

GLENN COUNTY

Audit Report

COURT REVENUES

July 1, 2001, through June 30, 2006



JOHN CHIANG
California State Controller

June 2008



JOHN CHIANG
California State Controller

June 25, 2008

Don Santoro
Director of Finance
Glenn County
516 West Sycamore Street
Willows, CA 95988

Tina Burkhart
Court Executive Officer
Glenn County
526 West Sycamore Street
Willows, CA 95988

Dear Mr. Santoro and Ms. Burkhart:

The State Controller's Office audited Glenn County's court revenues for the period of July 1, 2001, through June 30, 2006.

Glenn County's remittances to the State Treasurer were substantially correct. The points discussed in the Findings and Recommendations section do not have a significant effect on those remittances.

Our audit disclosed that the county underremitted \$13,693 in court revenues to the State Treasurer because it:

- Overremitted the 50% excess of qualified fines, fees, and penalties by \$16,250; and
- Incorrectly distributed the 20% Criminal Surcharge, State Court Construction Penalty Fund, and DNA Identification Fund by \$29,943.

The county should differentiate the individual accounts making up this amount on the bottom portion of the monthly TC-31, Remittance to State Treasurer, in accordance with standard remittance procedures. The county should state on the remittance advice that the account adjustments relate to the SCO audit for the period of July 1, 2001, through June 30, 2006.

Please mail a copy of the TC-31 and documentation supporting the corresponding adjustment(s) to the attention of the following individuals:

Greg Brummels, Audit Manager
State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, California 94250-5874

Jaime Delgadillo, Collections Supervisor
Division of Collections
Bureau of Tax Administration
Post Office Box 942850
Sacramento, California 94250-5880

Don Santoro
Tina Burkhart

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June 25, 2008

Once the county has paid the underremitted Trial Court Improvement Fund and State Court Facilities Construction Fund amounts, we will calculate a penalty on the underremitted amounts and bill the county accordingly, in accordance with Government Code sections 68085, 70353, and 70377.

If you have any questions, please contact Steven Mar, Chief, Local Government Audits Bureau, at (916) 324-7226.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/sk:vb

cc: John A. Judnick, Manager, Internal Audit
Judicial Council of California
Karen McGagin, Executive Officer
Victim Compensation and Government Claims Board
Renee Renwick, Deputy Director
Administration Division
Department of Fish and Game
Greg Jolivette
Legislative Analyst's Office

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Audit Report

Summary

The State Controller's Office (SCO) performed an audit to determine the propriety of court revenues remitted to the State of California by Glenn County for the period of July 1, 2001, through June 30, 2006.

Glenn County's remittances to the State Treasurer were substantially correct. The points discussed in the Findings and Recommendations section do not have a significant effect on those remittances.

Our audit disclosed that the county underremitted \$13,693 in court revenues to the State Treasurer because it:

- Overremitted the 50% of excess of qualified fines, fees, and penalties by \$16,250; and
- Incorrectly distributed the 20% Criminal Surcharges, State Court Construction Penalty Fund, and DNA Identification Fund by \$29,943.

Background

State statutes govern the distribution of court revenues, which include fines, penalties, assessments, fees, restitutions, bail forfeitures, and parking surcharges. Whenever the State is entitled to a portion of such money, the court is required by Government Code section 68101 to deposit the State's portion of court revenues with the county treasurer as soon as practical and to provide the county auditor with a monthly record of collections. This section further requires that the county auditor transmit the funds and a record of the money collected to the State Treasurer at least once a month.

Government Code section 68103 requires that the State Controller determine whether or not all court collections remitted to the State Treasurer are complete. Government Code section 68104 authorizes the State Controller to examine records maintained by any court. Furthermore, Government Code section 12410 provides the State Controller with general audit authority to ensure that state funds are properly safeguarded.

Objective, Scope, and Methodology

Our audit objective was to determine whether the county completely and accurately remitted court revenues in a timely manner to the State Treasurer for the period of July 1, 2001, through June 30, 2006. We did not review the timeliness of any remittances the county may be required to make under Government Code sections 70353, 77201.1(b)(1), and 77201(b)(2).

To meet our objective, we reviewed the revenue-processing systems within the county's Superior Court, Probation Department, and Auditor-Controller's Office.

We performed the following procedures:

- Reviewed the accuracy of distribution reports prepared by the county, which show court revenue distributions to the State, the county, and the cities located within the county.
- Gained an understanding of the county's revenue collection and reporting processes by interviewing key personnel and reviewing documents supporting the transaction flow.
- Analyzed various revenue accounts reported in the county's monthly cash statements for unusual variations and omissions.
- Evaluated the accuracy of revenue distribution using as criteria various California codes and the SCO's Manual of Accounting and Audit Guidelines for Trial Courts.
- Tested for any incorrect distributions.
- Expanded any tests that revealed errors to determine the extent of any incorrect distributions.

We conducted our audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the county's financial statements. We considered the county's internal controls only to the extent necessary to plan the audit. This report relates solely to our examination of court revenues remitted and payable to the State of California. Therefore, we do not express an opinion as to whether the county's court revenues, taken as a whole, are free from material misstatement.

Conclusion

Glenn County underremitted \$13,693 in court revenues to the State Treasurer. The underremittance is summarized in Schedule 1 and described in the Findings and Recommendations section.

Follow-Up on Prior Audit Findings

The county has satisfactorily resolved the findings noted in our prior audit report, issued May 31, 2002.

Views of Responsible Officials

Don Santoro, Director of Finance, County Auditor's Office, and Julie Leach, Court Administrative Analyst, Superior Court, agreed with our audit findings and recommendations through telephone conversations on May 2, 2008, and May 7, 2008, respectively.

Restricted Use

This report is solely for the information and use of Glenn County, the Glenn County Courts, the Judicial Council of California, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

June 25, 2008

**Schedule 1—
Summary of Audit Findings by Fiscal Year
July 1, 2001, through June 30, 2006**

Description	Account Title ¹	Code Section	Fiscal Year					Total	Reference ²
			2001-02	2002-03	2003-04	2004-05	2005-06		
Overremitted fines, fees, and penalties (MOE)	Trial Court Improvement Fund	Government Code §77205(a)	\$ 1,091	\$ (1,356)	\$ (7,389)	\$ (4,996)	\$ (3,600)	\$ (16,250)	Finding 1
Incorrect distributions for 20% Criminal Surcharge	20% Criminal Surcharge	Penal Code §1465.7	—	2,315	4,262	3,524	3,938	14,039	Finding 2
State Court Construction Surcharge	State Court Facilities Construction Fund	Government Code §70372(a)	—	1,664	4,262	3,524	3,938	13,388	Finding 2
DNA Identification Fund	DNA Identification Fund (Prop 69)	Government Code §76104.6	—	—	—	547	1,969	2,516	Finding 2
Net amount underpaid (overpaid) to the State Treasurer			<u>\$ 1,091</u>	<u>\$ 2,623</u>	<u>\$ 1,135</u>	<u>\$ 2,599</u>	<u>\$ 6,245</u>	<u>\$ 13,693</u>	

¹ The identification of state revenue account titles should be used to ensure proper recording when preparing the remittance advice (TC-31) to the State Treasurer.

² See the Findings and Recommendations section.

**Schedule 2—
Summary of Underremittances by Month
State Court Facilities Construction Fund
July 1, 2001, through June 30, 2006**

Month	Fiscal Year			
	2002-03	2003-04	2004-05	2005-06
July	\$ —	\$ 355	\$ 293	\$ 328
August	—	355	293	328
September	—	355	293	328
October	—	355	293	328
November	—	355	294	328
December	—	355	294	328
January	—	355	294	328
February	—	355	294	328
March	—	355	294	328
April	555	355	294	328
May	554	356	294	329
June	555	356	294	329
Total underremittances to the State Treasurer	<u>\$ 1,664</u>	<u>\$ 4,262</u>	<u>\$ 3,524</u>	<u>\$ 3,938</u>

NOTE: Delinquent State Court Facilities Construction Fund remittances not remitted to the SCO within 45 days of the end of the month in which the fees were collected are subject to penalty, pursuant to Government Code section 70377. The SCO will calculate and bill the county for the penalty after the county pays the underlying amount owed.

Findings and Recommendations

**FINDING 1—
Overremitted the
excess of qualified
fines, fees, and
penalties**

The county Auditor-Controller's Office overremitted by \$16,250 the 50% excess of qualified fines, fees, and penalties to the State Treasurer for the five-fiscal-year (FY) period starting July 1, 2001, and ending June 30, 2006.

Government Code section 77201(b)(2) requires Glenn County, for its base revenue obligation, to remit \$360,974 for FY 2001-02 and each fiscal year thereafter. In addition, Government Code section 77205(a) requires the county to remit to the Trial Court Improvement Fund 50% of qualified revenues that exceed the stated base for each fiscal year.

The error occurred because the county used incorrect entries in its maintenance-of-effort (MOE) distribution working papers and because the county's distribution working papers did not include all applicable fines, fees, and penalties, and from the fiscal impact identified in this report's findings.

The qualified revenues reported for FY 2001-02 were \$754,881. The excess, above the base of \$360,974, is \$393,907. This amount should be divided equally between the county and the State, resulting in \$196,954 excess due the State. The county remitted a previous payment of \$195,863, causing an underremittance of \$1,091.

The qualified revenues reported for FY 2002-03 were \$833,922. The excess, above the base of \$360,974, is \$472,948. This amount should be divided equally between the county and the State, resulting in \$236,474 excess due the State. The county remitted a previous payment of \$237,830, causing an overremittance of \$1,356.

The qualified revenues reported for FY 2003-04 were \$938,751. The excess, above the base of \$360,974, is \$577,777. This amount should be divided equally between the county and the State, resulting in \$288,889 excess due the State. The county remitted a previous payment of \$296,278, causing an overremittance of \$7,389.

The qualified revenues reported for FY 2004-05 were \$863,894. The excess, above the base of \$360,974, is \$502,920. This amount should be divided equally between the county and the State, resulting in \$251,460 excess due the State. The county remitted a previous payment of \$256,456, causing an overremittance of \$4,996.

The qualified revenues reported for FY 2005-06 were \$1,100,595. The excess, above the base of \$360,974, is \$739,621. This amount should be divided equally between the county and the State, resulting in \$369,810 excess due the State. The county remitted a previous payment of \$373,410, causing an overremittance of \$3,600.

The over- and underremittances had the following effect:

Account Title	Understated/ (Overstated)
Trial Court Improvement Fund–Government Code section 77205:	
FY 2001-02	\$ 1,091
FY 2002-03	(1,356)
FY 2003-04	(7,389)
FY 2004-05	(4,996)
FY 2005-06	(3,600)
County General Fund	16,250

Recommendation

The county should reduce remittances to the State Treasurer by \$16,250 and report on the remittance advice form (TC-31) a decrease to the Trial Court Improvement Fund–Government Code section 77205. The county should also make the corresponding account adjustments.

County’s Response to Draft Audit Report

The county concurred with our finding and recommendation.

Superior Court’s Response to Draft Audit Report

The Superior Court concurred with our finding and recommendation.

**FINDING 2—
Incorrect Distributions
for the 20% Criminal
Surcharge, State Court
Construction Fund,
and DNA Identification
Fund**

The county’s Probation Department did not implement the recent statutory distributions for the 20% Criminal Surcharge, the State Court Construction Penalty Fund, and the DNA Identification Fund.

The incorrect distribution had the following effect:

Account Title	Understated/ (Overstated)
Incorrect Distributions for 20% Criminal Surcharge	\$ 14,039
State Court Facilities Construction Fund	13,388
DNA Identification Fund	2,516
County General Fund	\$ (29,943)

Recommendation

The county’s Probation Department should remit \$29,943 to the State Treasurer and report on the remittance advice form (TC-31) an increase in the amount of \$14,039 to the 20% State Criminal Surcharge, \$13,388 to the State Court Facilities Construction Fund, and \$2,516 to the DNA Identification Fund. The Glenn County Courts should make the corresponding account adjustments.

County’s Response to Draft Audit Report

The county concurred with our finding and recommendation.

Superior Court’s Response to Draft Audit Report

The Superior Court concurred with our finding and recommendation.

**State Controller's Office
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