

# Budget and Fiscal Management

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### 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 particular 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 group 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 are able to 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<sup>®</sup> 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 for 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

The target audience for budget and fiscal management is all court employees, but especially court managers who oversee funding for the court system. In addition, the manager may have 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 completely 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.

## 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 impact all court operations. The court manager must attain the necessary skills to be competent in the area of 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.

Fiscal management for court managers is about complying with laws and policies, supporting the taxpayers and constituents in meeting objectives set forth, 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 (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 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 (but not including amounts due to other funds or other governments).
Accounts Receivable	An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).
Accrual Basis	The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.
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 organization units and/or for specific purposes, activities, or objects.
Amended Budget	An adjusted estimate of revenues and expenditures for a given period of time that has changed since the adopted budget.
Annual Budget	An estimate of revenues and expenditures for a given period of time (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 probable future economic benefit obtained or controlled by a particular entity as a result of past transactions and events.
Audit	A third-party examination of an entity's financial records, internal controls and reporting activities. It concludes in a written published report... 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	In the context of a financial audit, a weakness in internal controls or an instance of noncompliance with applicable laws and regulations that is presented in the audit report. A typical audit finding is composed of a statement of condition and the criteria used to define it, an explanation of the cause of the condition, a discussion of its results, and recommendations for improvement.
Bond	A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate.
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 as a result of past transactions, events, or circumstances. Capital assets include buildings, equipment, and land.

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 under which transactions are recognized only when cash is received or disbursed.
Coding	A system of numbering or otherwise designating accounts, entries, invoices, vouchers, etc., in such a manner that the symbol used reveals quickly 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 to budgeting to represent the estimated amount expenditures to be completed. It is a reservation of fund balance.
Expenditures	Decreases in net financial resources. Expenditures include current operating expenses which require the present and future use of net current assets, debt service and capital outlays, and grants.
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.
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 of governmental funds.
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 government 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 as a result of past transactions or events.
Original Budget	The first complete appropriated budget official 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 determination of the adopted 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 from other than expenditure refunds and transfers.
Single Audit	An audit performed in accordance with the Single Audit act of 1984 and Office of Management and Budget (OMB) Circular A-133. The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal grantor agencies.
Special Revenue	A governmental fund used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

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

### 1.3 Defining Funding Sources and Identifying Priority Areas

#### A. Funding Sources

Funding sources of courts vary for each jurisdiction. In some jurisdictions, the courts are state entities and all needs are met through state funding. In other jurisdictions, the courts are state mandated but not state funded. In these cases, the local municipality or county covers the necessary funding needs of the court. Many courts receive funding from more than one funding authority. Traditionally, courts are financed through some sort of public funding appropriation. The appropriation request typically has to be defended annually or biennially with subsequent approval by a governing board or body. The court's funding sources should include all funding that the court receives, such as:

- Court fines and fees collections
- Grant funds
- Local government contributions
- State funding
- Block grant funding
- Bond forfeitures
- Others

#### B. Court Fees, Fines, Restitution, and Special Assessments

Most courts have some sort of process for collecting court fees, fines, restitution, and special assessments. 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 have a fees and fines schedule which is updated at least annually to ensure all required court costs are being collected. The court manager should regularly review court collections operations to ensure that the court is doing its best to maximize collections. All court collections need to be accounted for separately and estimated annually for budgetary purposes.

## 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 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.

**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. Alternative, it can be used after this section has been completed as part of a review.

Accounting Differences		
	Private Sector	Public Sector
<b>Stakeholders</b>	Owners, shareholders	Citizens, officials
<b>Fiscal Goal</b>	Profits	Best, cost effective services for the public, fiscal accountability
<b>Spending Full Budget</b>	Try to save money wherever possible because surpluses are profit	Need to spend full budget or money could be removed from the budget for the next year

<b>Source of Funds</b>	Business transactions, consumers, profits, private and public funders, bank loans, interest, and other financial mechanisms	Taxpayers, fines and fees, Grant resources
<b>Financial Reporting Standards Basis</b>	Accurate reporting of business transactions	Addressing accountability to the public and whether services provided improved, stayed unchanged, or declined
<b>Information Necessary for Stakeholders</b>	Results in competitive marketplace, liquidation threats, equity	Evaluation of service and cost to provide service. Ability to generate resources. Will change generate new ongoing costs (tails) and how will these new expenses impact other priorities
<b>Audits</b>	Requirement to prove thoroughness and legality of our financial management	Requirement to prove thoroughness and legality of our financial management
<b>Financial Reporting</b>	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, SEFA.
<b>Budgets</b>	Internal planning tools	Publically adopted and must demonstrate accountability
<b>Equipment and Property</b>	Called property, equipment, 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. Procurement

The court manager must ensure that all goods and services purchased are efficient and in

compliance with all regulatory requirements. The financial policies will specify with what regulatory requirements must be complied and the process for ordering/purchasing goods and services.

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

The financial policies will determine if credit cards may be utilized for procurement and who will have authority.

#### B. Ethical Considerations for Procurement

Various states have different requirements for public employees. Court managers must research and ensure all staff are in compliance. Some states require one hour of ethics training by every employee annually. Some key factors in the ethics training will cover gifts, donations, outside employment, nepotism, among other concerns. Each state, county, and/or municipality may have ethical considerations and restrictions. 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. 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 can participate in charitable events, but cannot use title or status to encourage other's participation.
- Contracts -- Public entities are prohibited from contracting with an agency/entity that is headed by an immediate family member of a public employee who is in charge of 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. 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.

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 have occurred in the procurement of any services and goods.

#### C. Accounts Payable

Accounts payable are the short-term liability accounts reflecting amounts owed to persons or organizations for good and services received by the court. This does not include the

amounts due to other funds or of the same government (these are called “due tos”).

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

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 reviewing all invoices and associated documentation for payment and approving the said invoice.

- If the expenditure is approved for payment, the court manager will submit the approved invoices ready for payment to the accounting department, accounting clerk, payment clerk, etc. (dependent on court fiscal structure). The accounting clerk/payment clerk will code the invoice with the corresponding general ledger account, fund, grant, and sub-account, if necessary. 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 accounting department, accounting clerk, payment clerk, etc. (dependent on court fiscal structure). 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 accounting department or scanned and maintained in the court database with adequate backup. The court 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 and that no fraud occurred. If there are any discrepancies, the court manager will investigate and rectify.

#### 2. COOP



The Continuity of Operations Plan 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 service required to report during an emergency; and
- What methods for calculating the amount of pay for employees, if a normal time report is not possible (payroll impact)—who gets paid and how much.

For more information on emergency planning 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 (these are considered “due froms”).

##### 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, if necessary. 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 or any other form of payments the court receives.

- Processing of Cash Receipts -- The court manager will designate someone to receive cash receipts, 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, will coordinate a courier service, 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. Court 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 had 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 (court fines, fees, bonds, etc.) regularly. The court manager, with the authority of the judges, 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 enhance the process, as necessary.
  - Collection reports will be presented to the court governing authority regularly.
  - Dependent on court policy, tax intercepts and garnishments may 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 prescriptive period for allowable collections and clearing uncollectible debts from the database if the prescriptive period has expired.

## 2.3 Fixed Assets

- A. Fixed Assets Definition
- Fixed assets are the equipment, major supplies, furniture, etc. that a court utilizes.
- 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 which are under the amount set in the policy, should not be recorded on the official court fixed asset report. The equipment should still be recorded on a report but for tracking purposes only.
2. Required Information
- Such 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 useful life of the item.

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 why it is not. If items are missing, an effort should be made to find them. If an item cannot be found, an investigation report should be drafted before the item is removed from the fixed asset report.

D. Useful Life/Aged Items

As equipment, furniture, etc. age and the useful life 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 surplused should be removed from the official fixed asset report and the date removed recorded. Surplusing 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 surplus properties agency which will later auction it off. Other entities can 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. This virus protection/firewall and other protection systems 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 (furniture, equipment, etc.) 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 total 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 – Securing the Courts Assets:** for this activity, participants will be asked to identify assets necessary to secure and determine a plan for securing cash receipts.

## 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 revenues from drug court collections 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 -- 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 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 expenditure for specified purposes other than debt service or capital projects. Grant funds are special revenue funds.
3. Capital Projects Funds -- Used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Courthouse construction is 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 Considerations/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. An example of such funds are grants. Grants are usually applied for a specific purpose. 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:

- 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 or 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 donate coverage of for 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 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.

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 \$500,000 (will increase in 2016) 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 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 grant funds. Supplanting is when specialized money (dedication to drug court or a special program) 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 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. Grants are time limited, so at some point, 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
- 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 failure 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 grant application process and is it reasonable and 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 are they reasonable; and
8. What is the local or internal approval process required to apply for the grant.

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:

5. Write a budget justification for a new program or budgetary need; and
6. Develop a plan for responding to potential budget cuts or for funding a new project.

**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.

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.
- Budgeting forms and/or formulas used for projecting expenses.

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

### 4.1 Budgetary Cycle/Steps

The budgetary process is similar to the legislative process. Court managers will have various duties dependent on the steps necessary in each budget cycle. The court manager must determine if the state has a budget process which requires certain items. 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% total is necessary.

Budgetary Process Steps:

A. Proposed Budget

The draft document of estimate of revenues and expenditures for a given period of time which 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. This budget should only be reviewed by the court leadership and not the general public.

B. Original Budget

This document is the accepted draft budget after the proposed budget was reviewed by the 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 the public hearing, and presenting the original budget to the general 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 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 by at a meeting of judicial leadership, the adoption instrument is signed, and the minutes should reflect the adoption of the budget.

D. Amended Budget

This budget document is an adjusted estimate of revenues and expenditures for a given period of time. 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.

E. 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 for the future 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 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 on a monthly basis.

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 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 the 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.
- 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 expenditure 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 in an effort 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**.

### 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 the 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 justification or a budget hearing.

When presenting a budget request, the presenter (typically 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 the possible consequences if adequate funding is not received.
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.

#### 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.

- A. In order 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.

- 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.
- Grant funding -- requesting additional funds through grants. The applicant must ensure it is not a supplantation of funds.

**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 purpose.

### 5.1 Financial Policy Development

**Note to faculty:** Some courts do not have their own financial policies. They rely on the governing authorities to provide the policy. Other courts manage limited funds and have not considered financial policies. Some courts manage all their fiscal resources and have their own financial policies.

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 into by the court. They ensure compliance with all applicable statutory requirements, provide for adequate segregation 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 for minimum fund balances
  - Manage risks to financial condition
  - 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 and their designee. The proposed financial policies are adopted by a majority vote of the judges and accompanied by an adoption instrument to be signed.
- B. Enforcement  
The court manager is responsible for the enforcement of the financial policies and must address any violations.
- C. Revision  
Financial policies are reviewed annually to determine if amendments or inclusions are necessary. The court manager drafts the amendments and additions for presentation to the judges for adoption.

**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 in order to provide the judges and managers with sufficient information on which to base short-term, intermediate, and long-term financial policy.

The financial policies will dictate if 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.

- 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 dictated 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 Audit<sup>1</sup>**

##### **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 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;

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<sup>1</sup> Necessary by acceptance of federal grant funds over \$500,000 (as of 2015).

- The experience in the field or fields of expertise required for the project;
  - 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 \$500,000 (increasing in the future) 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 for programming audit report findings. 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 a government building and maintained by the governing authority.

### 6.1 Meeting Court’s Facility Needs

A. Maintenance Schedule

In order to maintain the courthouse, there should be a maintenance schedule that plans for replacement of carpeting, cleaning of tile grout, 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 general public need to be considered. Improvements to the work space 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 and 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 discuss annually courthouse renovation needs. Filings or workload increases could be increasing thereby possibly indicate 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?
- 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 and municipality 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 needs of the court. As a team, court managers and the IT division need to document what 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. Ideally, a typical desktop computer should be replaced every three years. 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 definitely 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 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 outgoing mail (bills/statements) to location outside of jurisdiction to ensure processed;
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 (deposit slips, checks, credit cards, stamps, petty cash, flash drive with accounting records).

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 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.
- Adopt IT security standards and an IT security policy. Establish how the policies will be maintained in the event of an emergency.
- Make regular backups on a tight schedule (ideally, real-time mirroring, but daily at most). Send backups sent to an offsite facility or stored in the cloud. Determine how long it will take to recover the information that is stored offsite or virtually in the cloud and what is the timeline for full restoration for performance of court essential functions.
- Use surge protectors used to protect all equipment.
- Equip the computer room with alarm and fire extinguishers in case of fire. Ensure that the computer room has a fire suppression system that does not destroy the equipment.
- Provide the court with an uninterruptable power supply and backup generators to keep the servers and systems going in the event of power failure.

- 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 in 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 in order to not 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 needs to be made regarding how often backups should occur. Some items may need to be backed-up daily and other may only require weekly backup. The most 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.



## Faculty Resources

Faculty Resources are intended to be used as references and illustrations of content, methodology, and purpose for each topic. Faculty resources are annotated in the content outline in places where their use may be most effective. Faculty for a course based on this curriculum design may have supplemental resources that would be useful to court managers. These faculty resources are not intended to be the only participant materials; they are intended to provide some materials that are considered vital to the content.

### Section One

- Key Terms

- General Ledger Template

### Section Two

- Comparison of Private vs. Public Accounting Standards

### Section Three

- Sample Grants Policy and Checklist

### Section Four

- Budget Template

### Section Five

- Financial Policies and Procedures Outline Template

- Types of Audit Opinions

### Section Six

- Maintenance Schedule

## Section One

### General Ledger Template

(Also Known as Chart of Accounts)

	<u>Account Code</u>	<u>Account Title</u>		<u>Account Type</u>
<b>Fund - 2</b>				
	001	Special Revenue		
	002	Judicial Expense		
	003	Drug Court		
	006	Assessment & Fees		
	008	Support Enforcement		
	009	State Tax Escrow		
<b>GL-1</b>				
	1001	Judicial Expense Operating Acct		CSH
	1002	Support Enf Cash Account		CSH
	1003	A&F Cash Account	CSH	
	1004	Tax Escrow Account		CSH
	1005	Cash		CSH
	1007	Petty Cash		CSH
	1008	Cash in Register		CSH
	1009	Cash/Change in Safe		CSH
	1200	Accounts Receivable		AR
	1205	AR-Other	OA	
	1210	AR-NSFs		OA
	1300	Due To/From General Fund		OA
	1302	Due from Drug Court		OA
	1307	Due from General Fund		OA
	1308	Due from Jud exp fund		OA
	1309	Due To/From A&F		OA
	1310	Due To/From Supp Enforcement		OA
	1400	Prepays		OA
	2000	Accounts Payable		AP
	2005	AP-Other	OL	
	2100	Accrued payroll		OL
	2101	Accrued Expense		OL
	2105	Accrued Vacation		OL
	2110	Bond Liability		OL
	2115	Escrow Liability		OL
	2120	State Tax Escrow Liability		OL
	2200	Deferred Revenue	OL	
	3001	Unrestricted Fund Balance		NAE
	3002	Temp Restricted Fund Balance		NAE
	4000	Support Enforcement-State DSS		REV
	4100	Assessment & Fees-CCS Enf	REV	
	4101	Assessment & Fees-Traffic IAA Fee		REV
	4102	Assessment and Fees-NSF		REV
	4103	Assessment and Fees-Admin Costs		REV
	4104	Assessment and Fees-Fines	REV	
	4105	Assessment and Fees-Pro Bono		REV
	4106	Assessment & Fees-Drug Court		REV
	4110	Assessment & Fees-Misc Income		REV
	4500	Grant Revenue		REV

4600	Interfund Transfers In		REV
4701	Intergovernmental Transfers In		REV
4800	Misc Income		REV
4900	Interest Income		REV
5000	Building and Yard Maintenance		EXP
5001	Building and Yard Supplies		EXP
5002	Elevator Maintenance		EXP
5003	Judge Liability Insurance		EXP
5004	Janitorial		EXP
5006	Building maintenance		EXP
5007	Office Furnishings		EXP
5008	Office Supplies		EXP
5009	Pest Control		EXP
5010	Postage/Shipping/Delivery		EXP
5011	Printing & copying		EXP
5012	Rental-Postage Machine		EXP
5015	Security System		EXP
5017	Storage/Records		EXP
5019	Telephone		EXP
5020	Trash disposal		EXP
5021	Utilities		EXP
5022	Water		EXP
5100	Accounting		EXP
5101	Advertising expenses		EXP
5102	Bank Fees		EXP
5103	Prof/Contract-Legal Services		EXP
5104	Computer Prof Services		EXP
5106	Professional Services Security		EXP
5110	Interpreters-Hearing		EXP
5111	Interpreters-Language		EXP
5115	Professional Services Other	EXP	
5200	Computer Equipment		EXP
5201	Computer Maintenance		EXP
5202	Computer Software		EXP
5203	Computer Supplies		EXP
5204	Internet Service		EXP
5205	Copy Machine Rental		EXP
5207	Equipment Expense		EXP
5403	Books, subscriptions,reference		EXP
5405	Dues – Permits		EXP
5406	Meeting Expenses	EXP	
5409	Parking and Tolls		EXP
5500	Salaries		EXP
5510	Benefits		EXP
5601	Travel & Training- Employee		EXP
5602	Travel & Training-Non Employee		EXP
5701	Ad Hoc Judge – Court		EXP
5901	Courthouse Improvements		EXP
5902	Equipment		EXP
5903	Equipment Maintenance		EXP
5904	Furniture		EXP
5905	Computer Equipment		EXP
6000	Clearing Account		EXP
6100	Interfund Transfers Out		EXP

6200	Intergovernmental Transfers Out		EXP
6300	Shortage/Overage	EXP	

## Key Terms

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 (but not including amounts due to other funds or other governments).
Accounts Receivable	An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).
Accrual Basis	The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.
Adopted Budget	The budget document formally approved by the supervising 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 organization units and/or for specific purposes, activities, or objects.
Amended Budget	An adjusted estimate of revenues and expenditures for a given period of time that has changed since the adopted budget.
Annual Budget	An estimate of revenues and expenditures for a given period of time (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 probable future economic benefit obtained or controlled by a particular entity as a result of past transactions and events.
Audit	A third-party examination of an entity's financial records and reporting activities. It concludes in a written report of its finding. 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	In the context of a financial audit, a weakness in internal controls or an instance of noncompliance with applicable laws and regulations that is presented in the audit report. A typical audit finding is composed of a statement of condition and the criteria used to define it, an explanation of the cause of the condition, a discussion of its results, and recommendations for improvement.
Bond	A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate.
Budget	A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.
Capital Assets	Long-lived tangible assets obtained or controlled as a result of past transactions, events, or circumstances. Capital assets include buildings, equipment, and land.
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 under which transactions are recognized only when cash is received or disbursed.
Coding	A system of numbering or otherwise designating accounts, entries, invoices, vouchers, etc., in such a manner that the symbol used reveals quickly 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 to budgeting to represent the estimated amount expenditures to be completed. It is a reservation of fund balance.
Expenditures	Decreases in net financial resources. Expenditures include current operating expenses which require the present and future use of net current assets, debt service and capital outlays, and grants.
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.
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 of governmental funds.
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 government 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 as a result of past transactions or events.
Original Budget	The first complete appropriated budget official 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 determination of the adopted 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 from other than expenditure refunds and transfers.
Single Audit	An audit performed in accordance with the Single Audit act of 1984 and Office of Management and Budget (OMB) Circular A-133. The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal grantor agencies.
Special Revenue	A governmental fund used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.



## Section Two

### Comparison of Private vs. Public Accounting Standards

<b>Accounting Differences</b>		
	<b>Private Sector</b>	<b>Public Sector</b>
<b>Stakeholders</b>	Owners, shareholders	Citizens, officials
<b>Fiscal Goal</b>	Profits	Best, cost effective services for the public, fiscal accountability
<b>Spending Full Budget</b>	Try to save money wherever possible because surpluses are profit	Need to spend full budget or money could be removed from the budget for the next year
<b>Source of Funds</b>	Business transactions, consumers, profits, private and public funders, bank loans, interest, and other financial mechanisms	Taxpayers and fees charged to citizens/users. Grant resources
<b>Financial Reporting Standards Basis</b>	Accurate reporting of business transactions	Addressing accountability to the public and whether services provided improved, stayed unchanged, or declined
<b>Information Necessary for Stakeholders</b>	Results in competitive marketplace, liquidation threats, equity	Evaluation of service and cost to provide service. Ability to generate resources. Will change generate new ongoing costs (tails) and how will these new expenses impact other priorities
<b>Audits</b>	Not required by most private entities, mandatory for non-profit businesses	Requirement to prove thoroughness and legality of our financial management
<b>Financial Reporting</b>	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

<b>Budgets</b>	Internal planning tools	Publically adopted and must demonstrate accountability
<b>Equipment and Property</b>	Called property, equipment, plant	Called capital assets

### Section Three

#### Sample Grants Policy and Checklist

Prior to applying for a grant of any kind on behalf of the court or one of its programs, permission to apply must be obtained from court administration. To seek permission, complete the below information and submit it to court administration. If authorization to proceed is given, all aspects of the application process including the proposed budget must be submitted for review prior to forwarding the application to the grant agency.

Name of Grant Agency: \_\_\_\_\_

Title of Grant Solicitation: \_\_\_\_\_

Due Date of Proposal: \_\_\_\_\_

Start Date of the Grant: \_\_\_\_\_ Length of Grant: \_\_\_\_\_

Maximum Amount of Funds: \_\_\_\_\_

Matching Funding Required?  Yes  No  
 Cash  In Kind Amount/Percentage: \_\_\_\_\_

Reporting Requirements? \_\_\_\_\_

Description of Proposed \_\_\_\_\_

Project: \_\_\_\_\_

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Does the proposed project support the court's mission/vision?     Yes     No

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Does the grant meet the needs of the court?     Yes     No

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## Section Four

### Budget Template

FY \_\_\_\_\_

REVENUE SOURCE	BUDGET	
Federal/State Revenue		
Court Cost-Filing		
Court Cost-Traffic		
Court Cost- Fines		
Court Cost- NSF <sup>2</sup>		
Local County/ Municipal Appropriation		

<b>TOTAL REVENUE</b>	<b>\$</b>
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EXPENDITURES	BUDGET
Bank Fees	
Building Improvements	
Computer Equipment	
Equipment	
Office Furnishings	
Professional Services	
Computer Prof Svcs	
Interpreters	

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<sup>2</sup> Non-Sufficient Funds

<b>Security</b>	
<b>Salaries and Fringe Benefits</b>	
<b>Operations</b>	
<b>Building &amp; Yard Maint</b>	
<b>Building &amp; Yard Supplies</b>	
<b>Dues</b>	
<b>Elevator Maintenance</b>	
<b>Equipment Maintenance</b>	
<b>Office Supplies</b>	
<b>Postage/Shipping</b>	
<b>Printing And Copying</b>	
<b>Subscriptions-Books</b>	
<b>Telephone</b>	
<b>Miscellaneous Costs</b>	
<b>Travel</b>	
<b>Lodging</b>	
<b>Mileage</b>	
<b>Parking And Tolls</b>	
<b>Per Diem</b>	
<b>Registration</b>	
<b>Transportation</b>	

<b>TOTAL EXPENDITURES</b>	<b>\$</b>
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## Section Five

### Financial Policies and Procedures Outline Template

- I. Overview and definitions
  - A. Overview
  - B. Definitions
  
- II. Summary of Accounting Policies & Procedures
  - A. Fiscal Year
  - B. Accounting System
  - C. Chart of Accounts
  
- III. Budget Process and Implementation
  - A. Preparation
  - B. Adoption
  - C. Monitoring
  - D. Amendment
  - E. Emergencies
  
- IV. Disbursements, Receipts, and Internal Controls
  - A. Accounts Payable
    - i. Approval of Expenditures
    - ii. Processing of Accounts Payable
  
  - B. Accounts Receivable and Cash Receipts
    - i. Processing of Accounts Receivable
    - ii. Processing of Cash Receipts
    - iii. Collections
  
  - C. Other Internal Controls and Financial Procedures
    - i. Cash Management
    - ii. Fixed Assets
    - iii. Reconciliation and Monitoring
    - iv. Credit Cards
    - v. Long distance telephone calls
    - vi. Grant reports
  
- V. Travel
  - A. Approval and reimbursement process
  - B. Mileage/Transportation
    - i. Personally owned vehicles
    - ii. Rental vehicles
    - iii. Public ground transportation
  - C. Parking

- D. Meals
- E. Airfare
- F. Luggage Allowance
- G. Lodging
  - i. In-state lodging
  - ii. Out of state lodging
  - iii. Casino lodging
- H. Judges' travel
  - i. Expense reporting forms
  - ii. Limitations set by Supreme Court
  
- VI. Procurement
  - A. Authorities
  - B. Process
  - C. Use of credit cards
  - D. Emergencies
  
- VII. Financial Reporting
  - A. Nature of Financial Reports
  - B. Extent of Financial Reports
  - C. Frequency of Financial Reports
  - D. Acceptance of Annual Financial Report
  
- VIII. Audit
  - A. Audit completion
  - B. Audit preparation
  - C. Audit report acceptance
  
- IX. Reserve Funds
  - A. Reserve account
  - B. Reserve account access
  - C. Interest
  - D. Encumbrance
  
- X. Financial Record Retention
  
- XI. Financial Policy Adoption, Enforcement and Amendment
  - A. Adoption
  - B. Enforcement
  - C. Amendments



## Types of Audit Opinions

The table needs to be edited to add more to unqualified opinion to explain it is free from misrepresentations. I was unable to edit in this table. Also, there are two other changes I have in my notes.

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.
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Adverse Opinion	Adverse opinion is issues 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.



Section Six  
Maintenance Schedule

ITEM	Type Maintenance	Intervals	Date due	Performed by
Carpet:	Inspection	Monthly		Cust
Pending replacement	Stair Cleaning	6 Months	2015 DEC	Contractor
	Replacement	10 Yr	2016 May	Contractor
Chiller	Servicing/Inspection	3 Months	JUN	Contractor
	Servicing/Inspection	Yearly	JUN	Contractor
Pumps - Chillers	Servicing/Inspection	3 Months	JUN	Contractor
	Servicing/Inspection	Yearly	JUN	Contractor
Air Handlers - Chillers	Change Filters	Monthly		Contractor
	Servicing/Inspection	3 Months	JUN	Contractor
	Servicing/Inspection	Yearly	JUN	Contractor
Air Compressor	Inspection	3 Month	DEC	Parish Maintenance
Computer Rm A/C	Servicing/Inspection	Yearly	2016 May	Contractor
Fat/Water Heater	Servicing/Inspection	Monthly		Parish Maintenance
	Servicing/Inspection	Yearly	2016 June	Parish Maintenance
Metal Detector	Inspection	Daily		CGI
	Servicing/Inspection	Yearly	2016 May	Contractor
E- S (EXT PAINT)	Cleaning	6 Months		Contractor
	Waterproofing	10 Yr	2019 May	Contractor
Interior Paint: Common	Paint	10 Yr	2016 May	Contractor
Interior Paint: Offices	Paint	10 Yr		Parish Maintenance
Ceiling Tiles	Inspection	6 Months	2015 Dec	Cust
Elevators	Inspection	Monthly		Parish Contract
Plumbing	Inspection	3 Months	AUG	Cust
Key/Locks	Change Code	10 Yr	2018 October	Contractor
Lighting/Electrical (OLT)	Inspection	3 Months	SEP	Parish Maintenance
Lighting/Electrical (NI)	Inspection	3 Months	SEP	Cust
Roof	Inspection	Monthly		Parish Maintenance
Office Furniture	Inspection	Yearly	JAN	User
Restroom Fans/Heaters	Inspection	3 Months	SEP	Cust
Fire Extinguishers	Inspection	Yearly	2015 November	Parish Maintenance
AED Units	Inspection	Daily		
Duress System - Panic	Inspection	Monthly		Cust
	Servicing	2 Year	2016 December	SecureTech
Fire Alarm System	Inspection	Yearly	2015 October	AJS
Fire Sprinkler System	Inspection	Yearly	2015 October	Contractor
Phone System	Contract	5 Years		Avaya
Copy Machine	Usage	Monthly		Cust
	Contract	5 Years	2015 June	Uni-Copy/US Bank
Mail Machine	Maintenance	YR	2016 April	Louisiana Mail
	Meter Rental			Fasler
VIC	Maintenance	YR	2016 May	Dictatek
	Contract			Hidgor



## Participant Activities

The participant activities are one of the most important parts of the curriculum design as they are the tools faculty members are able to use to determine if participants have achieved the outcomes defined in the learning objectives. Also, participant activities provide tools to faculty to ensure that the training, course, or session is not only informative, but also interactive. Participant activities are annotated in the content outline in places they may be effectively used. Each activity has a cover page explaining its purpose, the specific learning objective being measured, and how to use the activity. The activities themselves are on a separate page(s) for ease of duplication.

The following activities are to measure achievement of stated learning objectives. Faculty are encouraged to incorporate additional strategies to engage court managers and keep them active during their educational experience, for example, asking questions about content before presenting it, having learners discuss content and provide feedback to faculty on their perspectives, and more.

### **Activity One – Budget and Fiscal Management Assessment of Needs**

Learning objective: *Identify individual learning needs and objectives related to budget and fiscal management.*

### **Activity Two – Comparison of Private vs. Public Accounting Standards**

Learning objective: *List the basic difference between general accepted accounting practices and governmental accounting practices as they pertain to adequate controls and audit compliance.*

### **Activity Three – Securing the Court’s Assets**

Learning objective: *Develop a plan to safeguard the court’s assets.*

### **Activity Four – Grants Management**

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

### **Activity Five – Budget Justification**

Learning objective: *Write a budget justification for a new program or budgetary need.*

### **Activity Six –Special Project Budget Adjustment**

Learning objective: *Develop a plan for responding to potential budget cuts or for funding a new project.*

### **Activity Seven - Financial Policy Development**

Learning Objective: *Define relevant financial policies for the courts and their purpose.*

### **Activity Eight - Facility Management Scenarios**

Learning objective: *Develop a budget for changes needed in a court facility.*

### **Activity Nine - Emergency Case Scenarios**

Learning Objectives: *Develop a plan of action for emergency situations involving the court's fiscal operations and facilities.*

## 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 up 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' 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.





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: Comparison of Private vs. Public Accounting Standards

### Purpose

The purpose of this activity is to encourage participants to define and identify the differences between private and public 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. 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 as a way 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

2. List the basic difference between general accepted accounting practices and governmental accounting practices as they pertain to adequate controls and audit compliance.

<b>Accounting Differences</b>		
	<b>Private Sector</b>	<b>Public Sector</b>
<b>Stakeholders</b>		
<b>Bottom Line</b>		
<b>Spending Full Budget</b>		
<b>Source of Funds</b>		
<b>Financial Reporting Standards Basis</b>		
<b>Information Necessary for stakeholders</b>		
<b>Audits</b>		
<b>Financial Reporting</b>		
<b>Budgets</b>		
<b>Equipment and Property</b>		



## Activity Three: Securing the Court's Assets

### **Purpose**

The purpose of this activity is to encourage participants to define and identify which assets of the court need to be safeguarded and begin to develop a plan for safeguarding them.

### **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**

3. Develop a plan to safeguard the court's assets.





## 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' answers on an easel chart in order to refer to them during the course.

### **Relevant Learning Objective**

4. 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 need a grant for?
2. Calculating Amount Needed -- How much do I need?
3. Assessment of potential sources -- Where can I apply?
4. Writing Grant -- Who will write the grant?
5. Budgeting -- Who will draft the grant budget? What needs to be included? Does it require a cash match? Where will I get the match?
6. 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?
7. Sustainability -- What will I do when the grant ends?



## 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

5. 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:**

**Commitment of Use for the New Funds:**

**Consequences of Not Receiving the Funding:**

**Alternative Funding Options Consider (and why not viable):**

## **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**

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

## Special Project Budget Adjustment

Scenario: The court's drug court is provided by a state grant. The state has just notified the court manager that the funders may require a 50% cut in funding or the whole grant may be cut.

**Group 1:** You are the court manager and have to 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)?

---

**Group 2:** You are the court manager and have to 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)?



## 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 court managers begin to consider what restraints and protections they need to have in the fiscal management of the court. In addition, court 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

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





## 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

8. Develop a budget for changes needed in a court facility.

## Facility Management Scenarios

### Scenarios #1 – ADA Audit

During a routine ADA audit, the inspector found several ADA compliance issues. The American with Disabilities (ADA) issues are:

- The door handles are not levers but rather knobs
- For security reasons several doors are locked and do not have panic bars on them
- The front door threshold is raised too high for a wheelchair to roll over
- The public restroom has a door to enter into the bathroom suite and a door to enter into the stall area. The clearance area is not wide enough for wheelchair accessibility.

### Scenario #2 – Courthouse Annex

Your county courthouse was built in 1922. Since that time, the county population and case filings have grown two-fold. The current courthouse is owned by the county with control of its use under the authority of the presiding judge and you as the court manager. However, because the county owns the courthouse, funding issues and major court changes need to be approved by the county board. This year the county agreed to add an addition to the original building which will add space for additional offices and two new courtrooms.

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

- Who should be involved: a) in the planning group; b) in the decision making group (if different)?
- What are the steps needed in the planning process?
- What are the steps in the implementation process?
- Please develop a short budget (costs can be estimated – the important point is to think through the budget items/categories).
- What challenges do you think you will encounter during the process?

## 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

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

## 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, cleaning out refrigerators, notifying staff of changes and what to expect, notifying public and key stakeholders of closure, what equipment should be taken by staff, and how you will reach staff while evacuated are just some examples.

---

**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? How will you manage the building check-up and repairs after the event, but before the return to full operations? Do you take blank checks? Do you take deposit slips? What authority does the court manager have during an emergency? Does the court manager know how to reach key staff and vendors while out of the office for evacuation? How will the repairs be coordinated?

---

**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 regardless if in the building or not? How will you access the accounting system and financial records? Will the court be temporarily relocated? How will the public and key stakeholders be notified of location changes?

## 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 court 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?

---

**Group 2:** You are the court manager and have assessed the damages. You have to 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?

---

**Group 3:** You are the court 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. You have been asked by the judges to consider the incident and make suggestions for edits to the continuity of operations plan. What would you do? What suggestions would you make?

Such items to consider: Did you have a continuity of operations plan that considered a building fire? 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? Did you have the necessary supplies to handle the accounting work? What did you miss and want to be prepared better for in the future? 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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