduction

The allocation, acquisition, and management of the court's budget impacts all court operations. The court manager must attain the necessary skills to be competent in fiscal management, budget development, and fiscal oversight ensuring that the vision, mission, and goals of the court are achieved and maintained. Court managers must be able to work with court leadership, staff, and legislative and executive branch leaders to establish a vision and secure adequate funding to meet the vision.

Court managers need not be technically competent in every area of financial planning, but they must know how to address budget and financial questions, how to select and manage fiscal staff, and how to read financial reports. Court leaders need to understand fiscal and budgeting fundamentals. Court leaders that have subordinate managers or supervisors in charge of facilities and technology should ensure that these court professionals are included in fiscal planning and oversight. Facilities Managers and Technology Managers should need to know the cost to maintain fixed and technical assets, and project any costs for repairs, upgrades, or requested new services.

Fiscal management for court managers is about complying with laws and policies, supporting the taxpayers and constituents in meeting the court's objectives, and financially sustaining court operations.

Activity One -- Budget and Fiscal Management Assessment of Needs: For this activity, participants will be asked to introduce themselves, state their role in their courts, and identify what their most pressing need for education is in the area of budget and fiscal management. Next, ask participants questions about how their court plans for major projects/expenses (e.g. future courthouse or infrastructure improvements, technology enhancements, new judgeships) and how they relate to the budget process in their court. The responses may be recorded on easel charts for review throughout the seminar.

1.2 Key Terms

Note to Faculty: The terms listed below are an accumulation of the most basic terms in governmental accounting. Given that every court is different, not all court managers will be familiar or need to be familiar with each term.

Court managers must be familiar with some key accounting terms. The specifics of the terms and implementation expertise can be the responsibility of fiscal staff or accounting departments. Below

is a listing of key terms, but it is not inclusive of everything a court manager may hear.

Term	Definition
Accounts Payable	A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government entity. It excludes amounts due to other funds, governments, or long-term debts.
Accounts Receivable	An asset account that reflects amounts due from private persons or organizations for goods and services provided by a government entity. It excludes amounts owed by other funds, governments, or long-term receivables.
Accrual Basis	The basis of accounting under which transactions are recognized when they occur, regardless of when cash is received or disbursed.
Adopted Budget	The budget document formally approved by the funding authority after the required public hearings and deliberations on the proposed budget.
Allocate	To divide a lump-sum appropriation into parts which are designated for expenditure by specific organizational units and/or for specific purposes, activities, or objects.
Amended Budget	An adjusted estimate of revenues and expenditures that reflects changes to the original or adopted budget, often including mid-year reallocations or updates based on new fiscal priorities or unforeseen expenses.
Annual Budget	An estimate of revenues and expenditures for a given period (fiscal year).
Appropriation	A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and time it may be expended.
Asset	A Physical item of value or financial balances.
Audit	A third-party examination of an entity's financial records, internal controls and reporting activities. It concludes in a written report. There may be legislative requirements that require such financial reports be published. An audit is a test of management's accounting system to determine the extent to which internal accounting controls are both available and being used.
Audit Finding	Refers to any weakness in financial reporting, internal controls, or compliance with applicable laws and regulations, often accompanied by corrective actions or recommendations for improvement.
Bond	A written promise to repay a specified sum of money (face value or principal) at a future date, often with periodic interest. Types of bonds may include general obligation bonds, revenue bonds, each with specific uses and restrictions
Budget	A plan of financial operation embodying an estimate of proposed expenditures and revenues for a given period and the proposed means of financing them.
Capital Assets	Long-lived tangible assets obtained or controlled because of past

	transactions, events, or circumstances. This includes land, buildings, equipment, and intangible assets such as software or intellectual property.
Capital Budget	A plan of proposed capital outlays and the means of financing them.
Capital Outlays	Expenditures resulting in the acquisition of or addition to the government's general capital assets.
Cash Basis	A basis of accounting where transactions are recognized only when cash is received or disbursed.
Financial management systems	Systems used to manage any or all aspects of budget and fiscal management including accounts receivable, accounts payable, procurement and budgeting.
Coding	A system of numbering or otherwise designating accounts, entries, invoices, vouchers, etc., in such a manner that the symbol used quickly reveals certain required information.
Deficit	The excess of liabilities of a fund over its assets. The excess of expenditures over revenues during an accounting period.
Depreciation	Expiration of the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence.
Disallowed Costs	Claims for grantor resources that have been rejected by the grantor.
Encumbrances	Commitments related to unperformed contracts for goods or services. Used in budgeting to represent the estimated amount of expenditures to be completed.
Expenditures	Decreases in net financial resources, including both current operating expenses and capital outlays, that are linked to specific programmatic goals or outcomes.
Final Budget	The budget document formally approved by the governing authority after the required public hearings and deliberation on the proposed budget, together with subsequent amendments.
Financial Forecasting	Predicting future fiscal needs and outcomes under different scenarios.
Fiscal Year	A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations.
Fund	A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and equities, or balances, and change therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.
Fund Balance	The difference between fund assets and fund liabilities.
General Fund	The fund used to account for all financial resources, except those required to be accounted for in another fund.
Governmental Funds	Funds generally used to account for tax-supported activities
Grants	Contributions or gifts of cash or other assets from another entity to be used or expended for a specified purpose, activity, or facility.

Liabilities	Obligations of an entity to transfer assets or provide services to other entities in the future because of past transactions or events.
Original Budget	The first complete appropriated budget officially adopted by the governing body.
Petty Cash	A sum of money set aside to make change or to pay very small obligations for which the issuance of a formal voucher or check would be too time-consuming.
Posting	The act of transferring to an account in a ledger the data, either detailed or summarized, contained in a book or document of original entry.
Proposed Budget	The budget document formally approved by the governing authority to serve as the basis for public hearings prior to the adoption of the budget.
Reimbursement Grant	A grant for which a potential recipient must first incur qualifying expenditures to be eligible.
Revenues	Increases in the net current assets of a governmental fund type, sourced from taxes, fees, grants, or other forms of revenue directly tied to specific funding objectives.
Single Audit	An audit performed in accordance with the Single Audit act of 1984 and the latest revisions to the Uniform Guidance (2 CFR Part 200), which covers audit compliance for all federal grants.
Special Revenue	A governmental fund used to account for proceeds from specific revenue sources, restricted by law or policy for designated purposes, such as special taxes, grants, or user fees.

Faculty Resource – *General Ledger Template* has been added to provide you a sample template to use.

1.3 Defining Funding Sources

A. Funding Sources

Funding sources for courts vary greatly depending on jurisdiction. While some courts are fully funded by the state, others are state-mandated but funded at the local level. Many jurisdictions receive funding from multiple sources, including state, local, federal, and nontraditional funding mechanisms. Courts are also seeing an increase in alternative financing models that tie funding to specific outcomes. Common funding sources include:

- Court fees, fines, restitution, and special assessments
- Grant funds (federal, state, and private grants)
- Local government funding
- State funding
- Block grant funding
- Performance-based funding
- Public-private partnerships
- Bond forfeitures

- Court-imposed surcharges
- Others

B. Addressing Transparency and Equity in Funding

The courts are government entities subject to legislative and public expectations of transparency in government spending, particularly when it comes to court fines and fees.

As courts explore various funding sources, it is important to consider the transparency, equity, and accountability of each source. There is increasing attention to fine and fee reform, with many jurisdictions reevaluating the fairness of fees and fines, as well as their potential to disproportionately affect low-income defendants. Equity-based models aim to direct resources where they are needed most, ensuring fair access to justice while avoiding undue financial burdens.

C. Collection of Court Fees, Fines, Restitution, and Special Assessments

Most courts have some sort of process for collecting court fees, fines, restitution, and special assessments. Many jurisdictions have moved toward digital platforms for collection, which can include online portals or payment kiosks. It's important for court managers to ensure that these systems are accessible to all, including individuals with limited financial means.

Not all court fees become the property of the court, some collections must be distributed to governmental agencies (e.g., local, state, federal) depending on statute or rule. The court manager should maintain an up-to-date fee schedule and regularly review collection practices to ensure compliance and efficiency.

D. Public-Private Partnerships

Courts may explore public-private partnerships (PPPs) to fund facility improvements, technology upgrades, or other innovations. These partnerships allow courts to leverage private capital while maintaining public oversight.

Section 2 – Basics of Accounting

Learning Objectives

As a result of this section, participants will be able to:

2. List the basic differences between *Generally Accepted Accounting Principles* and *Governmental Accounting Standards* as they pertain to adequate controls and audit compliance; and
3. Develop a plan to safeguard the court's assets.

2.1 Governmental Finance and Accounting Differences

Accounting methods used in both the private and public sector financial management differ significantly. Private sector managers are bound by the Generally Accepted Accounting Principles (GAAP) of the Financial Accounting Standards Board (FASB), and the public sector managers are bound by the Governmental Accounting Standards Board (GASB). Government agencies are not profit-driven like private organizations. Profit and loss data do not necessarily have to be maintained by a government agency. In the public sector, managers are constrained by legislation, regulations, court rules, and local directives, and have an ethical obligation to safeguard the public's monies entrusted to them.

Activity Two -- *Comparison of Private vs. Public Accounting Standards*: This activity may be used to introduce this section and the table that is on the next page. The activity has a copy of the table that is blank wherein you can facilitate a discussion with the participants to receive their assistance in completing the table. Alternatively, it can be used after this section has been completed as part of a review.

Accounting Differences		
	Private Sector	Public Sector
Stakeholders	Owners, shareholders	Community Members, Public Officials
Fiscal Goal	Profits	Best, cost effective services for the public, fiscal accountability
Spending Full Budget	Try to save money wherever possible because surpluses are profit	Need to spend full appropriation or money could be removed from the budget for the next year
Source of Funds	Business transactions, consumers, profits, private and public funders, bank loans, interest, and other financial	Taxpayers, Governmental Resources, Fines and Fees, Grants

	mechanisms	
Financial Reporting Standards Basis	Accurate reporting of business transactions	Providing accountability to the public and reporting whether services provided improved, stayed unchanged, or declined
Information Necessary for Stakeholders	Results in competitive marketplace, liquidation threats, equity	Evaluation of needs, reporting of costs, and recognition of benefits yielded. As applicable, reporting on new revenue potentials and how expenditures relate to other priorities and contribute to the common good. Stakeholders also appreciate information on how the expenditures support the mission of courts.
Audits	Requirement to prove thoroughness and legality of financial management	Requirement to prove thoroughness and legal or regulatory compliance of financial management
Financial Reporting	Income Statement, Balance Sheet, Profit and Loss Statement	Statement of Net Position (Management's Discussion and Analysis (MD&A)), Statement of Activities, Fund Financial Statements, Budgetary Reporting, Schedule of Expenditures of Federal Awards (SEFA).
Budgets	Internal planning tools	Publicly adopted and must demonstrate accountability
Equipment and Property	Called property, equipment, physical plant	Called capital assets

2.2 Primary Accounting Functions

The court manager is responsible for all financial transactions entered into by the court. Financial operations must be closely monitored to minimize the exposure to liability by the court. The primary accounting functions of the court are:

A. Fiscal Management Systems

A fiscal management system is the method or methods used to lay out financial plans, budgets, and reports. A fiscal management system can also help manage procurement, accounts receivable, and accounts payable functions. In its most simple form a manager can develop a fiscal management system by writing down a plan and storing quotes, purchase orders, receipts and invoices in files associated with corresponding assets. This same manager can produce reports based on the information stored in these files. However, most fiscal managers today rely on technology to assist them with fiscal management.

There are many fiscal management applications available for purchase or subscription. If a manager is working with a small budget and a small number of assets it may be easiest to budget, track purchases, and create reports using a spreadsheet application. Those managers with larger budgets and who work with separate procurement and accounting departments may want to consider a more comprehensive accounting system. Software companies offer computer applications that can either be run on premise (on a computer or server) or cloud-based applications that store your records on the vendor's system and your employees access the data from their computer or mobile device.

B. Procurement

The court manager must ensure that all goods and services purchased are efficient and that they are obtained in compliance with all statutory, regulatory, and policy requirements. The financial policies will specify what regulatory requirements must be followed and the process for ordering, purchasing, or otherwise obtaining goods and services.

The financial policies will dictate who has authority to execute the procurement and, when necessary, commence the competitive bidding process. The policies will also state when competitive bidding is required and in what format the bids must be provided.

The financial policies will advise whether credit cards may be utilized for procurement and, if so, who will have authority to charge to credit cards

Procurement includes a series of ethical considerations. States have different ethical expectations and related requirements for public employees. Court managers must research and ensure all staff comply. Some states require related ethics training for each employee on a regular basis. Some key factors in the ethics training include gifts, donations, outside employment, and nepotism as well as other challenges and concerns. There might be additional ethical considerations and restrictions set by the county, municipality, or other relevant governmental entity. Such restrictions include, but are not limited to:

- Gifts -- Government employees usually are not able to accept, directly or indirectly, any gifts, loans, bequests, benefits, favors, or other things of value which might reasonably appear intended to affect the employee's judgment or influence official conduct or that are the result of or related to the performance of their public duties. Often, public employees may also not accept anything of economic value as a gift from a prohibited source.
- Donations -- Usually public entities cannot donate to non-profits. Employees might be permitted to participate in charitable events but cannot use title or status to encourage

other's participation. Nor should public employees use their position to solicit donations to a specific charity or a similar fundraiser.

- Contracts -- Public entities are prohibited from contracting with an agency/entity that is headed by an immediate family member of a public employee who oversees the contract or where an immediate family member has an economic interest. Public employees are restricted from contracting with entities to influence the legislature (lobbyist).
- Alcoholic beverages are usually not allowed to be purchased by persons working in government or by government entities. It is standard that when food is purchased a meeting agenda must be provided and attached to the food purchase receipt. There usually is a limit to the food value a public servant can receive or the per person food cost for meetings and events.

Restrictions must be mentioned in the financial policies of the court as well as in any appropriate employee handbook to ensure employees are reminded to be cognizant of the restrictions. The court manager is responsible for ensuring no ethical violations occur in the procurement of any services and goods. A suggested practice to require an annual review of such policies with an official recorded acknowledgement from the staff member.

C. B. Accounts Payable

Accounts payable are the short-term liability accounts reflecting amounts owed to persons or organizations for goods and services received by the court. This does not include the amounts due to other funds or of the same government.

The financial policies of the court will dictate the approval authority of the court manager for expenditures and responsibility for authorizing payment. Invoices for larger amounts will need to be approved by the chief court manager, judge, or a combination in accordance with policy.

Court managers are not allowed to approve for payment any invoices for expenses incurred on their own behalf.

1. Processing

The processing of accounts receivable and cash disbursements will require the court manager or designee to review and approve of all invoices and associated documents for payment.

- If the expenditure is approved for payment, the court manager will submit the approved invoices ready for payment to the appropriate finance office. (depending on court fiscal structure). The financial unit will code the invoice with the corresponding general ledger account, fund, grant, and sub-account, as needed. The coding process will allow for the expenditures to be properly reflected in the budget and financial reports.
- If the payment is below the petty cash threshold, as stated in court financial policies, payments may be made from petty cash account. If petty cash will be used, a petty

cash voucher form, to record disbursement of petty cash, must be provided for appropriate documentation with necessary receipts.

- If the expenditure invoice is not approved for payment or if the invoice is incorrect, the court manager or designee will contact the vendor to rectify any problems with the invoice.
- Payment of Invoices -- The processing of check payments or electronic payments will be completed by the financial unit. The financial policies of the court will specify how often payment checks are processed and how payments should be processed during an emergency.
- Documentation for Payments -- Copies of all invoices, packing slips, and receipts will be filed with all payment checks or electronic disbursements. Copies of all should be stored in the financial unit and scanned and maintained in the court database with adequate backup. The court's record retention policy will specify how long financial records are maintained.
- Monthly Close -- At the end of the month, the court manager or designee will review bank statement reconciliation reports to ensure all payments were authorized, that no fraud occurred, and that all documentation is in order. If there are any discrepancies, the court manager will investigate and rectify.

2. Continuity of Operations Plan

In brief, the Continuity of Operations Plan (COOP) will specify the court manager's change in authority during an emergency. Typically, the approval limits increase during an emergency thereby allowing for bill payment over the standard amount.

The court manager and judicial leadership must consider certain human resources issues during emergencies that could impact accounts payable, such as:

- Policies for compensated and uncompensated leave during an emergency or other disruption in court operations;
- Who is designated as "essential" and "non-essential" staff and therefore required to report during an emergency; and
- What methods will be used for calculating the amount of pay for employees, if a normal time report is not possible..

For more extensive information on emergency planning and COOP development, see the **Operations Management Curriculum Design**.

D. Accounts Receivable and Cash Receipts

Accounts receivables are asset accounts reflecting amounts due from persons or organizations for goods and services furnished by the court. This does not include amounts due from other funds or governments.

1. Processing of Accounts Receivable

The court manager is responsible for ensuring the court is reimbursed/paid for all services rendered. At the end of each month, the court manager's designee will prepare an

invoice for all receivables. The invoice is coded to the appropriate account, fund, grant, and sub-account, as needed... The court manager reviews the invoices and returns them to the designee for distribution and posting to the general ledger.

2. Processing of Cash Receipts

Cash receipts are the checks received in the mail, cash payments, money orders, electronic fund transfers (EFT's), automatic clearing house (ACH) transfers, or any other form of payments the court receives.

- Processing of Cash Receipts -- The court manager will designate someone to receive cash receipts, record electronic fund transfers (EFT's), record Automated Clearing House (ACH) transfers, record documents in the general ledger, and process deposit slips for bank deposits. The court manager will ensure all payments received by mail have been logged and copied/scanned for appropriate auditing at the end of the month.
- Review and Posting of Cash Receipts -- The court manager will review the cash receipts reports and documentation prior to the posting to the general ledger.
- Bank Deposits/Direct Deposits -- The court manager will designate someone to go to the bank to complete deposits with necessary security, will coordinate a courier service, and/or will ensure remote deposit service is utilized. The court's financial policies will dictate how often deposits or processing of cash receipts should be completed.
- Documentation of Deposits -- Deposit slips and documentation will be filed in the accounting office or scanned for inclusion in the accounting system. The court's record retention policy will specify how long financial records are maintained.
- Monthly Close -- At the end of the month, the court manager or designee will review the cash receipts log and ensure that all cash receipts have been processed. If a cash receipt has not been processed, the court manager will conduct an investigation and rectify the problem. In addition, the court manager will review all bank statement reconciliation reports to ensure accuracy. If there are any discrepancies, the court manager will investigate and rectify.

E. Court Collections

The court manager will monitor the court collections (such as court fines, fees, and bonds) regularly. The court manager, following established policy and procedures as authorized by the court, will determine the appropriate course of action for collecting outstanding debts.

- The court has an obligation to promptly record and actively collect its account receivables. The court manager must determine the implementation process for court collections and as needed propose enhancements to the process for greater efficiency.
- Collection reports will be presented to the court governing authority regularly.
- Dependent on court policy, tax intercepts and garnishments might be utilized to collect court fines and fees. The court manager is responsible for instituting those agreements and completing necessary steps to provide the garnishing/intercepting authority with

appropriate documents.

- The court manager is responsible for researching the period prescribed for allowable collections and clearing uncollectible debts from the database if the period prescribed has expired.

2.3 Fixed Assets

A. Fixed Assets Definition

Fixed assets are the physical resources that a court utilizes, such as equipment, major supplies, and furniture.

B. Fixed Asset Report

1. Fixed Asset Report Policy

As part of the financial policies of the court, a definition or value should be established wherein a fixed assets report would be required. Equipment costs that are under the amount set in the policy should not be recorded on the official court fixed asset report but should be recorded on a report for tracking/inventory purposes.

2. Required Information

Fixed assets that meet the threshold amount should be recorded on a fixed asset report listing:

- the item/equipment name;
- date acquired/purchased;
- purchase amount;
- department assigned the item and/or location of the item, and the projected life of the item; and
- If utilized, an asset tag number.

C. Inventory Fixed Assets

As assets are purchased, a property tag should be affixed to the item listing the name of the court owner and the item number. The item number will then correspond to a line on the fixed asset report. Each year the court manager or their designee should review the fixed asset report and visually inspect each item ensuring it is still in the court's possession. If the item is not found, the court manager needs to investigate its whereabouts. If items are missing, an effort should be made to find them. If an item cannot be found, an investigation report should be initiated before the item is removed from the fixed asset report.

D. Useful Life/Aged Items

As fixed assets age and their usefulness is exhausted, items can be removed from the official fixed asset report and placed on the outdated fixed asset report because the item is still being used. All reports should be audited annually. As items are replaced, the old item which is surplus should be removed from the official fixed asset report and the date removed recorded. Surplus of old equipment varies by governmental entity. The court manager should be familiar with the appropriate disposal mechanism in their jurisdiction.

E. Removal of Equipment

Courts will have to determine the appropriate process for removal of equipment. Some governmental entities are required to send all unwanted equipment to the designated surplus properties agency that will later auction it off or otherwise dispose of it according to policy. Other entities might be permitted to donate unwanted equipment to local charities or schools. The removal process should be documented in the fiscal policies.

2.4 Securing Assets

The court manager is responsible for ensuring that all court resources and equipment are adequately protected.

- A. Cash Receipts -- All cash receipts must be tracked from every point of employee contact and documented on cash receipt reports. All cash receipts must be stored in a locked safe until delivery to the financial institution.
- B. Technological Equipment -- The court manager and the technology staff are responsible for ensuring that all court networks and systems are secure. Adequate safeguards must be programmed to protect against security breaches. The cost of adequate network security must be budgeted accordingly. Protection systems to support cybersecurity and technological infrastructure must be updated regularly. Continuous maintenance is a necessary cost for the court and must be adequately funded.
- C. General Equipment -- The court manager must adequately track all fixed assets to ensure theft or inappropriate uses are not occurring.
- D. Emergency Planning -- The court manager responsible for fiscal management and accounting must determine all fiscal issues necessary during an emergency and/or evacuation and have a plan to ensure accessibility. For example, the court manager may need remote access to the accounting system and/or may need a limited supply of checks in order to process accounts payable or emergency expenditures. The financial policies should have policy guidance on the court manager's authority during an emergency. The expenditure limits may need to increase to accommodate the emergency repairs. The court manager needs to consider how the fiscal management of the court will continue whether the courthouse is open or not. Also, the court manager should have a plan for destruction of all primary electronic and hardcopy financial records. If the courthouse caught fire, the court manager will be responsible for continuing the financial operations of the court. Backup procedures must include secondary electronic and hardcopy records available at an offsite facility and a planned procedure for coping with any very short-term losses (maximum 8 hours) of transactional records that may not have an electronic backup. The backup procedures should be tested regularly to ensure they are adequate and as up to date as possible.

Activity Three – Managing Courts Assets: For this activity, participants will be asked to identify court assets ranging from cash receipts to fixed assets.

Section 3 – Fund Management

Learning Objectives

As a result of this section, participants will be able to:

4. Define key fund accounts and assess the true costs of applying for and managing grant funds.

3.1 Fund Accounting

The largest distinguishing trait between financial reporting for businesses and financial reporting for governments is fund accounting. Local governments receive financial assistance from higher levels of government. Most of the resources must be used for specific purposes. Government needs authorization of the governing body to raise and spend public money. Authorizations are normally in the form of an appropriated budget which limits the types of revenues that can be raised and how the resources may be spent. There are significant constraints on how court managers can spend the government's own-source revenue.

A. Purpose

A governmental accounting system must make it possible both to:

1. Present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and
2. Determine and demonstrate compliance with finance-related legal and contractual provisions. Court accounting systems need to be organized and operated on a fund basis.

B. Fund Definition – A fund is a fiscal and accounting entity with self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for specific activities following special regulations, restrictions and limitations.

C. Number of Fund Accounts

A court may establish a separate fund to account for revenues that it wishes to track separately. For example, a court may create a separate fund to account for budgeted funds received for drug court that can only be spent on drug court services so as to ensure and demonstrate compliance with that requirement.

Court managers need to only establish a minimum number of funds because unnecessary funds result in inflexibility, undue complexity, and inefficient financial administration. Funds do not correlate to bank accounts. The advances in treasury management have reduced or eliminated the need for multiple bank accounts.

D. Fund Types:

1. General Fund – The main operating fund used to account for and report all financial resources not accounted for and reported in another fund. Sometimes courts also refer to this as a Judicial Expense Fund. Only one general fund can be reported.
2. Special Revenue Funds -- Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other

than debt service or capital projects. Grant funds are an example of special revenue funds.

3. Capital Projects Funds -- Used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Courthouse construction is an example of a capital projects fund.
4. Fiduciary Funds -- Used to account for resources received by one government unit on behalf of a secondary governmental or other unit. Examples include bail deposits and fines and fees for distribution to other entities.

3.2 Grants Management

A. Grant Definition

Grants are appropriation of funds disbursed by a grantor, often a government department or private foundation, to a recipient, often a governmental entity or non-profit entity. Grants should be considered short-term funding sources for pilot programs or special one-time projects. Grants are recorded under a special revenue fund.

B. Grant Restrictions

Grant funds are monies that can only be used for specific purposes. Such funds may not be expended on anything outside of the scope dictated by the funder. If a grant is provided to start a court self-help center, then funds can only be used for the self-help center and can only include the expenses approved in the grant application.

C. Budgeting for Grants

Grants require specialized budgets. The process for drafting a budget for a grant is not different than budgeting for a special program. **See Section 4 - Budgeting** for more details.

The grant budgets do have some special considerations such as:

1. Indirect Costs

Some grants allow a charge for indirect costs. Indirect costs are costs that cannot be specifically associated with a program but are necessary to operate the program. Such costs include but are not limited to:

- Fringe Benefits of grant personnel;
- Accounting costs;
- Building operations costs; and
- Supervisory costs (supervisor of the grant staff).

Some grants will allow a percentage of the grant amount to be charged to the grant and used in the grant match calculation. As part of the process, a court manager will develop a process to capture the costs so a calculation and report can be constructed.

2. In-Kind or Cash Match

Most grants require a cash match and/or an in-kind contribution of some sort. Cash matches usually consist of a percentage requirement (example 20% of total request in the

form of a cash match). In-kind matches are expenses the court is willing to pledge to use to administer the special program. Examples of in-kind matches include:

- Staff assisting with the program but their personnel time not being charged to the program;
- Office space use; and
- Equipment use, etc. that is not charged to the program but are available for the program's use.

Court managers are responsible for securing approval for a cash match and/or in-kind match, budgeting for said match, and documenting such matches. Reports are required justifying the in-kind or cash match. Court managers must plan for reporting these matches and must facilitate the accounting for any cash contributions.

3. Budget Amendments

Grant budget amendments are treated differently than standard budget amendments. Deviations in grant budget categories and amounts must be approved by the funder prior to the budget change and implementation. As the amount of the total grant reward typically cannot be changed once the grant is awarded, amendments usually entail reallocating funds between grant spending categories (e.g., moving personnel costs to a drug testing category). It is possible to move awarded funds to an entirely new grant spending category, but often this entails more explanation and back and forth with the grant provider.

D. Accounting for Grants

Special accounting of these funds is necessary. The court manager will set up specialized fund accounts for the grants and will determine the necessary sub-accounts. The court may use sub-accounts or special accounts to record the expenditures and revenues. Coding for cash matches and in-kind matches must be included in the accounting.

E. Grant Reporting

Fiscal reports will be generated to record the grant expenditures and revenues received. The court manager is responsible for reviewing the fiscal reports to ensure all necessary costs and no unallowable expenses are included. Court manager must reconcile accounts to determine if all grant expenditures have been accurately reported and ultimately reimbursed.

Court managers should rely on data reports to determine if the proposed purpose of the grant is being achieved. Most grants require data collection reports which are based on grant goals and objectives. It is imperative that the court manager assesses whether the grant goals and objectives are being met. Often continuation funding is dependent on meeting grant goals and objectives.

F. Grant Monitoring

The court manager's duty to the grant funder is to adequately plan and perform the operations in line with the grant application. To ensure efficient administration of a grant

program, court managers should:

- Maintain a process to monitor grant terms and the program's compliance;
- Develop a reporting structure to meet the needs of the grant recipient;
- Plan for collection of necessary data;
- Establish an accounting structure to capture the grant expenditures and receipts for fiscal reports; and
- Determine the personnel needs of the grant program and the personnel differences (grant employees might not be considered full time employees and, therefore, do not have the same benefits as other court employees).

Federal grants that total or exceed \$750,000 (as of 2025) require a single audit as part of the annual audit report.

Any deviation in grant funding mission/proposal must be approved by the funder prior to the change in scope. Court managers must ensure that the grant plan as outlined in the approved grant application is adhered to. If any changes are necessary to the scope or plan, the court manager has to facilitate the discussion with the grantor prior to any changes occurring.

G. Grant Reimbursement

Grant funding can be on a cost-reimbursement basis or a quarterly/monthly payout.

1. Cost-reimbursement basis

Cost-reimbursement basis means the grant recipient must pay the program costs first, submit a fiscal report detailing the expenses paid, and then the grant funder sends a reimbursement payment. Grant recipients must be able to initially pay the costs of the program. All expenses must be accurately documented or the reimbursements may not be adequate to continue to serve the needs of the program. Careful review of the fiscal reports must occur to ensure all expenditures are adequately documented and reported and that only allowable costs are included in the report. Court managers must ensure that their accounting system is robust enough to collect all necessary fiscal information required by the grantor.

2. Quarterly/monthly payout

Grant reimbursements on a monthly or quarterly payout are paid as a percentage of the total grant each month or each quarter. Fiscal reports are still required but the payout may not match the grant expenditures exactly because the program could have underspent or overspent for a particular period. The annual grant report of expenditures should match the grant revenues.

H. Supplanting

Court managers are not allowed to supplant regularly budgeted funds with grant funds. Supplanting is when specialized money (e.g., money dedicated to a special program) is used to pay for something you are currently paying for from a general source. For example, a court is currently paying for a case manager through the general fund, the court receives a case management grant, and so they now pay the case manager through the grant and use

the general fund to pay for something else. This cannot be done. Court managers must use the grant funds for a new use and not a current expense.

Federal law prohibits recipients of federal funds from replacing state, local or agency funds with federal funds. Existing funds for a project and its activities may not be displaced by federal funds and reallocated for other expenses.

I. Sustainability

It is recommended that court managers require sustainability plans for grant programs.

Grants are time limited, so at some point the funds will expire. When the funds expire, the grant program will need to be absorbed into the court budget or the program will need to be eliminated. Grant employees should understand and be given notice of the possible program elimination. If the sustainability plan requires incorporation into the regular court budget, the process may be lengthy and should be completed prior to the grant expiring. The court manager must plan for all the contingencies and notify court authority of issues.

J. Grant sources -- Some possible grant sources for courts include:

- State grants (often these are from funds from federal grants that the state is able to grant based on criteria of the federal grant and state guidelines);
- State Justice Institute;
- Office of Justice Programs which includes the Bureau of Justice Assistance, the Office of Juvenile Justice and Delinquency Prevention, National Institute of Justice, among others;
- Office of Violence Against Women;
- National Drug Court Institute;
- Court Improvement Project, National Center for State Courts; and
- Local and national foundations and trusts.

K. Application Process

A grant application with a budget must be submitted to be eligible for consideration for grant funding. Most grants are funded for a specific project requiring some level of compliance and reporting. There are negative consequences for failing to meet grant requirements.

Court managers should develop a grants policy that requires certain steps to be taken before applying or accepting grants to maximize the benefits and minimize risks. Prior to applying for any grant funding, court managers or their designee should determine:

1. Will the grant meet the needs of the court;
2. What is the timeframe for the grant (what is the start date and what is the maximum time period for the grant);
3. Is there a maximum amount of funds that can be requested;
4. What is the deadline of the grant application and is it attainable;
5. What must be provided and is the information available;
6. Will matching funds be required and in what form;
7. What are the reporting requirements of the funder and does your office have the capacity to meet them;
8. What is the local or internal approval process required to apply for the grant;
9. If your court is awarded the grant is the project sustainable past the award period; and
10. Ultimately, is the effort to write and submit the grant worth the possible award.

Writing a grant application is a major undertaking, so ensuring you have set yourself up to be as successful as possible is key. Spending hours writing up an application that fails because of a deficiency that could have been addressed or prevented is quite deflating. A large part

of the difficulty in creating a successful grant application is meeting the application deadlines and requirements. You need to fully understand the requirements of the grantor, your local leadership, and perhaps even State and Federal authorities. For example, a common requirement is to get letters of support from system partners. Some can react quickly to such a request, but others have internal processes to follow to offer such letters that can run you past your deadline. If you are anticipating applying for a grant you might want to pre-identify partners that you would need support from and discuss their support prior to going forward with an application.

To have a fully researched and strong application you may need to anticipate applying for a grant in the future. In fact, you may want consider writing up a draft narrative describing the issue you are trying to address and the way you wish to solve it, without the pressure of an application deadline. Doing so can give you time to find supporting evidence and research for the course of action you propose. When a suitable grant opportunity presents itself, you will be in a position to quickly make any necessary changes to your narrative, while ultimately presenting a compelling argument. This also suggests that you should make yourself aware of grant programs that ask for new submissions on an annual basis, or when a new program is announced as coming out soon.

There are skill sets that are needed for creating and submitting a grant. To ensure your court has staff available with these skills, consideration should be made to obtain grant writing training. Almost as important as persuasive writing skills are spreadsheet and budgeting skills. Classes to assist with those skills sets are readily available on the Internet.

For an example of a grants policy see **Faculty Resources** – *Sample Grants Policy and Checklist*.

L. Resources for Writing and Applying for Grants

This section provides basics to court managers on how to research and apply for grant funds. Court managers interested in obtaining grant funds, should conduct further research and take a grant writing course. Additional resources can be provided to give more information. Such resources include the following:

- Browning, B.A. *Grant Writing for Dummies*
<http://www.dummies.com/how-to/content/grant-writing-for-dummies-cheat-sheet.html>.
- Grants 101: Overview of OJP Grants and Funding
<http://www.ojp.usdoj.gov/grants101/>
- Jones, S. P. and Bundy, A. *Writing a Good Grant Proposal*
<http://research.microsoft.com/en-us/um/people/simonpj/papers/proposal.html>

In addition, many funding sources have examples of previously funded applications on their websites.

Activity Four – *Grants Management*: for this activity, participants will examine what is involved in applying for and managing grant funds.

Section 4 – Budgeting

Learning Objectives

As a result of this section, participants will be able to:

1. Write a budget justification for a new program or budgetary need; and
2. Develop a plan for responding to potential budget cuts or for funding a new priority.

Note to Faculty: Budgeting for court managers will depend on specific situations. Not all court managers are responsible for the budget and allocations for a court. Not all courts will have project or division managers in addition to the court manager.

A budget:

- Is a fiscal control tool;
- Shares important fiscal information;
- Highlights the organizations' purpose and role; and
- Gives a clear statement for projecting and recording how public monies will be used.

The budgeting and financial resources of a court are often dependent on the specific court and structure (federal, state, local, large, medium, small). Faculty may want to consider asking participants to bring to the course:

- Their court's mission, vision and strategic plan because these often affect funding;
- A complete budget for the court and specific programs; and
- Budgeting forms and/or formulas used for projecting expenses.

Faculty Resource – A *Budget Template* has been added to provide you a sample template to use.

4.1 Budgetary Cycle/Steps

The budgetary process can be like the process for seeking and obtaining financial resources, especially when from a legislative body. Court managers will have various duties dependent on the steps necessary in each budget cycle. The court manager must determine required tasks and steps in the budget process for the funding authority. Some states require governmental entities to advertise their budget in the local register, hold a public budget hearing, and advertise when a budget amendment greater than 5% of the total budget is necessary. Importantly, while the below description of budgetary process steps suggests a linear process, organizations are frequently utilizing an iterative process—one that is agile and dynamic, which increases the ability to shift in response to uncertainties and shifting priorities.

Budgetary Process Steps:

A. Proposed Budget

The draft document of estimate of revenues and expenditures for a given period is provided

to court leadership. The court manager is responsible for reviewing and possibly drafting the budget draft. The budget should include all necessary expenditures and anticipated revenues for the fiscal year.

The court manager presents the proposed budget to the court leadership (all judges, fiscal committee, chief judge, etc., depending on court structure) for discussion and preliminary revisions.

The following list of tasks will assist the court manager creating a proposed budget:

- Develop a calendar;
- Identify responsibilities and deadlines;
- Review the overall process to ensure you are on schedule;
- Produce reports;
- Identify issues and problems;
- Assign responsibilities for problem solving; and
- Ensure requirements are met.

Perform a Needs Assessment. A needs assessment will help you prioritize budget projections. Consider:

- Future courthouse improvements;
- Technology enhancements;
- New judgeships;
- Infrastructure improvements; and
- Implementation of any special programs.

Some courts require court managers to track revenue projections. Revenue projection methods include:

- Economic forecasts;
- Caseload analysis;
- Trend analysis; and
- Regressive analysis.

B. Original Budget

This document is the accepted draft budget after the proposed budget was reviewed by court leadership. The original budget is the document that should be presented to the public. The court manager is responsible for scheduling the public hearing, advertising for any necessary public hearings, and presenting the original budget to the public. The court manager must be able to answer questions and explain the budget to the public.

C. Adopted Budget

This budget document is formally revised and approved by the court governing authority after the public has had a chance to comment on the budget. The adoption of the budget is approved at a meeting of judicial leadership, the adoption instrument is signed, and the

minutes should reflect the adoption of the budget.

- D. In some jurisdictions, approval of the budget falls within the authority of a legislative body. Here, courts present their budget to the legislature and likely sit for questions on their proposed budget. This will require effort in preparing for these hearings to include gathering relevant statistics and being ready for appropriate questions.

- E. Amended Budget

This budget document is an adjusted estimate of revenues and expenditures for a given period. The document reflects changes since the adopted budget was approved.

The court manager drafts an amended budget and notifies the judges of the intent to amend the budget. The adoption of the budget amendment is completed in a meeting of judicial leadership and the minutes should reflect the adoption of the amendments. The court manager must research the state budget requirements to determine if the amendment to the budget must be published in the official journal.

The court's financial structure may require additional steps to amend a budget. If a court does not have full authority over their funding streams, they may need to follow a legislative process and present a budget amendment to a legislative branch for adoption and approval.

Grant budget amendments are treated differently than standard budget amendments. Any deviation in grant budget categories and amounts must be approved by the funder prior to the budget change and implementation.

- F. Financial Forecasting

Subscriptions, memberships, computer hardware, software maintenance, equipment maintenance, and routine building maintenance often renew or require replacement on a known schedule or equipment lifecycle. Keeping track of expenses in future budget cycles is important.

When creating a budget proposal, it may be helpful to show what funds are needed now and what funds will be necessary in the future. Computer equipment or software applications that are no longer supported or can no longer handle the latest operating system need to be replaced to avoid an increased security risk. Copiers, scanners, and routine building maintenance need to be addressed, or you have an increased risk of failures or problems that can interrupt public service.

Many computer software applications and even the revised edition of the statutes from the state bar require a subscription service that needs to be paid on a recurring schedule. Contracts expire with associated service level agreements (SLA's) that include guaranteed rates. Some contracts may include annual increases for equipment or maintenance. It is important to have a record of everything you have budgeted currently, everything you are budgeting for in the upcoming budget cycle, and those obligations and assets that are going to require additional funds in the future. Some funding sources have extra resources in this budget cycle that may not

be available in the following budget cycle. If they are aware that you have specific needs in the future they may opt to provide you with more funds now so they fewer forecasted expenses for the following budget cycle.

G. Final Budget

This is the budget document formally approved by court authority after the required public hearings and deliberation on the proposed budget, together with subsequent amendments. This is the last budget document of the fiscal year. The adoption of the final budget is approved by in a meeting of judicial leadership, the adoption instrument is signed, and the minutes should reflect the adoption of the final budget. In addition, certain budget requirements may be necessary for the fiscal audit. Court managers must be familiar with audit requirements. They should use their auditor as a resource to answer questions.

4.2 Drafting a Budget

A. Budget as a Tool

A budget is a planning tool and a mechanism of fiscal control. Budgets help court managers plan by anticipating new expenses and justifying requests for additional funding. The budget should be a clear statement for projecting and recording how public monies will be used. Budgets are a common tool for comparing organizations, sharing fiscal information, and highlighting an organization's purpose, priorities, and role.

The budgeting process may not be the sole responsibility of the court manager. It may involve a wide array of personnel in both projecting expenditures and managing funds. Special project or program directors may need to be involved in the budget development.

B. Who Controls the Budget

When beginning to draft a budget for the court, the court manager must consider all revenue sources and expenses of the court. The court manager may not have direct control of the funding sources if another governmental entity provides the funds. In this instance, the court may have to work within the governmental entity's accounting system to set-up the budget and track expenditures against the budget monthly.

If a court has control of their funds, they are responsible for all aspects of fiscal management. This will include setting up fiscal policies to establish proper controls, maintaining a chart of accounts and sub-accounts to record necessary documentation for grants or specialized funding sources, setting a budget, monitoring and amending a budget, reconciling accounts and drafting financial statements, and planning/preparing for an independent fiscal audit.

C. Budgeting Approaches

There are numerous budgeting approaches. Three approaches most often used in court systems are:

- Zero-based budgeting -- All fiscal needs must be re-justified each year. The process begins with no anticipated funding in each budget category and requests everything to be restated, re-proven, and reapproved.

- Program-based budgeting – this is a hybrid that uses previous years’ budgets as a baseline and justifies continuation, changes, and new funding based on demonstrated performance and outcomes.
- Continuation (incremental) budgeting -- All previously justified and approved funds are generally continued in the new budgeting period. The budget proposals are based on previous budgets. New activities may be added if funding is available and will need to be justified and approved.

D. Types of Budgets

There are many types of budgets. Each type has a specific use. Two of the most applicable types of budgets for courts are:

- Operational Budget -- General budget which includes expenses for office space, personnel, administration, special projects, equipment, etc. The court manager, with the assistance of project or division directors, may be responsible for preparing, proposing, and managing the operational budget.
- Project Budget -- These budgets are specific to a certain area or project. Such examples might include special programs, such as drug court. This budget should include the costs of administering and delivering the special project/program. The budget generally includes all direct expenses but may not include any indirect expenses because they are not allowable by the funding source. The indirect expenses should still be included in the overall court budget. The project budget should be part of the operational budget for the court.
- Capital Budgets- These budgets are for expenditures resulting in the acquisition of or addition to the court’s long-lived tangible assets such as buildings and land. This budget will include the special means of financing the large, long-lived purchases/expenditures.

E. Determining Expenditures to Include in Budgets

The court’s priorities should be discussed at least annually by judicial leadership to determine and affirm the needs of the court. These prioritized needs will assist in the budgeting process. Examples may include renovating a courtroom, adding a special program, redesigning a case management system, among others. In addition, the court manager should regularly review key data collection reports to determine if enhancements are necessary. Examples may include increasing or decreasing a special program, adding services in a section, or eliminating a non-productive section. As more information is needed, data collection reports should be enhanced to effectively answer necessary questions regarding program effectiveness. The budget development process should consider ineffective processes or programs that should be redesigned or eliminated. Courts that are data-driven can anticipate future trends, a future crisis, and can plan accordingly. In addition, courts that are data-driven can defend their position and needs by demonstrating their effectiveness. Courts are accountable to the public, so transparency is important as is demonstrating effectiveness.

- General/Recurring Expenditures
The court manager will use the current fiscal year expenditure and revenue estimates as

the basis for drafting the following fiscal year's budget. The routine costs will continue to be included with minimal increases for projected costs. The current revenues will remain in the budget at the current projected collection rate if the revenue source will continue.

- The largest recurring costs for courts is staffing. How you come to your staffing numbers can vary. Some jurisdictions will calculate their needs as noted above, but several jurisdictions use staffing models based on filing numbers to come up with the number of staff required and therefore the amount of money needed to support the identified level of staffing. This can offer an advantage when the court needs to justify its spending level to another branch of government. The NCSC can offer several examples of staffing models.
- Equipment Refreshment Plans
Equipment refreshment plans need to be considered when drafting a budget. If equipment refreshment plans call for replacement of 10% of the computers in the building, then the procurement of that equipment needs to be budgeted. If the maintenance schedule calls for interior painting of the courthouse, then an estimate of the painting costs needs to be determined and budgeted. An adequate IT budget must be included in the whole court budget. All items such as virus protection, network security, emergency equipment/preparation, new computer equipment and enhancements to computer systems need to be included in the budget.
- Maintenance Schedules
Maintenance schedules need to be considered when drafting a budget. Consideration needs to be given to maintenance schedules to ensure that the items being renovated, repaired, or replaced are budgeted appropriately. Large construction projects may need to be budgeted over several fiscal years if the project doesn't conclude in one year.
- Capital Improvements
The court manager and judicial leadership must discuss annually courthouse renovation needs. As the needs are defined, cost projections must be calculated for inclusion in the budget documents. If the court has a Capital Improvement Plan (CIP) it must be considered. All items will require thorough planning and budgeting. The court manager will need to research options, facilitate procurement processes, and oversee work. The court manager must be familiar with bid law and municipality requirements.

F. Emergency Budget Considerations

An emergency is defined as an unforeseen event bringing with it destruction or injury of life or property or the imminent threat of such destruction or injury as declared by court administration. Special budgetary provisions and authorities are listed in the court's financial policies. The court manager's budgetary authority increases during an emergency to minimize the disruption to the court and expedite the reopening of court operations.

Approval of expenditures and special procedures in the event of an emergency are specified in the Continuity of Operations Plan. Emergency financial policies and procedures are listed in the court's financial policies. The drafting of a COOP is usually the responsibility of the court manager. The continuity of operations plan encompasses much more than fiscal management concerns but must include fiscal and budgetary considerations.

For more information on emergency planning see the **Operations Management Curriculum Design**.

G. Other Considerations:

- Contracts (Interpreters, vendors, support agreements, judicial parking);
- Travel/Training;
- Utilities (telephone, Internet, ...);
- Office supplies;
- Security; and
- Furniture.

4.3 Encumbrances

Courts sometimes encumber or save funds for a specific purpose. Such funds might be placed in a government allowable savings account. Funds could be encumbered for key technology enhancements or courthouse improvements/expansion that exceed normal budget operations or are capital expenses. All encumbered funds should be dedicated through a motion of the administrative authority or judicial leadership. The encumbrances are not budgeted until the appropriation of funds is necessary. The funds for such encumbrances may be placed in a special bank account, such as an asset management pool fund, which draws minimal interest.

A provision for the planned expenditure of reserve account funds is included in the annual fiscal budget. The Judges or court governing authority on an annual basis shall encumber any reserve account funds not budgeted for expenditure as operation reserve funds. Enhancement of these funds as reserve funds is accomplished through judicial leadership procedures.

4.4 Defending a Budget and Maintaining a Budget

Many court managers are responsible for maintaining the court's budget, which includes defending the budget and justifying why the funding is necessary. The justification or defense of a budget may be completed in various ways, such as written budget justifications or budget hearings.

When presenting a budget request, a court spokesperson (typically a court manager but not in all courts) should present a well-organized request with all essential information. A budget justification should include:

1. Statement of Need -- provide an overview of the need and funding being requested.;
2. Connection to the Mission -- provide information to show how the request meets the needs of the court and its constituency;
3. Supportive information -- provide data and other information that demonstrates the need for funding by the court.;
4. Effective/efficient practices -- provide information and examples of how services are producing savings, improved services and how costs are being cut or avoided. Also, provide information on alternatives and options that might be available in the future;
5. Summary of funding needed -- restate the amount necessary for court operations; and

6. Consequences of request denial – include information about what the consequences will be if the request is denied.

Activity Five – Budget Justification: participants will be requested to write a budget justification for a new program in their court. It should be a brief explanation of the budget and a clear written justification to be reviewed by decision-makers.

Depending on a court's budgeting process, the above suggestions for a budget justification could be used in proposing a request for additional resources to a supervisor, internal court leadership or budget office, or to an external funding authority.

In addition, the office proposing the budget request or defending the budget should continuously seek information about a variety of matters. First, a budget manager must learn, understand, respect, and pursue the priorities and vision of court leadership. Second, a budget manager who may not be physically located or frequently work with court operations or client services should learn and observe these operations as much as possible, especially when it will be the budget manager's responsibility to defend resource requests for such operations. Third, a budget manager should learn and observe all that they can about the many individuals who serve in the funding authority—their (each key person's) short- and long-term priorities and vision, how they think about budgetary policy and their particular values of good government (e.g., transparency, convenient services, cutting-edge programs or those with a proven track record, and more). Fourth, a budget manager should learn and observe local economic drivers, indicators, and forecasts from a variety of sources. Fifth, a budget manager should learn about and collaborate with external stakeholders for the court's programs. This includes other agencies, non-profit legal services providers, social services providers and treatment providers, bar associations, and others.

4.5 Managing Budget Cuts

Court managers who have to deal with financial stress are limited in the options they may have to deal with it. The pressure of meeting deadlines sometimes leads to less-than-optimal decision making because the court manager fails to consider all the options available. Ideally, a plan for a financial crisis should be considered long before the actual crisis. Indications of an emerging or pending fiscal crisis may include recurring operating deficits, a dependence on one-time sources (grants), fund balance or cash levels that fall below pre-defined thresholds, and/or the inability to make timely payments to creditors.

Scenario planning and contingency budgeting is one way court managers may prepare for the prospect of a budget reduction. This involves planning for different scenarios—for example, reductions of 10%, 20%, or 30%—and how critical operations would be maintained, the level of service or programs that would be impacted, and more. Another set of scenario planning would involve funding sources, for example if one funding source or another faces economic pressures and reduces funding available to your court, how might that impact the budget overall and operations, and to what degree might another funding source be able to cover the new gap.

Periods of significant budgetary reductions often accompany non-budgetary crises. During this time,

frequent and thorough real-time collaboration with internal and external partners is critical. Before crises, establish these lines and methods of communication/relationships.

A. To manage funding/budget cuts, a court manager must:

- Know what the court has -- financial, physical, and human resources available in the organization;
- Know what the court needs as a baseline. The court must provide minimal case processing necessary for the court to maintain mandatory or essential services; and
- Know how to get help. Help includes entities or persons that need to be contacted to assist with funding cuts. These may include other agencies that could take over services, provide funds, or connect the court to another funding source.

B. Possible funding options may be:

- Direct funding -- requesting additional funding from court system;
- Indirect funding -- requesting assistance from another entity that benefits from the program. The assistance could be assigning personnel to cover a service that the court covered, donating equipment or supplies, and transitioning service to another agency;
- Shared funding -- requesting financial assistance from all the agencies that are involved and benefit from the program. Each agency could contribute a portion of funding and combined could cover the whole program; and
- Grant funding -- requesting additional funds through grants. The applicant must ensure it is not a supplantation of regularly budgeted funds.

C. Strategies for budget reduction may include:

- Hiring freeze;
- Reduction in overtime;
- Postpone equipment replacement;
- Reduce travel/training;
- Reduce court hours of operation;
- Close court facilities;
- Outsource;
- Stop providing a service; and
- Eliminate a program.

D. Creative strategies to Reduce, Remake, and Remove:

- Reduce -- trim a little from each budget (knick & tuck);
- Remake -- change the processes to save money; and
- Remove -- major reductions to operations (eliminate program).

Activity Six -- Special Project Budget Adjustment: Participants will use case scenarios to determine how to manage a budget adjustment to a special project where the project's grant will be ending soon.

Section 5 – Financial Policies, Reporting, and Auditing

Learning Objective

As a result of this section, participants will be able to:

7. Define relevant financial policies for the courts and their purposes.

5.1 Financial Policy Development

Note to faculty: Some courts do not set their own financial policies and instead are required to follow those established by other governing authorities. Other courts manage limited funds and have not considered financial policies. Some courts manage all their fiscal resources and have their own financial policies. It is important to underscore this point several times throughout the lesson.

A sample template of financial policies and procedures is included in **Faculty Resources -- Financial Policies and Procedures Outline Template**.

A. Purpose

Financial policies provide operational guidelines for all financial transactions entered by the court. They ensure compliance with all applicable statutory requirements, provide for adequate separation/delineation of financial duties, simplify and clarify all financial functions, provide sufficient information for management and the governing body of judges to make sound financial decisions, provide for the long-term continuance of financial functions, and ensure high levels of fiscal accountability. Financial policies ensure that adequate controls are in place to secure the fiscal resources of the court. Each court is different, and the fiscal responsibilities and the financial policies vary to meet the needs of the court.

B. Financial policies help courts:

- Institutionalize good financial management practices;
- Clarify strategic intent for financial management;
- Define boundaries for procurement, accounts payable, and accounts receivable;
- Promote long-term and strategic thinking;
- Provide guidelines for fund balances;
- Manage risks to financial condition; and
- Comply with established public management best practices.

5.2 Financial Policy Management

A. Adoption

The proposed financial policies and procedures are developed by the court manager or their designee. The proposed financial policies are adopted through established court policy and memorialized via an authoritative document that sets forth the date of adoption.

B. Enforcement

The court manager is responsible for the enforcement of the financial policies and must address any violations.

C. Revision

Financial policies should be reviewed on a regular periodic basis, at least once annually, to determine if amendments are necessary. The court manager drafts the amendments for presentation to the governing body.

Activity Seven – Financial Policy Development: Participants will brainstorm what important financial policies are necessary for a court manager.

5.3 Financial Reporting

Financial reporting is the aggregation of detailed data from the accounting system into a form suitable for decision making. It is the court manager's responsibility to provide detailed financial reports that accurately reflect the fiscal health of the organization to provide judges and managers with sufficient information on which to base short-term, intermediate, and long-term financial policy.

The financial policies will set forth whether the financial reports are prepared using the accrual method of accounting or another method.

The financial reports should include:

- A. Statements of actual revenue and expenses and budgeted revenue and expenses;
- B. Balance Sheet indicating all checking and reserve account balances, total accounts payable and accounts receivable, all other liabilities, all other assets, and the fund balance (net assets) for all funds; and
- C. Special Revenue/Program Fund Reports detailing the actual special program fund expenditures and budgeted special program fund revenues.

The timing of the financial reports will be established by the court's governing authority. Financial reports should be compiled at a minimum of quarterly and reflect a reconciled general ledger. Judicial leadership will need to accept the financial reports which usually occurs in a meeting setting where the minutes of the meeting reflect the acceptance.

5.4 Preparing for a Fiscal Audit and Possible Single Audit¹

A. Purpose

The annual audit is a tool used to ensure that financial procedures are in order and the court is optimally utilizing the resources provided by the taxpayers. An auditor is a resource and not an adversary. The annual audit is a verification process of financial systems and reports. The auditor will review processes and let the court manager know if internal control steps should be taken to protect the court against fraud or theft.

B. Selecting an Auditor

An independent and certified auditor should be selected for the annual audit. The selection process may occur through a request for proposal in which local auditors submit reports of

¹ Necessary by acceptance of federal grant funds over \$750,000 (as of 2025).

the services they can offer and the estimated costs. The court manager or court finance committee should select the auditor.

Considerations in selecting an auditor include:

- Professional training and experience both generally and in relation to the type and magnitude of work required for the audit;
- Capacity for timely completion of the work, taking into consideration the person's or firm's current and projected workload and professional and support manpower;
- Past and current accomplishments, for which references from clients or former clients and information gathered by inspection of current or recent projects may be considered;
- The nature, quantity and value of work previously performed and presently being performed by the person and/or firm submitting;
- Past performance by the person or firm on public contracts, including any problems with time delays, cost overruns, and/or design inadequacies in prior projects for which said person or firm was held to be at fault, as evidenced by documentation provided by the administration;
- An analysis of any work by the person or firm submitting which resulted in litigation between the public entity and the person or firm performing professional services, including but not limited to ongoing litigation with a public entity or involvement in litigation with a public entity in which the public entity prevailed;
- The experience in the field or fields of expertise required for the project; and
- The proposed fee schedule.

C. Engagement Letter

The selected auditor should produce an engagement letter stating the following:

- Auditor's qualifications;
- Audit objectives;
- Management responsibilities;
- Audit procedures;
- Limitations;
- Reporting package;
- Prior audit comments and recommendations; and
- Audit administration, fees and other items.

D. Court Manager's Role

Court management is responsible for providing the auditor with basic financial statements and all accompanying information. Management must designate an individual, preferably in senior management, who possesses suitable skills, knowledge, and experience. Management is responsible for establishing and maintaining effective internal controls, including

evaluating and monitoring ongoing activities to ensure appropriate goals and objectives are met. Management must make all financial records and related information available to the auditors. Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. The court manager will be responsible for providing management's views on current findings, conclusions, and recommendations, as well as the planned corrective actions. To minimize negative audit findings, court management should be prepared to provide evidence that the court has a sound financial reporting system in place.

E. Legislative Auditor/State Controller

The audit is due to the Legislative Auditor/State Controller approximately 6 months after the close of the court's fiscal year. It is imperative that the court manager monitor the audit process and ensure that the deadline is met.

F. Single Audit for Federal Grants

If a court accepts more than \$750,000 (as of 2025) in federal funds, a single audit is necessary and should be engaged with an independent auditor.

G. Audit Process

Prior to the beginning of the audit, the auditor should meet with the court manager to establish the schedule, provide a listing of necessary items to be sent for the start of the audit and to provide contact information for both entities. Once the audit starts, the court manager must provide access to all financial records. Auditors usually request copies of all budgets, budget amendments and meeting minutes where the budget was adopted or amended. Copies of the budget public hearing notice will be required. The auditors will likely request several interviews to review procedures, question for fraud, and determine future improvements. All conversations with auditors should be open and honest. Difficult areas should be discussed with the auditors for suggestions of possible improvements. Auditors should be alerted to any major future plans. If court managers are uncertain why an auditor is asking for a certain document, they should ask.

The auditors may work on the court premises or may return to their offices. It is imperative that the court manager ensure all financial records are secured and copied if necessary to ensure there is no loss of data. The audit process can take two weeks to two months, depending on the scale of the court's finances.

H. Audit Report

Once the audit testing has been completed, the auditor will compile a draft audit report. The draft report should be submitted to the court manager and possibly judges (dependent on oversight structure) for review and discussion. If the court manager has any questions or disagrees with any findings, all matters should be handled prior to the final audit report being published. Once the draft report is approved, the final report is drafted. At this point, the auditor will request a meeting with the court manager and governing authority to formally discuss findings, suggestions, and future considerations. The final audit report is electronically filed with the appropriate signatures to the Legislative Auditor. A receipt of acknowledgement should be filed. Any audit findings require a plan of action for correction

and must be documented in the following year's audit. The court manager will need to develop the corrective plan and monitor the status.

I. Types of Audit Opinions

Ideally, auditors will provide an unqualified or clean opinion of the court's financial statements. An unqualified opinion will contain language such as "the financial statements present fairly in all material respects" and "the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America." If an auditor is unable to render an unqualified opinion, a qualified opinion may be issued. Auditors are required to report any material weaknesses or significant deficiencies.

Types of Audit Opinions	
Name	Definition
Unqualified Opinion	Also known as a clean opinion is an audit report that is issued when an auditor determines that each of the financial records provided by the court is free of any misrepresentations.
Qualified Opinion	Qualified opinion is issued when a court's financial records have not been maintained in accordance with policies and/or standards, but no misrepresentations are identified.
Adverse Opinion	Adverse opinion is issued to a court when the financial records do not conform to policies and/or standards and the operations have been grossly misrepresented. Usually an indication of fraud.
Disclaimer of Opinion	Disclaimer of opinion is issued when an auditor is unable to complete an accurate audit report. This may occur for a variety of reasons, such as an absence of appropriate financial records.

J. Closing the Audit

At the close of the audit process, the court manager should evaluate the process and determine if the needs of the court were met. If the court manager is interested in contracting with a different auditing entity in the future, consideration must be given to the request for proposals process and timing. The audit engagement letter is typically due 90 days prior to the close of the fiscal year, but this timeframe varies from state to state.

Section 6 – Facilities Management

Learning Objective

As a result of this section, participants will be able to:

8. Develop a budget for changes needed in a court facility; and
9. Develop a plan of action for emergency situations involving the court's fiscal operations and facilities.

Note to Faculty: Court manager duties regarding facilities differ greatly by jurisdiction. Some court managers are responsible for the courthouse maintenance and renovation and other court managers have limited or no responsibility because the courthouse is maintained by the governing authority.

6.1 Meeting Court's Facility Needs

A. Maintenance Schedule

To maintain the courthouse, there should be a maintenance schedule that plans for replacement of carpeting, painting of walls, carpet cleaning, air conditioner/heater replacement, roof replacement, among many other needs. Regardless of who maintains the building, a schedule should be created and agreed upon with the facilities "owner," so the building does not fall into disrepair. See **Faculty Resources – Maintenance Schedule** for an example of a maintenance schedule.

Some courts are directly responsible for all repairs in the courthouse while other courts defer to the local municipality, county, or state general services division to cover costs because the courthouse is considered the municipality, county, or state property.

B. ADA Requirements

Safety concerns for staff and the public need to be considered. Improvements to the workspace and public areas should be completed to make sure it is safe and meets all the Americans with Disabilities Act (ADA) requirements. ADA reviews of courthouse buildings might be helpful every few years and with any capital improvement planning efforts.

C. Active Life

The maintenance schedule needs to take into consideration the active life of items. If carpet generally lasts 5 years, then the carpet should be cleaned 1-2 times per year in years 1-4 and replaced in year 5. There are budget implications to all these items so the maintenance schedule should correlate with the budget.

D. Maintenance Agreements

Court managers should be familiar with any maintenance agreements the court has with the municipality, county, state or private companies for their building equipment. Regular check-ups of key equipment should be conducted to ensure items are in proper working condition to ward off any unnecessary halts in service. Regular maintenance checks can assist the court manager in determining when a major piece of equipment or facility infrastructure must be replaced, such as a roof or an air conditioner. If the court manager is notified that such equipment or infrastructure will need to be replaced soon, the court manager can then plan and budget for the expense.

E. Planning for Future Renovations

The court manager and judicial leadership should annually discuss courthouse renovation needs. Filings or workload increases could be increasing thereby possibly indicating a need for an additional judge. The court manager should consider what changes to the courthouse are required to accommodate a new judge. If the court manager and judicial leadership determine that a new or remodeled courthouse will be necessary in 5 years, consider the following questions:

- What funding will be used for the new facility;
- Will the court manager be required to come up with a savings plan (within current revenue) to pay for the construction; and
- Is there a local Capital Improvement Plan (CIP) that needs to be amended to provide for project funding?

All items will require thorough planning and budgeting. The court manager will need to research options, facilitate procurement processes, and oversee work. The court manager will need to be familiar with bid law, court system policies, and municipal requirements.

6.2 Information Technology

A. Team Planning

Court managers and the IT division of the court need to work as a team in planning for the IT networking, infrastructure, applications, and support needs of the court. As a team, court managers and the IT division need to document the current needs and equipment and plan for the changing needs of the court. With this information, consideration can be given to what equipment will be purchased each year.

B. Lifespan of Equipment

The lifespan of IT systems is different for each piece of equipment. Court managers need to determine the life of IT equipment. All used and dated equipment needs to be considered for maintenance, updates, revisions, and needed changes. Consideration should be made for software licensing, increased connectivity and data exchange, software revisions and patches. If equipment is obsolete, cyclical replacement of old hardware and infrastructure, and strategic replacement of systems and applications needs to be considered.

C. Refreshment/Replacement of Equipment

Refreshment/replacement of equipment needs to be accounted for in the budget. Annually, IT and the court manager should plan for equipment replacement. Courts should have a schedule for the replacement of each employee's computer and all computers within the courthouse. In addition, replacement of the servers, network infrastructure, and network security equipment should be included in the replacement schedule. As equipment is replaced, the IT director must ensure that all software licenses are up to date. Additional licenses may be needed.

Activity Eight – Facility Management Scenarios is an activity that may be used to encourage participants to identify some of the primary issues that can occur when there is a planned or unplanned change to the facility.

6.3 Emergency and Continuity of Operations Plan (COOP) Considerations

Note to faculty: The courthouse itself may be part of the municipal/county/state system and not the responsibility of the court manager, so not all aspects of the Continuity of Operations Plan (COOP) may apply. The court should have a Continuity of Operations Plan to cover justice operations and suspension of case timelines.

A. Purpose

A COOP for the court establishes policy and guidance ensuring the continuation and execution of essential functions for the court in the event of an emergency which threatens or incapacitates operations including the relocation of selected personnel and functions of the court. The plan is designed to ensure that the court is prepared to:

- Respond to and recover from emergencies, recover from them, and mitigate against impacts; and
- Provide critical services in an environment in which the court is threatened, diminished, or incapacitated.

B. Court Manager's Role

Court managers are integral to the planning of the emergency operations of the court. The foundation of a COOP is the identification of mission-critical functions and timeframe for their performance.

If a natural disaster warning has been issued, it is the court manager's responsibility to protect the court building and equipment. The Continuity of Operations Plan (COOP) will be reviewed to determine how to secure court assets (remove equipment, add backup systems, turn off key machines, etc.).

After an emergency or natural disaster, a court manager will be responsible for assessing courthouse and equipment damage to determine when the court can resume operations. In addition, the court manager will coordinate all repairs to court facilities and equipment. Court manager will procure all emergency supplies to expedite the court's reopening.

C. Financial Aspects

In the event of an emergency, court managers must ensure certain tasks are completed such as:

1. Ensure all bills are paid;
2. Ensure all deposits are processed;
3. Deliver all essential outgoing mail (bills/statements);
4. Secure financial records and evacuate with access to scanned documents (budget, vendors, audit report, financial policies, inventory report, accounting system, petty cash, etc.); and
5. Evacuate with mandatory accounting items (e.g., deposit slips, checks, credit cards, stamps, petty cash, flash drive with accounting records, and so on).

Consideration must be given prior to any emergencies to determine emergency expenditures procedures. Financial policies must include the threshold for court manager approval of emergency

expenditures and payment processing. In cases of emergency, the policies and procedures shall not prohibit the procurement of urgently needed goods and services.

D. Information Technology

Court managers should have a plan to maintain the court's ability to use information technology in an emergency. They must ensure that adequate backup and recovery systems are in place, mission-critical systems are protected, alternative sources of IT support are identified, and responsible personnel are aware of their role and duties. Some items to consider:

- Conduct a system-wide inventory to determine what information and systems are essential;
- Determine who has responsibility for the access, data entry, and operation of the system;
- Determine the format of records, including backups;
- Identify means to access records and systems in the event of relocation;
- Determine the forms for information retrieval that are required to sustain court functions;
- Determine whether the court's record-keeping format is compatible with other agencies with which the court must interface;
- An IT COOP should be developed, updated, and maintained. In addition, court leadership and IT leadership should meet to discuss and perform after-action reviews of any incidents that rely upon deployment of the COOP. Regularly scheduled meetings to this effect should also address COOP Planning, testing, and practice for unforeseen COOP incidents; and
- Ensure sufficient resources to be able to remain in contact with necessary COOP personnel.

E. Alternative Facilities or Equipment

The COOP should provide guidance for adequate alternative facilities and equipment to ensure performance of the court. The court manager must identify the alternative locations and equipment necessary to perform court operations in the event of a disaster in which the court facilities are not accessible. The court manager will make provisions for the transport of the needed records, equipment, supplies and personnel to set-up and complete tasks at the alternative location. Security concerns at the alternative location will be considered. A memorandum of understanding between the court and the alternative site should be completed prior to the emergency need for the location/space to ease the transition.

F. Backup Planning

Courts manage a tremendous amount of data which is vital to the administration of justice. As our dependency on technology grows, user tolerance for failure decreases. Courts must be able to restore IT systems quickly so as not to reduce the efficiency of the court. Court managers do not have to coordinate backup, but they must know there is adequate backup and a recovery plan.

Adequate systems for backup and protection of data are necessary. Court managers and IT staff should discuss all data, and the backups required. Consideration needs to be given to the digital recordings or court reporter recordings, database system, email server, accounting system, human resources system, e-documents, etc. Decisions need to be made regarding how often backups should occur. Some items may need to be backed-up daily and others may only require weekly backup. The optimal source and placement of backups will need to be decided. Off-site backup or cloud backup may need to be an option in case all equipment is destroyed during a disaster. A thorough IT plan and Continuity of Operations Plan should contain adequate procedures for appropriate backup and coverage in the IT area.

Disaster and recovery plans may influence your strategic, infrastructure and systems choices. The ultimate question that needs to be asked is *how much failure can the organization tolerate?*

For more information on emergency planning see the **Operations Management Curriculum Design**.

Activity Nine – *Emergency Case Scenarios* will assist participants in understanding the key factors and challenges when planning for continuity of operations during an emergency.

Section 7 – Activities

Activity One: Budget and Fiscal Management Assessment of Needs

Purpose

The purpose of this activity is to get the group thinking about how any enhancements to the courthouse or court system require thorough planning and ultimately have budget implications. The premier courts anticipate their needs and plan for the future always focusing on their mission and vision.

Notes about Using the Activity

This activity can be used to open a course on budget and fiscal management. You can begin by asking participants to introduce themselves and ask them to write down what current planning their court does in the areas of courthouse and infrastructure improvements, technology enhancements, new judgeships, and new programs.

Next, ask participants to share them within a small group. You may wish to have the small groups share their answers with the large group. This activity can also be adapted as a short needs assessment survey that is administered prior to the course. You may also consider whether you want the participants to provide examples of any planning documents they may have. These may be helpful to reference when they are in the course.

As the second part of the activity, ask participants to share with the class what they believe are their most pressing needs in education in budget and fiscal management. You may wish to record the class's answers on an easel chart in order to refer to them during the course.

Relevant Learning Objective

1. Identify individual learning needs and objectives related to budget and fiscal management.

Budget and Fiscal Management Assessment of Needs

To help prepare for the course on Budget and Fiscal Management, answer the following questions about how your court plans. How does your court plan for:

1. Future courthouse improvements

2. Technology Enhancements

3. New Judgeships

4. Infrastructure Improvements

5. Implementing a special program

Next, write down the top three things you hope to learn from this course on budget and fiscal management. Be prepared to share your answers with the class:

- 1.

- 2.

- 3.

Activity Two: Review of Public Sector Accounting Standards

Purpose

The purpose of this activity is to encourage participants to identify elements of public sector accounting standards.

Notes about Using the Activity

This activity should be used to assist participants in discussing the differences between private vs. public accounting practices by identifying and writing down public sector practices. The table on the next page is also contained in the outline and as a faculty resource with complete information. You may choose to conduct this exercise before covering this subject in the outline to allow participants to brainstorm what the differences are. Alternatively, you can conduct the activity after covering the subject to review the information. Break the class into small groups and encourage the small groups to complete the table together. Provide approximately 15 minutes. Then, reconvene the group and seek assistance completing the table together.

Relevant Learning Objective

Use the table on the following page. List the basic elements of public sector accounting practices and governmental accounting practices employed by your court.

Review of Public Sector Accounting Standards	
Stakeholders	
Fiscal Goal	
Spending Full Budget	
Source of Funds	
Financial Reporting Standards Basis	
Information Necessary for stakeholders	
Audits	
Financial Reporting	
Budgets	
Equipment and Property	

Budget and Fiscal Management

Activity Three: Managing Court Assets

Purpose

The purpose of this activity is to provide participants a chance to identify key elements of a court policy that safeguards and protects court assets including technology equipment, cash receipts, and general equipment.

Notes about Using the Activity

This activity should be used to assist participants in discussing the court assets that need to be safeguarded and planning for safeguarding of the assets. Alternatively, you can conduct the activity after covering the subject as a way to review the information. Break the class into small groups and encourage the small groups to complete the questions together. Provide approximately 15 minutes. Then, reconvene the group and seek assistance completing the questions together.

Relevant Learning Objective

Develop a plan to manage the court's assets.

Managing Court Assets

Develop a list of court assets that need to be secured and discuss ways to safeguard them.

Participants should think about both fixed and non-fixed assets. On the next page we've started a list for you. The first example lists the asset Cash/Receipts and then multiple considerations. The next example has the asset Technical Equipment, and you should fill in considerations. Add additional assets and considerations and be ready to discuss items that you or your group added with the a larger group.

Budget and Fiscal Management

Asset	Considerations – How to Safeguard
Cash/Receipts	<ul style="list-style-type: none"> ✓ How will you ensure that all funds collected have been recorded and received? ✓ How will you ensure that all funds collected are deposited into the bank? ✓ What if the cash receipts is a large amount, how will you ensure the safety of the staff member going to the bank? ✓ Can one member of the staff open the safe? ✓ Is someone going to check the deposit reports and cash receipts or will one person do all?
Technical Assets	

Budget and Fiscal Management

Activity Four: Grants Management

Purpose

The purpose of this activity is to encourage the class to think about what is involved in applying for and managing grant funds. It is intended to show that it is an extensive process and has special considerations.

Notes about Using the Activity

This activity can be used to as a group activity. Ask participants to develop a plan within a small group. You may wish to have the small groups share their answers with the large group.

The category of questions and answers is not important in this activity. It is important for court managers to see the expensive amount of work associated with grants and consider who may need to be involved.

As the second part of the activity, ask participants to share with the class what key considerations they think need to be paid particular attention to. You may wish to record the class's answers on an easel chart in order to refer to them during the course.

Relevant Learning Objective

Define key fund accounts and assess the true cost of applying for and managing grant funds.

Grants Management

In your small group, discuss considerations that you should have when applying for and managing a grant. Be prepared to share your answers with the class. If it helps to complete the questions, pick a grant for which you or a fellow participant has applied or a grant for which you are likely to apply.

1. Assessment of Needs -- What do I want a grant for? Do you have a policy objective?
2. Likelihood of Success of Application - What are the chances that the grant will be awarded?

Budget and Fiscal Management

3. Calculating Amount Needed -- How much do I need?
4. Assessment of potential sources -- Where can I apply?
5. Writing Grant -- Who will write the grant?
6. Budgeting -- Who will draft the grant budget? What needs to be included? Does it require a cash match? Where will I get the match?
7. Managing Grant -- How will I track the fiscal transactions of the grant? How will I track the data collection needs of the grant? Who will complete the grant reports?
8. Sustainability -- What will I do when the grant ends?
9. Feasibility -- Is the effort to secure and manage the grant worth the effort?

Budget and Fiscal Management

Activity Five: Write a Budget Justification

Purpose

Participants will be requested to write a budget justification for a new program in their court. It should be a brief explanation of the budget and a clear written justification to be reviewed by decision-makers.

Notes about Using the Activity

Participants can be divided into small groups to write the budget justification. The size of the group is dependent on the size of the class. Groups should be given 20-30 minutes to write out their justification and then given ample time to present to the group for learning purposes.

Relevant Learning Objective

Write a budget justification for a new program or budgetary need.

Write a Budget Justification

You recently mentioned to your chief judge that self-help centers would assist many court personnel in working more effectively with the public. Your chief judge has asked you to write a budget justification for the development of self-help centers. Write one sentence to answer each of the following components of a justification.

Title of Project: _____

Statement of Need:

Relevant Information:



Curriculum Design

Budget and Fiscal Management

Commitment of Use for the New Funds:

Consequences of Not Receiving the Funding:

Alternative Funding Options Consider (and why not viable):

Correlation of budget to the organizational mission, strategic priorities, or strategic plan:

Budget and Fiscal Management

Activity Six: Special Project Budget Adjustment

Purpose

The purpose of this activity is to explore some of the challenges when drafting a budget for a new project.

Notes about Using the Activity

In this activity, participants will be split into two groups. Each group will be given a scenario and will brainstorm to determine the appropriate action. The length of the brainstorming should be approximately 10-15 minutes or more with ample time for report out by each group for continued learning.

Relevant Learning Objective

Develop a plan for responding to potential budget cuts or for funding a new project.

Budget and Fiscal Management

Special Project Budget Adjustment

Scenarios

Consideration: Budgeted items may include: Funding for judicial officer(s) case supervisors/probation officers, substance abuse evaluations, drug tests, client incentives, other activities.

Group 1: You are the court manager and must plan for the potential 50% cut in drug court funding. The judges would like a report of funding cut options for the next judges' meeting. What will you do? Who will you call together to develop the plan? How will you determine what can be cut? Are layoffs a possibility? If so, what else must be done to accommodate (employee notice, human resource notices)?



Curriculum Design

Budget and Fiscal Management

Group 2: You are the court manager and must plan for the potential complete cut in drug court funding. The judges would like a report of funding cut options for the next judges' meeting. What will you do? Who will you call together to develop the plan? How will you determine what can be cut? What are the other funding options? Are layoffs a possibility? If so, what else must be done to accommodate (employee notice, human resource notices)?

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Activity Seven: Financial Policy Development

Purpose

Participants will be requested to brainstorm which financial policies would be important to them. The goal is to have fiscal managers begin to consider what restraints and protections they need to have in the fiscal management of the court. In addition, fiscal managers need to consider what authorities they currently have, and which authorizations need to be discussed and ultimately determined.

Notes about Using the Activity

Participants can be divided into small groups to brainstorm and discuss possible dilemmas. The size of the group is dependent on the size of the class. Groups should be given 10-15 minutes to brainstorm and then report out their thoughts to the larger group. You may wish to give the class the Faculty Resource -- Financial Policies and Procedures Outline Template to help them develop their list. Ensure that as they are listing out potential policies, they indicate why each one is important to the court.

Relevant Learning Objective

Define relevant financial policies for the courts and their purpose.

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Financial Policy Development

In your small group, brainstorm which financial policies would be important to protect the court and assist in the fiscal management of it. If helpful, look to your court's current list of court policies and procedures. Discuss why each policy would be important to the court. Add additional financial policies and why they are important after writing down why each of the example policies are important. Be prepared to share your list with the class for discussion.

Policy	Why is it important?
Travel Reimbursement	
Emergency Procurement	
Procurement of items based on purchase amount – Small purchase policy	
Lost, Damaged or Stolen Assets	
Auditing	

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Activity Eight: Facility Management Scenarios

Purpose

The purpose of this activity is to encourage participants to identify some of the primary issues that can occur when there is a planned or unplanned change to the facility.

Notes about Using the Activity

There are two facility management scenarios. For each one, break the class into small groups and give each group 15-25 minutes to discuss and formulate their list or plan of action. You may wish to have the small groups take the first scenario and then report out and then do the second scenario and report out. Alternatively, you could assign half the groups Scenario #1 and half the groups Scenario #2. The groups will be asked to report out so each participant might gain some insight into different ways to approach the problem.

Relevant Learning Objective

Develop a budget for changes needed in a court facility.

Scenario #1 – Courthouse Annex

In your small group, discuss how to solve these problems by developing a plan that includes:

- ## RACI Chart

[illegible]

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- [illegible]

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Activity Nine: Emergency Case Scenarios

Purpose

The purpose of this activity is to encourage participants to identify some of the primary issues that can occur when there is an emergency.

Notes about Using the Activity

There are two facility management scenarios. For each one, break the class into small groups and give each group 15-25 minutes to discuss and formulate their list or plan of action. You may wish to have the small groups take the first scenario and then report out and then do the second scenario and report out. Alternatively, you could assign half the groups Scenario #1 and half the groups Scenario #2. The groups will be asked to report out so each participant might gain some insight into different ways to approach the problem.

Relevant Learning Objective

Develop a plan of action for emergency situations involving the courts fiscal operations and facilities

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Emergency Case Scenarios

Scenario #1

Hurricane Trouble is approaching local area. Arrival is anticipated in 2 days. Evacuation is being called for 3 pm today. It is now 8 am. The courthouse needs to be closed down and secured. The exact time of return to regular operations is unknown but the evacuation is anticipated to last for at least two days.

Group 1: Consider what must be completed before the courthouse closes.

Items to consider include paying bills, securing windows/doors, moving equipment to a more secure location, depositing funds on hand, notifying staff of changes and what to expect, notifying public and key stakeholders of closure, what equipment should be taken home by staff are some examples. Can any tasks be assigned to remote work staff?



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Group 2: What do we take?

Such items to consider: The evacuation time period is unknown. What needs to be taken to handle the court financial business while you are away? Do you take blank checks? Do you take deposit slips? What authority does the fiscal manager have during an emergency? Does the fiscal manager know how to reach key staff and vendors while out of the office for evacuation?

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Group 3: The building is severely damaged in the storm and uninhabitable for 1-2 months until minimal repairs can be completed to allow for return and then more extensive repairs can occur. What actions need to be taken while the building is uninhabitable?

Such items to consider: What has to be accessible whether staff are in the building or not? How will you access the accounting system and financial records? Will the finance office be temporarily relocated? Does everyone in the finance office have the ability to work remotely? How will the public and key stakeholders be notified of location changes?

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Emergency Case Scenarios

Scenario #2

Last night the courthouse caught fire. The building has been damaged in certain areas but is not a total loss. Unfortunately, the accounting department and computer server room have been severely damaged. The sprinkler system did adequately work, but the accounting records are now waterlogged. The server room has halogen and not sprinkler systems so the computer servers were not waterlogged.

Group 1: You are the fiscal manager, and you have been contacted by Alarm Company that they fire alarm is going off. What do you do?

Such items to consider: Who assesses damage? Who contacts judges and key stakeholders? Who determines if you can open the courthouse tomorrow? What remedies must be put in place now? Who will notify staff and key stakeholders of the schedule? How will the public be notified if court cannot open?

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Group 2: You are the fiscal manager and have assessed the damages. You must decide what to do about the waterlogged accounting department. You also need to assess the damage to the computer server room. You are responsible for facilitating all repairs and replacements. What do you do?

Such items to consider: What needs to be done to be able to handle the court financial business while the area is being repaired? Can you replace the financial records? Do you have a backup plan to cover the damage? Who should you call to assess the computer damage and determine the course of action? Do you have a backup plan for the servers if they are damaged? How will you run your court computer system? How will you manage the building check-up and repairs after the event, but before the return to full operations?

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Group 3: You are the fiscal manager and are in the process of repairing the areas to the building. You need to relocate staff while the repairs are being conducted. You need to continue to complete the accounting work and computer work while the repairs are being conducted. Your administrator has informed you that the existing continuity of operations plan does not account for this type of interruption. You have been asked by the administrator to consider editing the continuity of operations plan. Create a list of tasks that should be added to your continuity of operations plan to account for this and similar scenarios.

Such items to consider: What was the reason for the repairs, was there fire or natural disaster? Can staff work in another office while the repairs are being conducted? Do you have enough office equipment to be able to handle the accounting work while relocated? Do you have the necessary supplies to handle the accounting work? What if the whole building was damaged? Are there other considerations that need to be made to the continuity of operations plan?

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