

ARIZONA CODE OF JUDICIAL ADMINISTRATION

Part 1: Judicial Branch Administration

Chapter 4: Financial Administration

Section 1-401: Minimum Accounting Standards

A. Definitions. In this section, unless otherwise specified, the following definitions apply:

“Audit” means a systematic examination of records or financial accounts to verify their accuracy. It is a test of management’s internal accounting controls and is intended to ascertain whether financial statements fairly present the financial position and results of operations, test whether transactions have been legally performed, and identify areas for possible improvements in accounting practices and procedures.

“Automated financial management system” means a system which electronically links financial transactions with case financial records, cash receipts, disbursements journals, and other appropriate accounting journals and ledgers.

“Bank reconciliation” means the process of comparing activity posted to the court’s accounting records with the bank account statement to ensure that bank and court records are in agreement and that discrepancies are investigated and resolved.

“Beginning change fund” means a fixed amount of currency and coins maintained by individual cashiers for the purpose of returning change to court customers.

“Case financial record” means all the electronic records necessary to document the imposition, payment, disbursement, forfeiture, adjustment, or satisfaction of court assessments.

“Cash or money [monies]” means currency, coins, personal checks, business checks, traveler’s checks, cashier’s checks, certified checks, money orders, wire transfers; credit card, debit card, and pre-paid card transactions; bank drafts, EFT, or any other negotiable instrument that a financial institution will accept for deposit.

“Cash drawer fund” means all monies received for the court including the fixed amount of currency and coins established as the beginning change fund, which is maintained by each cashier designated to handle financial transactions.

“Cashier” means court personnel designated to handle financial transactions.

“Chargeback” means a payment card transaction that is subsequently reversed and charged back by the payment card merchant.

“Check” means a written order on a bank to pay on demand a specified sum of money to a named person or entity from money on deposit, and can be in the form of personal check, business check, traveler’s check, cashier’s check, certified check, or money order.

“Court” means supreme, appellate, superior, justice, and municipal court and includes administrative offices, clerk of the court, and probation departments.

“Court change fund” means a fixed amount of currency and coins maintained by the court and assigned to a specific authorized employee, for the sole purpose of providing change throughout the day to the cashier [or cashiers].

“Court personnel” means an employee of the court, including cashiers and local government employees authorized by the court to accept payments on the court’s behalf, and judicial officers authorized by the court to prepare or verify financial reconciliations on the court’s behalf.

“Deposits in transit” means deposits made to a bank account that have not been credited to the bank statement.

“Deputized clerk of court” means an individual who is officially empowered to perform the specified duties of the clerk of the court.

“Disbursement” means the actual payment of funds in the form of a check or some form of electronic fund transfer.

“Disbursements journal” means the listing of all case related payments made by the court by distribution type (restitution, bond, medical services enhancement fund, criminal justice enhancement fund, etc.) by date.

“Dishonored payment” means any payment presented to the court not honored by the financial institution including a merchant chargeback.

“Electronic Fund Transfer (EFT)” means a medium of electronic payment, such as, but not limited to an electronic check or direct deposit.

“Exception” means the court’s inability to meet a particular standard.

“Financial records” or “accounting records” means records maintained by the court to account for all monies received and disbursed by the court.

“Independent contractor” means collection agency, alcohol screener, or any other school, agency, or provider that performs services to carry out court orders that are not contracted with the AOC to provide services or are on a state contract.

“Internal controls” means procedures and records designed to minimize opportunity for the mishandling or theft of money and to ensure the integrity of the financial records.

“Merchant” means any individual, agency, or corporation that processes, stores, or transmits payment information.

“Online transaction” means an electronic transaction conducted, such as, but not limited to by telephone (IVR), internet, or world wide web.

“Open item” means monies held for a party or a case that have not been allocated or posted to a particular account or scheduled for disbursement, such as, but not limited to unidentified monies, bonds, restitution, overpayments, or other monies held in a suspense account or hold account.

“Outstanding check” means a court disbursement check that has not cleared the bank.

“Payment card” means any debit, credit, and pre-paid cards branded with one or all card association logos such as: Visa, MasterCard, American Express, Discover, JCB, and Visa International.

“Petty cash” means funds used to make small operational purchases, which must be exclusive of the court change fund.

“Posting or journal entry” means data entered and recorded in an accounting journal. A posting or journal entry may also be used to reclassify, adjust, or correct account balances.

“Preparer” means court personnel authorized to prepare financial records for use or consideration or conduct a count of monies for the dual purposes of balance and reconciliation.

“Receipt date” means the date the payment was posted to the court’s automated financial management system.

“Receipts journal” means the listing of all monies received by allocation type (judicial collection enhancement fund, medical services enhancement fund, criminal justice enhancement fund, etc.) by date.

“Reconcile/reconciliation” means to match and compare figures from one accounting record against those presented on another accounting record or financial statement, to determine record accuracy and to account for all transactions and financial documents.

“Remit” means to transmit, send, relinquish, or surrender funds to the appropriate agency.

“Second person verifier/verification” means court personnel authorized to review financial records for accuracy, completeness, and compliance with the established standards, and verify the accuracy of a count of monies for the dual purposes of balance and reconciliation.

“Transaction date” means the actual date upon which a payment transaction occurred. This date differs from a settlement date for payment card transactions.

“Unclaimed funds” means any monies considered abandoned as defined by statute.

“Unidentified monies” means monies that have been received without any identifiable information, such as the party’s name, case number, or sender’s information.

“Void/Stop payment” means a method used to stop disbursement of funds through bank authorization or in the automated financial management system.

“Void” means to cancel a financial entry by changing the posted dollar amount to zero to render the financial entry null.

B. Purpose. The following requirements shall ensure the safety of public monies and define the roles and responsibilities of court personnel in complying with the requirements of the minimum accounting standards (MAS) as established by the supreme court.

C. Applicability. This section establishes MAS for all supreme, appellate, superior, justice, and municipal courts of Arizona, including their administrative offices, clerks of the court, and probation departments.

D. Administrative Requirements.

1. Each court shall use an automated financial management system in accordance with ACJA § 1-501 that ensures accurate reporting of all transactions and provides sufficient documentation for audit purposes. The automated financial management system shall include a record of all transactions and internal control measures to ensure the safety of public monies.

a. The court shall ensure its automated financial management system meets the following requirements:

- (1) The system shall allow only authorized personnel or electronic interfaces to input or modify information in the automated system;
- (2) The system shall allow only authorized personnel to set or reset the receipt and check number assigned by the software program;
- (3) The system shall permit the voiding of a receipt and voiding of a check, and shall not allow the original entry of the payment to be changed or deleted; and
- (4) The system shall establish a documented audit trail of all changes to the financial records.

b. All financial transactions shall be recorded in an automated receipts journal and shall include:

- (1) Date payment was receipted;
- (2) Amount received;
- (3) Receipt/transaction number; and
- (4) Receipt allocation by type, such as, but not limited to fine, criminal justice enhancement fund, medical services enhancement fund, restitution, and bond.

- c. The court's automated financial management system shall include the following information on a disbursements journal:
 - (1) Date check issued;
 - (2) Amount disbursed;
 - (3) Name of payee;
 - (4) Court check number;
 - (5) Type of payment disbursement, such as, but not limited to fines, surcharges, restitution, and bonds; and
 - (6) Electronic fund transaction number, if applicable.
2. The court shall ensure that all court personnel handling monies are bonded or insured.
3. The court shall ensure that all court personnel assigned money handling responsibilities receive appropriate training and are familiar with this section.
4. The court shall display its payment acceptance policies on any court-sponsored webpage and in a location within the court's main lobby, easily viewable by the general public, such as next to each customer service station. The court's payment acceptance policies shall include:
 - a. A statement regarding the methods of payment that the court accepts, which shall include, but is not limited to: cash, cashier's check, certified check, money order, credit card, debit card, or other financial institution generated fund transfer instrument and other forms or means of payment mandated by the supreme court;
 - b. A statement that a receipt shall be provided for every payment made in person to the court;
 - c. A statement that the receipt provided by the court is proof of payment; and
 - d. A statement regarding the court's dishonored payment policy.
5. The court shall adopt written financial policies and procedures to implement this section that prescribe the court's financial practices, and which apply to any departments or divisions within the court's administrative structure that receives or disburses money. These financial policies and procedures must be enforced and available for review by auditors.
6. On a recurring timeline established by the court in writing, the court shall inform all agencies regularly receiving payments on behalf of the court to remit the monies, including surety instruments collected, to the court as soon as reasonably practicable. The court shall retain the notification in accordance with the retention schedule.

7. The court shall notify local law enforcement, their respective chief justice, chief judge, or presiding judge, and the AOC court services division no later than the next business day upon discovery of a loss determined to be due to theft. Limited jurisdiction courts shall also notify the presiding judge of the superior court of the county.
8. Any secondary type of technology used to perform the duties assigned per this section for the preparer and second person verifier/verification roles that may include, but is not limited to Skype or electronic signatures, will require AOC approval. The court shall adopt written financial policies and procedures that prescribe how the technology will be used when conducting the preparation and verification of financials.

E. Compliance Checklist and Exception Requests. Each court that handles money shall annually complete the MAS Compliance Checklist, which shall be processed as follows:

1. The presiding judge of each limited jurisdiction court, the clerk of the superior court in each county, and each department director shall sign the completed checklist, retain a copy, and forward the original to the presiding judge of the superior court of the county by January 31 of each calendar year. The presiding judge of the superior court in each county shall send the completed and signed annual MAS Compliance Checklists to the AOC court services division by March 1 of each calendar year.
2. The clerks of the court of appeals, the clerk of the supreme court, and the administrative director of the AOC shall submit a completed and signed annual MAS Compliance Checklist to the chief judge of the court of appeals or chief justice of the supreme court, respectively, by January 31 of each calendar year. The chief judge of the court of appeals and the chief justice of the supreme court shall send the completed and signed annual MAS Compliance Checklists to the AOC court services division by March 1 of each calendar year.
3. Upon the court's determination of the need to submit a request for an exception to MAS:
 - a. The court shall submit the request on AOC approved forms to the presiding judge of the superior court of the county, the chief judge of the court of appeals, or the chief justice of the supreme court, as appropriate, for review;
 - b. The presiding judge of the superior court of the county, the chief judge of the court of appeals, or the chief justice of the supreme court, as appropriate, shall forward the signed MAS exception request to the AOC court services division for review; and
 - c. The AOC court services division shall forward the request to the administrative director for approval.
 - d. All granted exception requests are valid for the calendar year in which the request is granted.

F. Independent Review by Auditors. Each court shall undergo an independent review, at least triennially, of its accounting records, procedures, automated financial management system records, and internal controls as follows:

1. The auditor conducting the independent review shall:
 - a. Ensure the review is conducted by either a certified public accountant (CPA) currently licensed by the Arizona State Board of Accountancy, a certified internal auditor (CIA) or certified government accounting professional (CGAP) certified by the Institute of Internal Auditors, or under the direction of a CPA, CIA, or CGAP.
 - b. Ensure the review is conducted in accordance with any of the following professional standards:
 - (1) The American Institute of Certified Public Accountants, *Codification of Professional Standards, Codification of Statements on Auditing Standards, Statements on Standards for Attestation Engagements, and Agreed-Upon Procedures Engagements*;
 - (2) The Institute of Internal Auditors, *International Standards for the Professional Practice of Internal Auditing*; or
 - (3) The Comptroller General of the United States, *Government Auditing Standards*.
 - c. Review compliance with this section. The AOC publishes a Guide for Independent Reviews that outlines procedures suggested to review compliance with this section.
 - d. Issue and deliver a final report to the court no later than 90 calendar days after the auditor completes the fieldwork phase of the review.
 - e. Upon request and at no cost, grant the court being reviewed, as well as the supreme court, AOC, and the auditor general's office, access to any books, documents, records, and working papers that are in any way pertinent to the independent review. Further, these items shall be produced at the offices of the court, supreme court, AOC, or auditor general upon request.
2. The court shall send a copy of the final report to their respective chief justice, chief judge, or presiding judge, and the AOC court services division showing the date on which it was received within seven business days of the court receiving the final report. Limited jurisdiction courts shall also send a copy to the presiding judge of the superior court of the county.

If the auditor's final report contains findings, the court shall send an action plan to the AOC court services division within 30 calendar days of the court receiving the final report. The action plan shall address corrective measures implemented by the court in response to any findings.

3. When any type of audit relating to the case management or case financial management of the court, other than the review described in this subsection, is to be conducted by any agency or private firm, the justice of the peace, court administrator, clerk of the court, presiding judge, or the administrative director of the AOC shall, before or during the audit, advise their respective chief justice, chief judge, or presiding judge of the audit. Further, the court shall send to its respective chief justice, chief judge, presiding judge, and the AOC court services division a copy of the final audit reports, findings, and evaluations of any audit conducted, showing the date on which it was received within seven business days of receipt. Limited jurisdiction courts shall also send a copy to the presiding judge of the superior court of the county.

G. Safeguarding Monies and Financial Records. The court shall safeguard all monies received for the court and financial records, such as, but not limited to receipts, blank checks, and financial reconciliation documents as follows:

1. Assign each cashier a unique user identification. The user identification shall be used only by the assigned user.
2. Change safe keys, combinations, or both upon either:
 - a. Termination of employment of a person who was granted access to a safe, unless access to the court or area where the safe is located is restricted by electronic access control; or
 - b. Change of responsibility of an employee who was granted access to a safe, unless the area where the safe is located is restricted by electronic access control.
3. Maintain physical restrictions between the public and the areas where court monies and financial records are stored and allow only authorized access to those areas.
4. Display signs limiting admittance to areas where court monies and financial records are stored, unless access is restricted by electronic access control.
5. Retain, count, and handle all court monies in a secure location that is not accessible to the public and is only accessible to authorized personnel until monies are deposited with the bank or local treasurer.
6. Store all court monies in a locked location from the moment they are received until they are deposited with the bank or local treasurer.
7. Use locking bank bags or tamper-proof bags to transfer court monies to the bank or local treasurer.
8. Keep cash drawers, cash boxes, payment drop boxes, bank bags, safes, and vaults locked and secured at all times when not in use.

9. Store all court monies overnight in a locked safe or vault with restricted access that is immovable or attached using a method that would prevent easy removal.
10. Secure blank checks, unissued manual receipts, and any documentation that contains a whole credit card number, such as phone payment logs in a safe, locked cabinet, or locked area, and allow only authorized court personnel to access these documents.
11. Each cashier shall individually secure the assigned cash drawer fund in a separate lockable drawer or locking bank bag at all times prior to balance and reconciliation and second person verification.
12. Court personnel shall not commingle personal or non-court monies with court monies. This includes but is not limited to making personal change from the cash drawer fund, court change fund, or court deposit monies, and making change for court payments with personal monies.
13. Court personnel shall not cash personal checks or purchase supplies using monies from the cash drawer fund or the court change fund.
14. Court employees and authorized personnel who issue receipts on behalf of the court shall not keep court monies with their own personal funds, deposit court monies in a personal bank account, or take court monies home with them upon departure.
15. Court personnel shall investigate any shortage or overage of court monies within one business day. If there is still a discrepancy, court personnel shall document the discrepancy on the applicable cashier's cash drawer fund reconciliation documentation and as part of the daily deposit reconciliation documentation.
16. Court personnel shall not correct an original entry to any financial document or instrument by erasing or masking the erroneous entry. To correct an error, court personnel making the correction shall strikethrough the original entry, and initial and date the corrected entry.
17. Prohibit the use of signature stamps when signing financial documents such as checks. Courts may use check signature software or a check signing machine to imprint authorized signatures on checks.

H. Segregation of Duties. The court shall provide internal controls for financial functions, ensure the safety of public monies and the reliability of court records, and allow for the detection of errors, as follows:

1. Document the preparation of daily cash counts and their corresponding reconciliations as referenced in (M)(1), deposit reconciliations as referenced in (L)(2)(c) and (f), monthly reconciliations as referenced in (I)(9) and (M)(2), the review of outstanding bonds over 90 days as referenced in (M)(3), and quarterly reconciliations as referenced in (I)(6)(h) using a method that identifies the preparer such as initials or signatures and includes the

date of document preparation.

2. Document the verification of daily cash counts and their corresponding reconciliations as referenced in (M)(1), deposit reconciliations as referenced in (L)(2)(c) and (f), issued and voided manual receipts as referenced in (I)(6)(f) and (I)(7)(g), monthly reconciliations as referenced in (I)(9) and (M)(2), and quarterly reconciliations as referenced in (I)(6)(h) using a method that identifies the verifier such as initials or signatures and includes the date of document verification.
3. Sign checks prepared by someone else, unless the check requires two signatures. Checks must not be made out to “Cash” and the signing of blank checks is prohibited. For electronic disbursements, ensure that the person who entered and authorized the electronic disbursement is not the same person who verified the electronic disbursement.
4. Have a second authorized person verify void or reverse (adjust) automated receipts in the automated financial management system if a correction is needed. The verification must be documented.
5. If the court does not have sufficient staffing to provide for a second person verifier at all times, then the court shall adopt written financial policies and procedures to control the risk of unauthorized financial transactions. These written financial policies and procedures must detail arrangements made with designated local government employees authorized by the court to verify transactions in accordance with the requirements in this section.

I. Cash Handling and Receipting.

1. Acceptance of payment. Only court authorized personnel or electronic interfaces shall receipt payments on behalf of the court.
2. Online transaction retrieval.
 - a. If the court has a manual retrieval process for online transactions, the court shall retrieve and receipt the transactions to the case financial management system no later than the end of the next business day.
 - b. If the court has an automated retrieval process for online transactions, the court shall receipt the transactions to the case financial management system no later than the end of the next business day.
3. Endorsement of checks.
 - a. The court shall properly and clearly endorse all checks payable to the court with a restrictive endorsement stamp that reads “For Deposit Only – Payable To (account’s name)” no later than the end of the business day on the date the check is receipted into the automated financial management system, unless the court utilizes an automated financial management system that electronically endorses checks.

- b. If the court utilizes an automated financial management system that electronically endorses checks when an automated receipt is generated:
 - (1) The court shall receipt all checks immediately when received. If the court is unable to receipt the checks when received, the checks must be immediately secured for safeguarding purposes, with receipting into the automated financial management system to be completed no later than the end of the next business day.
 - (2) The automated financial management system shall properly and clearly endorse all checks payable to the court with a restrictive endorsement stamp that reads “For Deposit Only – Payable To (account’s name),” when an automated receipt is generated.
 - c. The court shall not endorse checks payable to another court, but shall send checks to the proper court within two business days.
4. Receipting of unidentified monies. If the court receives monies without information identifying the party’s name, case number, and sender information and the court is unable to identify the party and case number for which the monies are received, the court shall:
- a. Receipt the unidentifiable monies into a suspense or hold account within the automated financial management system, no later than the end of the next business day, and deposit the monies to the local treasurer or bank accordingly.
 - b. Endorse checks received without information identifying the party’s name, case number, and sender information in accordance with the check endorsement requirements as outlined in (I)(3).
 - c. Retain copies or an electronic image of a cash log that details the breakdown and total of any monetary denominations received, the checks received, the credit card transaction details received, receipts generated by the automated financial management system, and any additional necessary supporting documentation in a file labeled “Unidentified Monies.”
5. Automated and manual receipting requirements.
- a. The court shall receipt all monies as soon as they are received, but no later than the end of the next business day.
 - b. The court shall ensure every receipt reflects the date monies were receipted.
 - c. The court shall issue a sequentially numbered receipt or transaction for each payment received.
 - d. The court shall issue a receipt that includes:

- (1) Name of the court;
 - (2) Case number, if applicable;
 - (3) Defendant's name, if applicable;
 - (4) Plaintiff's name, if applicable;
 - (5) Date payment was received;
 - (6) Amount received;
 - (7) Name and address of the third-party payor making the payment, if available, and if not included on the case financial record;
 - (8) Identification of person receiving the payment;
 - (9) Method of payment such as cash, check, payment card, or EFT; and
 - (10) Unique sequential receipt/transaction number.
- e. For online payments received, in addition to the receipting elements identified in (I)(5)(d), the following information must be recorded in the case financial record:
- (1) Online transaction date;
 - (2) Online transaction number; and
 - (3) Name and address of cardholder, if available; however, there shall be at a minimum, an audit trail to identify the cardholder's information for disbursement purposes.
- f. The court shall record an entry in the financial record of each party's case when lump sum payments are received from outside agencies for multiple parties.
- g. Overpayments shall be receipted as an overpayment and not as a fine, surcharge, bond, or restitution.
6. Issued and unissued manual receipts.
- a. The court shall not use manual receipts as a primary receipt unless the court's automated financial management system is inoperable.
 - b. The court shall use manual receipts that are at least a two-part form, pre-printed with unique sequential numbers and the name of the court on each receipt.
 - c. Receipts shall be issued in sequence within each book. The original receipt shall be given to the person making a payment, and at a minimum, there shall be one copy retained in the manual receipt book in accordance with the records retention schedule.
 - d. The court shall enter all manual receipts issued during that day in the automated financial management system by the end of each business day or as soon as the system is operable.
 - e. The court shall cross-reference the manual receipt number issued in the automated financial management system and shall cross-reference the automated receipt number on the manual receipt copy retained by the court.

- f. The second person review of the manual receipts issued shall take place no later than the end of the next business day following receipt issuance. The review shall verify that the receipt or receipts was issued in sequence within each book, recorded in the automated financial management system, and has actually been issued.
 - g. The court shall establish written policies and procedures to account for and reconcile all unissued manual receipts at least quarterly.
 - h. The court shall document the reconciliation of all unissued manual receipts in accordance with the timeline established by the court's written policy and procedure, which shall require the reconciliation be conducted at least four times a year. Any variances noted while conducting the reconciliation shall be immediately investigated, and the outcome of the investigation documented as part of the reconciliation record.
7. Automated and manual voided receipts.
- a. The court shall not alter automated receipts in any way. If an error is made or a correction is needed, "VOID" or "Reverse" (adjusted) shall be indicated on the automated receipt in the case financial record, and a new receipt shall be issued, if applicable.
 - b. The court shall state the reason for the void or reversal (adjusted) on all voided and reversed (adjusted) automated receipts in the case financial record.
 - c. The court shall cross-reference the voided or reversed (adjusted) receipt number on the replacement automated receipt in the case financial record.
 - d. The court shall not alter manual receipts in any way. If an error or a correction is needed, "VOID" shall be indicated on all retained copies of the manual receipt, and a new receipt shall be issued, if applicable.
 - e. The court shall state the reason for the void on all copies of the voided manual receipt.
 - f. The court shall cross-reference the voided manual receipt number on the replacement manual receipt.
 - g. The second person review of the voided manual receipts shall take place no later than the end of the next business day following receipt void.
 - h. The court shall retain all copies of manual receipts that have been voided in accordance with the records retention schedule.

8. Counterfeit cash. All courts shall establish written policies and procedures on identifying and handling counterfeit cash in accordance with U.S. Department of the Treasury, Office of Domestic Finance, Advanced Counterfeit Deterrence guidelines.
9. Petty cash. The court may establish and use a petty cash fund if authorized by its local funding authority. The court shall follow local policies and procedures regarding usage and reimbursement of the petty cash fund and shall reconcile the petty cash fund on a monthly basis.

J. Independent Contractors.

1. The court shall only accept monies from independent contractors in the form of business check, cashier's check, money order, EFT, or wire transfer.
2. The court shall provide a current copy of this section to each independent contractor with which the court directly contracts to receive or make payments on the court's behalf within the first three months of the contract. The court shall retain documentation of the notification sent to each entity in accordance with the records retention schedule.

K. Disbursement Processing.

1. Disbursement requirements.
 - a. The court shall record all disbursements into the court's automated financial management system by the end of the next business day.
 - b. The court shall make all disbursements either in the form of a check, credit to the payment card originally used to make the payment, or an EFT.
 - c. Disbursement checks issued by the court shall be pre-printed with unique sequential numbers, or electronically assigned, and disbursed in sequential order.
 - d. The court shall allow only authorized signers, in accordance with the court's bank signature cards, to sign checks. The court shall allow only authorized personnel to approve payment card adjustments or reversals.
 - e. The court shall record the following information in the court's automated financial management system, on the financial record concerning each case with a disbursement:
 - (1) Case number;
 - (2) Case party names;
 - (3) Date check issued;
 - (4) Name of payee;
 - (5) Check number, if applicable;
 - (6) Type of payment disbursement, such as, but not limited to: fines, surcharges,

- suspense, hold, restitution, bond, or bond amount converted to court assessments;
- (7) Amount disbursed; and
- (8) Electronic fund transaction number, if applicable.

2. Bonds.

- a. The court shall disburse bond monies only upon written order by a judicial officer.
- b. The court shall disburse bond monies only to the individual who posted the bond or to the third party authorized to receive the bond monies by the person posting the bond.
- c. If the individual who posted the bond requests the bond be disbursed to someone other than the bond poster, the court shall require the bond poster to produce identification and sign a document authorizing the bond monies be disbursed to a third party.
- d. The court shall only convert bond monies to pay court-ordered monetary obligations with the express written permission of the bond poster, unless the bond poster is the defendant.
- e. The court shall establish written policies and procedures for disbursing bond monies to the appropriate party within a time period prescribed by the court's policies and procedures.

3. Restitution. Restitution payments shall be disbursed to victims in accordance with ACJA § 5-204.

4. Overpayments. The court shall establish written policies and procedures that include a reasonable threshold amount for disbursing overpayments to the appropriate party within a time period prescribed by the court's policies and procedures.

5. Suspense or hold accounts. The court shall establish written policies and procedures to account for monies held in a suspense or hold account on a monthly basis, and to apply these monies to a party's case financial record or disburse them to the appropriate party within a time period prescribed by the court's policies and procedures.

6. Disbursement management.

- a. If an error is made on a disbursement check, the court shall void/stop payment on the disbursement check in the court's automated financial management system.
- b. For any disbursement check reported lost or stolen the court shall void/stop payment on the disbursement check in the court's automated financial management system once research by the court has proven the disbursement check has not been cashed, unless this function is performed by a city, county, or state treasurer (in the case of appellate courts).

- c. If the court determines that a replacement disbursement check needs to be issued for a void/stop payment, outstanding, lost, or stolen disbursement check, the court shall issue a new disbursement check following normal disbursement processing.
 - d. The court shall identify all checks outstanding over 180 days, unless this function is performed by a city, county, or state treasurer (in the case of appellate courts), and shall:
 - (1) Void/stop payment in the court's automated financial management system on court disbursement checks outstanding over 180 days if the disbursement check has not been cashed; and
 - (2) Investigate all checks outstanding over 180 days, documenting the action taken or disposition of the investigated checks outstanding in the court's automated financial management system and on the court's monthly reconciliation documentation.
 - e. For all void/stop payment disbursement checks, the court shall write "VOID" or "Stop Payment" across both the physical face and signature line of the void/stop payment disbursement check and retain all void/stop payment disbursement checks if available for retention; for example, checks issued via electronic disbursement, lost in the mail, or stolen would not be available for retention.
7. Unclaimed funds disbursement. Pursuant to A.R.S. §§ 44-302(10) and (11), 44-307, and 44-308 for municipal and superior courts and A.R.S. § 22-116 for justice courts, the court shall report and remit as unclaimed (abandoned) funds to the Department of Revenue or county treasurer, unless this function is performed by a city, county, or state treasurer (in the case of appellate courts), the following:
- a. Any unidentified monies received, as referenced in (I)(4), which remain unclaimed;
 - b. Any disbursement checks outstanding over 180 days, as referenced in (K)(6)(d), which remain unclaimed; and
 - c. The court shall retain documentation of all monies reported and remitted to the Department of Revenue or the county treasurer as unclaimed funds in accordance with the retention schedule.

L. Bank Accounts and Deposits.

- 1. Establishment, maintenance, and closure of bank accounts. Unless bank accounts are maintained by the city, county or, in the case of appellate courts, the state treasurer, and are established in the name of the city, county, or state, the court shall:

- a. Establish all bank accounts under the name of the court. Co-located courts shall not share a bank account and shall establish individual bank accounts under the name of each court;
- b. Ensure all bank accounts used to hold court monies are insured by the Federal Deposit Insurance Corporation (FDIC) and collateral agreements exist for amounts exceeding the current FDIC insured amount, including principal and interest;
- c. Maintain a list of all checking, investment, and other bank accounts, including:
 - (1) The name and address of the banking institution;
 - (2) The account number;
 - (3) The account name; and
 - (4) The names of persons authorized to sign checks or make withdrawals from each account.
- d. Maintain current signature cards for all bank and investment accounts; and
- e. Maintain a record of all bank accounts closed, including the date the bank account was closed and the reason the bank account was closed, in accordance with the records retention schedule.

2. Deposits.

- a. The court shall deposit all court monies into court accounts only, unless the accounts are maintained by the city, county, or state treasurer, and are established in the name of the city, county, or state.
- b. The court shall ensure all monies are deposited to the bank or local treasurer in the same form as received.
- c. The court shall ensure all currency, coins, and checks are deposited to the bank or local treasurer by the next business day the court and the bank or local treasurer are open, unless the total is less than \$300. If the total is less than \$300, at a minimum, the funds shall be deposited on a subsequent business day when the accumulated undeposited funds reach or exceed \$300, or deposited once per week, whichever is earlier.
- d. The court shall establish a secure procedure or practice for depositing court monies with the bank or local treasurer. If the court deposits court monies with the local treasurer, the court shall retain documentation that confirms that the court monies have been delivered to or retrieved by the local treasurer for deposit within the required timelines. The court and the local treasurer shall initial or sign and date the documentation acknowledging receipt of the court monies deposited, unless court monies are transported by armored car, in which case a log shall be maintained.

- e. The court shall ensure that checks scanned for electronic deposit are retained not more than 30 days after the completion of the bank reconciliation for the month in which the checks were deposited. Shredding is the preferred method of disposal. Personal mobile devices may not be used to scan checks.
- f. The court shall require that at least two separate authorized court personnel are involved in the deposit balance and reconciliation process. One authorized personnel acting in the capacity of preparer and one additional authorized personnel acting in the capacity of second person verifier to ensure the balance and reconciliation of the daily deposit with the receipts journal. The verification must occur at the time of the deposit preparation and prior to the depositing of funds with the bank or local treasurer.

M. Reconciliation of Financial Records.

- 1. Daily reconciliations. Court personnel shall conduct daily reconciliations, including but not limited to:
 - a. Each cashier responsible for a beginning change fund shall count the beginning change fund provided before usage, as either the preparer or second person verifier;
 - b. The court change fund shall be counted by two separate authorized court personnel at least daily; and
 - c. Each cashier responsible for a cash drawer fund shall count all monies received, including any beginning change fund monies, after each shift to ensure balance and reconciliation with the receipts journal.
- 2. Monthly reconciliations. Court personnel shall conduct monthly reconciliations, including but not limited to:
 - a. Reconcile the defensive driving completions records with the AOC completions report, if the court does not accept or utilize the DDS batching process;
 - b. Balance the receipts journal;
 - c. Balance the disbursements journal;
 - d. Reconcile receipts with deposits;
 - e. Reconcile the record of open items with all bank accounts and cash balances; and
 - f. Reconcile all bank accounts.

3. Review of bonds outstanding over 90 days. Review all bonds posted outstanding over 90 days and bond records to determine the status of the bonds based on court order, for example: is the bond still active, waiting for the defendant to appear, or if the defendant appeared has the bond been ordered refunded or forfeited, etc. Take appropriate action, document the disposition of the bond reviewed, and retain documentation. Verification documentation is not needed for this review, unless required by the court's written policy and procedure.
4. Reconciliation requirements. If the court cannot determine why there is a variance in the reconciliation, the court is prohibited from simply adding a fictional amount to the reconciliation in order to force the reconciliation into balance. Any variance should be clearly documented as a line item on the reconciliation and should be resolved within no more than 30 days from the reconciliation.
5. Financial record retention.
 - a. The court shall retain the following records for each bank account as required by the records retention schedule, such as, but not limited to:
 - (1) Bank account reconciliations;
 - (2) Bank statements;
 - (3) Records of deposits in transit;
 - (4) Records of outstanding checks;
 - (5) Bank issued debit and credit memos;
 - (6) Canceled deposit slips;
 - (7) Canceled checks; and
 - (8) Any documentation that requests the adjustment or void of a case financial record.
 - b. The court shall maintain daily and monthly financial reconciliations and supporting documentation in accordance with the records retention schedule.

N. Reporting.

1. Each trial court shall prepare a monthly remittance report identifying how monies deposited in a bank account or with the city or county treasurer for the month are to be allocated and distributed.
2. The court shall submit the monthly remittance report to their local treasurer and receive documentation acknowledging the submission of the report.

O. Probation Departments.

1. Probation departments that collect court-ordered fines, fees, or restitution from juvenile probationers, adult probationers, or third-party payors and that receipt those payments into the clerk of court's case management system shall ensure:

- a. Probation officers or probation staff authorized to accept payments and deposit monies are deputized clerks of the court;
 - b. Payments are made payable to the clerk of court;
 - c. Payments are not collected in the field; and
 - d. Payment acceptance policies are displayed in each department's main lobby and on the department's webpage.
2. Probation departments that collect court-ordered fines, fees, or restitution from juvenile probationers, adult probationers, or third-party payors that do not have access to the clerk of court's case management system shall:
- a. Use manual receipts that are at least a three-part form, pre-printed with unique sequential numbers and the name of the probation department on each receipt;
 - b. Issue manual receipts in sequence within each book. The original receipt shall be given to the person making a payment; one copy shall be given to the clerk of court no later than the next business day, and one copy shall be retained in the manual receipt book in accordance with the records retention schedule;
 - c. Retain documentation that confirms that the issued manual receipt copies have been delivered to or retrieved by the clerk of the court, in lieu of requiring a second person review of the individual manual receipt issued and of the cross-referencing standard for the manual receipt number issued and the automated receipt number issued;
 - d. Accept payments made payable only to the clerk of the court;
 - e. Not collect payments in the field; and
 - f. Display payment acceptance policies in each department's main lobby and on the department's webpage.

The requirements as outlined in this subsection supersede the requirements specific to issued manual receipts as outlined in (I)(6)(a) through (f).

3. Probation departments that collect court-ordered fines, fees, or restitution from juvenile probationers, adult probationers, or third-party payors shall:
- a. Deposit all monies with the clerk of court or directly into the clerk of court's bank account by the next business day;
 - b. Establish written policies and procedures that reflect the arrangements made by the department to ensure a secure process for depositing monies with the clerk of the court; and

- c. Retain documentation that confirms that the monies have been delivered to or retrieved by the clerk of court for deposit within the required timelines.

The requirements as outlined in this subsection supersede the requirements specific to deposits as outlined in (L)(2)(a), (c), and (d).

4. Posted payment policies for probation departments that collect court-ordered fines, fees, or restitution from juvenile probationers, adult probationers, or third-party payors may exclude the collection of cash, as referenced in (D)(4)(a), as an accepted method of payment for probation department locations that meet either of the following criteria:
 - a. The probation department is located in a stand-alone facility not within a courthouse; or
 - b. The probation department accepts payments via an external walk-up payment window.
5. Alternative collection practices. To implement this subsection, probation departments may submit an alternative proposal for the collection of monies to the AOC court services division. The proposal must be approved by the administrative director of the AOC.
6. Applicability. The requirements as outlined in (K)(2), (M)(2)(a), (M)(3), and (N)(1) and (2) are not applicable to probation departments as they do not perform these functions.

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