

PLUMAS COUNTY

Audit Report

COURT REVENUES

July 1, 2002, through June 30, 2006



JOHN CHIANG
California State Controller

December 2008



JOHN CHIANG
California State Controller

December 31, 2008

The Honorable Shawn Montgomery
Auditor-Controller
Plumas County
520 Main Street, Room 211
Quincy, CA 95971

Debbie Norrie
Court Executive Officer
Plumas County Superior Court
520 Main Street, Room 104
Quincy, CA 95971

Dear Ms. Montgomery and Ms. Norrie:

The State Controller's Office (SCO) audited Plumas County's court revenues for the period of July 1, 2002, through June 30, 2006.

Our audit disclosed that the county overremitted \$129,748 in court revenues to the State Treasurer because it overremitted 50% excess of qualified fines, fees, and penalties.

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
Julie Nauman, Executive Officer
Victim Compensation and Government Claims Board
Greg Jolivet
Legislative Analyst's Office

Contents

Audit Report

Summary	1
Background	1
Objective, Scope, and Methodology	1
Conclusion	2
Follow-Up on Prior Audit Findings	2
Views of Responsible Officials	2
Restricted Use	2
Schedule 1—Summary of Audit Findings by Fiscal Year	3
Schedule 2—Summary of Overremittances by Month, Trial Court Improvement Fund	4
Finding and Recommendation	5

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 Plumas County for the period of July 1, 2002, through June 30, 2006.

Our audit disclosed that the county overremitted \$129,748 in court revenues to the State Treasurer because it overremitted 50% excess of qualified fines, fees, and penalties.

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, 2002, 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, Treasurer/Tax Collector's Office, 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 this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. 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

Plumas County overremitted \$129,748 in court revenues to the State Treasurer. The overremittance is summarized in Schedule 1 and described in the Finding and Recommendation section.

Follow-Up on Prior Audit Findings

The county has satisfactorily resolved the findings noted in our prior audit report, issued June 27, 2003.

Views of Responsible Officials

We discussed the audit results with county and court representatives at an exit conference. Shawn Montgomery and Debbie Norrie agreed with the audit results. Ms. Montgomery and Ms. Norrie further agreed that a draft audit report was not necessary and that the audit report could be issued as final.

Restricted Use

This report is solely for the information and use of Plumas County, the Plumas County Superior Court, 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

December 31, 2008

**Schedule 1—
Summary of Audit Findings by Fiscal Year
July 1, 2002, through June 30, 2006**

Description/Account Title ¹	Fiscal Year				Total
	2002-03	2003-04	2004-05	2005-06	
<u>County</u>					
Overremitted 50% excess of qualified fines, fees, and penalties— Travel Court Improvement Fund (Government Code §77205(a))	\$ (35,879)	\$ (31,739)	\$ (33,376)	\$ (28,754)	\$ (129,748)
Net amount underpaid (overpaid) to the State Treasurer	<u>\$ (35,879)</u>	<u>\$ (31,739)</u>	<u>\$ (33,376)</u>	<u>\$ (28,754)</u>	<u>\$ (129,748)²</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 Finding and Recommendation section.

**Schedule 2—
Summary of Overremittances by Month
Trial Court Improvement Fund
July 1, 2002, through June 30, 2006**

Month	Fiscal Year			
	2002-03	2003-04	2004-05	2005-06
July	\$ —	\$ —	\$ —	\$ —
August	35,879	31,739	33,376	28,754
September	—	—	—	—
October	—	—	—	—
November	—	—	—	—
December	—	—	—	—
January	—	—	—	—
February	—	—	—	—
March	—	—	—	—
April	—	—	—	—
May	—	—	—	—
June ¹	—	—	—	—
Total underremittances to the State Treasurer	\$ 35,879	\$ 31,739	\$ 33,376	\$ 28,754

NOTE: Delinquent Trial Court Trust 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 68085(h). The SCO will calculate and bill the county for the penalty after the county pays the underlying amount owed.

¹ Includes maintenance-of-effort overremittances (see the Finding and Recommendation section) as follows:

Fiscal Year			
2002-03	2003-04	2004-05	2005-06
<u>\$ 35,879</u>	<u>\$ 31,739</u>	<u>\$ 33,376</u>	<u>\$ 28,754</u>

Finding and Recommendation

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

The County Auditor-Controller’s Office overremitted by \$129,748 the 50% excess of qualified fines, fees, and penalties to the State Treasurer for the four-fiscal-year (FY) period of July 1, 2002, through June 30, 2006.

Government Code section 77201(b)(2) requires Plumas County, for its base revenue obligation, to remit \$193,772 for FY 1998-99 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 as a result of the collections division of the Treasurer/Tax Collector’s office not appropriately distributing \$1 to the Jail Construction Fund from the county’s 23% portion. Instead, it was taken out of the total traffic violator school (TVS) bail. Therefore, 77% of the TVS bail applicable to the maintenance-of-effort (MOE) included this amount.

The qualified revenues reported for FY 2002-03 were \$373,103. The excess, above the base of \$193,772, is \$179,331. This amount should be divided equally between the county and the state, resulting in \$89,666 excess due the state. The county has remitted a previous payment of \$125,545, causing an overremittance of \$35,879.

The qualified revenues reported for FY 2003-04 were \$343,518. The excess, above the base of \$193,772, is \$149,746. This amount should be divided equally between the county and the state, resulting in \$74,873 excess due the state. The county has remitted a previous payment of \$106,612, causing an overremittance of \$31,739.

The qualified revenues reported for FY 2004-05 were \$367,567. The excess, above the base of \$193,772, is \$173,795. This amount should be divided equally between the county and the state, resulting in \$86,898 excess due the state. The county has remitted a previous payment of \$120,274, causing an overremittance of \$33,376.

The qualified revenues reported for FY 2005-06 were \$333,947. The excess, above the base of \$193,772, is \$140,175. This amount should be divided equally between the county and the state, resulting in \$70,087 excess due the state. The county has remitted a previous payment of \$98,841, causing an overremittance of \$28,754.

The overremittances had the following effect:

Account Title	Understated/ (Overstated)
Trial Court Improvement Fund–Government Code section 77205:	
FY 2002-03	\$ (35,879)
FY 2003-04	(31,739)
FY 2004-05	(33,376)
FY 2005-06	(28,754)
County General Fund	129,748

Recommendation

The county should reduce remittances by \$129,748 to the State Treasurer 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

The county agreed with our finding and recommendation.

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

<http://www.sco.ca.gov>