

# Part 14 – Case Related Requirements

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## Accounting Principles

The court clerk's financial system, as you may have already guessed, should follow basic accounting principles as defined by the American Institute of Certified Public Accountants (AICPA), Governmental Accounting Standards Board (GASB), and Generally Accepted Accounting Procedures (GAAP) for USA courts.

While we are sure that the documents produced by the standards bodies are fun reading for some people, we suggest a lighter approach to the subject as provided by the Arizona Supreme Court Administrative Office of the Courts in their Minimum Accounting Standards and the accompanying Compliance Checklist document. This 34 page checklist document is particularly useful, as it asks the questions that every court should ask about how they perform their accounting duties.

## Correcting Entries

In general, data should never be erased or corrected via the database for any financial or penalty accounting. Instead [a correcting entry should be created](#) where the original record that is in error should be marked as invalid and that action will be stored in the CCMS log or event table for the case where it was originally stored with a reference to the correct case number. Then the correct record should be created in the correct case. In other words, no action is taken without a log record being recorded. This allows the presiding judge, court administrator, and/or financial auditor to run a periodic (monthly) error report showing what errors had been made, in which cases they occurred, for particular court parties, and by which court clerk staff to identify problems in procedure, training, or deliberate action. Similarly, transferring funds from one case to another should also be written in the case event and system logs to monitor activity.

## Escrow and Suspense Accounts

In the USA many courts have the responsibility to create and monitor escrow and [suspense accounts](#). [The Franklin County, Ohio, Municipal Court Clerk's web page](#) explains how their "Rent Escrow" system works, as an example:

"The Rent Escrow Program permits a tenant with complaints regarding housing conditions to deposit rent due into an escrow account until the dispute between the landlord and tenant is resolved. Rent Escrow hearings are scheduled on Monday at 10:00 a.m. in Courtroom 11B. The hearing date is determined by the date of filing. Most rent escrow disputes are automatically referred to the Dispute Resolution Program."

More generally, the court clerk may hold funds for primarily civil case matters where the parties

agree to deposit funds with the court until a judgment or settlement can be reached. Suspense accounts track receipts and disbursement of an uncertain nature until they are identified and posted in appropriate ledgers and journals.

## Trust and Guardianship Accounts

In order to safeguard and oversee the administration of trust and guardianship accounts, [many courts have programs for fiduciary reporting. The Wisconsin Court System explains their web page:](#)

“The OLR Trust Account Program has two primary goals: 1) to identify problems in the management of client trust accounts and other fiduciary accounts, and potentially, to prevent conversions from such accounts; and 2) to educate lawyers with respect to safeguarding funds and maintaining the required records.”

Since courts are mainly providing a monitoring service, this is where case task tracking can be helpful in making sure that the reports are filed on time by the designated fiduciary. And in turn, if the reports are not, then the proper action can be triggered for administrative notification or judicial action.

[A guardianship can also be appointed by the court as described in Cuyahoga County, Ohio Probate Court:](#)

“A guardian may be appointed for either an incompetent or minor, which are defined by statute as:  
**Incompetent:** Any person who is mentally impaired as a result of a mental or physical illness or disability, or mental retardation, or as a result of chronic substance abuse, that he is incapable of taking proper care of himself or his property or fails to provide for his family or other persons for whom he is charged by law to provide, or any person confined to a penal institution within this state.

**Minor:** Any person under 18 years of age who has neither father nor mother or whose parents are unsuitable to have custody and tuition of such minor, or whose interests, in the opinion of the Court, will be promoted.

**Minor Settlement:** Natural parents do not have an inherent right to settle personal injury claims on behalf of a minor child. The Probate Court must authorize approval of such

settlements. If the settlement exceeds \$25,000, the Court will require the appointment of guardian of an estate.”

And Cuyahoga County Probate Court in turn provides the following supervisory services that must be tracked in the CCMS:

"The Probate Court is the superior guardian, and all guardians must obey all orders of the Court. The Court exerts its supervisory authority through the following:

Accountings: A guardian of the estate must file a written account with the Court biennially (annually in V.A. cases) as to the income and expenses of the ward's estate. Reports: A guardian of an incompetent ward must file a written report annually or biennially. The report identifies the status of, and need for the guardianship. Citations: If a guardian fails to timely file a report, inventory, or accounting, the Court May cite a guardian to appear, and may fine, reduce the guardian's fee, or remove, the guardian.

Investigations: To determine if a guardianship is functioning properly, the Court may order an investigation by a Court Investigator, Law Enforcement Agency, Adult Protective Service, or other County Agency. Prior Approval: The guardian must first obtain approval of the Probate Court before entering into contracts or leases, making improvements to real estate or mortgage real estate, selling assets, settling any personal injury claim for the ward or spending the ward's funds. Removal: The Court may, at any time, in the best interest of the ward, remove the guardian."

Again, this is primarily a case task and event process that may or may not involve financial accounts maintained and supervised directly by the court.

### **Child Support and Pass-Through Accounts Such as Victim Restitution**

Depending on the jurisdiction, some courts provide pass-through accounting for child support payments and victim restitution. In these instances, special accounts and tracking systems for periodic or full payments tied to case decisions must be implemented. This Becomes more complex when the amounts and time periods change, or if there are multiple obligors or obliges (variations of the dreaded joint-and-several liability scenario). Therefore any changes in the expected amount and schedule will be documented in the CCMS, preferably by including the judge's actual order as part of the record.

### **Other Non-Financial "Payment" Monitoring**

Finally, as noted at the beginning of this article, courts should recognize that all obligations ordered by the judge must be accounted for even when they do not involve money. This is because a person's obligation as defined in the court sentence is not satisfied, even when the financial penalty is paid, until the time in jail is served, for example, or the work service hours are completed.

A great number of courts keep these "non-financial" penalty records in separate systems that are often not linked to the original case or case disposition record. In the past it was particularly difficult to do this because of complexity issues or, because courts did not want to allow access by the agencies running the jail or work service programs, into their system. Of course with modern database design and tools, access can be segmented either via smart forms/documents, or dedicated subsystems that can be used both to create the transactions to update the primary case record. This is where the NIEM data sharing concepts can be applied as one possible approach/solution.

But ideally this should be part of the CCMS and fed from the agencies performing those services. The point of this is that the case record serving as the single point hub for the case and penalties provides a better approach for monitoring the effectiveness of this area of the justice system.