

PLACER COUNTY

Audit Report

COURT REVENUES

July 1, 2007, through June 30, 2013



BETTY T. YEE
California State Controller

December 2015



BETTY T. YEE
California State Controller

December 31, 2015

Andrew Sisk, Auditor-Controller
Placer County
2790 Richardson Drive
Auburn, CA 95603

Jake Chatters, Court Executive Officer
Superior Court of California, Placer County
10820 Justice Center Drive
Roseville, CA 95678

Dear Mr. Sisk and Mr. Chatters:

The State Controller's Office audited Placer County's court revenues for the period of July 1, 2007, through June 30, 2013.

Our audit found that the county underremitted \$66,441 in court revenues to the State Treasurer because it:

- Underremitted the DNA Identification Fund by \$94,954
- Overremitted Domestic Violence Fees by (\$28,513)

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, 2007, through June 30, 2013.

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

Jerry Zhou, Audit Manager
Division of Audits
State Controller's Office
Post Office Box 942850
Sacramento, CA 94250-5874

Cindy Giese, Collections Supervisor
Division of Accounting and Reporting
Bureau of Tax Administration
Post Office Box 942850
Sacramento, CA 94250-5872

If you have any questions, please contact Elizabeth González, Chief, Local Government Compliance Bureau, by telephone at (916) 324-0622 or by email at egonzalez@sco.ca.gov.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/lis

Attachment

cc: Kirk Uhler, Chairperson
 Placer County Board of Supervisors
John Judnick, Senior Manager
 Internal Audit Services
 Judicial Council of California
Julie Nauman, Executive Officer
 Victim Compensation and Government Claims Board
Anita Lee
 Legislative Analyst's Office
Michael Gungon, Fiscal Analyst
 Division of Accounting and Reporting
 State Controller's Office
Cindy Giese, Supervisor, Tax Programs Unit
 Division of Accounting and Reporting
 State Controller'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 Placer County for the period of July 1, 2007, through June 30, 2013.

Our audit disclosed that the county underremitted \$66,441 in court revenues to the State Treasurer because it:

- Underremitted the DNA Identification Fund by \$94,954
- Overremitted Domestic Violence Fees by (\$28,513)

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 (GC) section 68101 to deposit the State's portion of court revenues with the county treasurer as soon as practical and 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.

GC section 68103 requires that the SCO determine whether or not all court collections remitted to the State Treasurer are complete. GC section 68104 authorizes the State Controller to examine records maintained by any court. Furthermore, GC section 12410 provides the SCO 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, 2007, through June 30, 2013. We did not review the timeliness of any remittances the county may be required to make under GC 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, and Auditor-Controller's Office.

We performed the following procedures:

- Reviewed the accuracy of distribution reports prepared by the county that 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*
- 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

Placer County underremitted a net of \$66,441 in court revenues to the State Treasurer. The underremittances are summarized in Schedule 1 and described in the Findings and Recommendations section of this report.

Follow-Up on Prior Audit Findings

The county has satisfactorily resolved the findings noted in our prior audit report, issued December 11, 2009.

Views of Responsible Officials

We issued a draft audit report on September 18, 2015. Andrew C. Sisk, Auditor-Controller, responded by letter dated October 8, 2015 (Attachment A), agreeing with the audit results. Further, Jake Chatters, Court Executive Officer, responded by letter dated October 5, 2015 (Attachment B), agreeing with the audit results.

Restricted Use

This report is solely for the information and use of Placer County, the Placer 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, CPA
Chief, Division of Audits

December 31, 2015

Findings and Recommendations

**FINDING 1—
Underremitted DNA
Penalties**

Placer County did not properly split the DNA Identification assessments from July 2007 through June 2013 after receiving minute orders from the Superior Court. The error occurred because the minute orders did not display the distributions for the two DNA revenues, and the county’s Revenue Services Collection System, Columbia Ultimate Business System (CUBS) was not programed to distribute the revenues properly.

Starting July 2006, Government Code (GC) section 76104.7 requires a \$1 penalty for every \$10 or fraction thereof upon every fine, penalty, and forfeiture levied on criminal offenses including traffic offenses, but excluding parking offenses. As of July 2012, the penalty is \$4 for every \$10.

The under- and over-remittances had the following effect:

Account Title	Understated/ (Overstated)
DNA Identification Fund GC – 76104.6 State	\$ (34,265)
DNA Identification Fund GC – 76104.7 State	129,219
DNA Identification Fund GC – 76104.6 County	(94,954)

Recommendation

The county should remit \$94,954 to the State Treasurer and report on the remittance advice form (TC-31) an increase of \$129,219 to the State DNA Identification Fund – GC 76104.7, and a decrease of \$34,265 to the State DNA Identification Fund – GC 76104.6. The county also should make the corresponding account adjustment.

The County Auditor-Controller’s Office should establish formal procedures to ensure that State DNA Identification revenues are correctly distributed in accordance with statutory requirements.

County’s Response

The Auditor-Controller agreed with Finding 1.

Superior Court’s Response

The Superior Court agreed with Finding 1.

**FINDING 2—
Incorrect
distributions of
domestic violence fees**

Placer County did not correctly distribute domestic violence fees, which caused overstatements of the state domestic violence fees. The error occurred because the county did not update its CUBS to implement the new regulatory requirements regarding the distribution of domestic violence fees.

Penal Code (PC) section 1203.097(a)(5) requires a \$400 minimum fee as a condition of probation in domestic violence cases. Two-thirds of that amount should be distributed to the County Domestic Violence Fund. The remaining one-third should be split evenly between the State Domestic Violence Restraining Order Fund and the State Domestic Violence Training and Education Program.

Failure to properly distribute domestic violence fees affected the revenues reported to the State. Additionally, the incorrect distributions had the following effects:

Account Title	Understated/ (Overstated)
State Domestic Violence Restraining Order Fund – PC 1203.097	\$ (14,256)
State Domestic Violence Training & Education Program PC – 1203.097	(14,257)
County Domestic Violence Fee PC – 1203.097	28,513

Recommendation

The county should reduce remittances by \$28,513 to the State Treasurer and report on the remittance advice form (TC-31) a decrease of \$14,256 to the State Domestic Violence Restraining Order – PC 1203.097, and a decrease of \$14,257 to the State Domestic Violence Training & Education Program – PC 1203.097. The County should take steps to ensure that Domestic Violence fees are correctly distributed in accordance with statutory requirements.

County’s Response

The Auditor-Controller agreed with Finding 2.

Superior Court’s Response

The Superior Court agreed with Finding 2.

**Schedule 1—
Summary of Audit Findings by Fiscal Year
July 1, 2007, through June 30, 2013**

DESCRIPTION OF FINDING ¹	CODE	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	TOTAL	REFERENCE ²
County									Finding 1
DNA Identification Fund Underremittances by Fiscal Year									
DNA Identification Fund	GC 76104.7	14,996	11,286	5,661	30,735	29,121	37,420	\$ 129,219	
DNA Identification Fund	GC 76104.6	(5,709)	(2,821)	(1,415)	(7,684)	(7,280)	(9,355)	\$ (34,264)	
County									Finding 2
Domestic Violence Fees (PC 1203.097) Overremittances									
Total DV Overremittance Training and Education Fund	PC 1203.097	(4,752)	(4,752)	(4,752)	(4,752)	(4,752)	(4,752)	(28,512)	
Total DV Overremittance Restraining Order Reimbursement	PC 1203.097	(4,752)	(4,752)	(4,752)	(4,752)	(4,752)	(4,752)	(28,512)	
TOTAL		(217)	(1,039)	(5,258)	13,547	12,337	18,561	\$ 37,931	

Legend: GC = Government Code; PC = Penal Code

¹ The identification of State revenue account titles should be used to ensure proper recording when preparing the Remittance Advice Form TC-31 to the State Treasurer.

² See the Findings and Recommendations section.

**Schedule 2—
Summary of Overremittances by Month
July 1, 2007, through June 30, 2013**

Month	Fiscal Year						Total ¹
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	
July	\$ (1,267)	\$ (1,027)	\$ (910)	\$ (1,432)	\$ (1,398)	\$ (1,571)	\$
August	(1,267)	(1,027)	(910)	(1,432)	(1,398)	(1,571)	
September	(1,267)	(1,027)	(910)	(1,432)	(1,398)	(1,571)	
October	(1,267)	(1,027)	(910)	(1,432)	(1,398)	(1,571)	
November	(1,267)	(1,027)	(910)	(1,432)	(1,398)	(1,571)	
December	(1,267)	(1,027)	(910)	(1,432)	(1,398)	(1,571)	
January	(1,267)	(1,027)	(910)	(1,432)	(1,398)	(1,571)	
February	(1,267)	(1,027)	(910)	(1,432)	(1,398)	(1,571)	
March	(1,267)	(1,027)	(910)	(1,432)	(1,398)	(1,571)	
April	(1,267)	(1,027)	(910)	(1,432)	(1,398)	(1,571)	
May	(1,267)	(1,027)	(910)	(1,432)	(1,398)	(1,571)	
June	(1,276)	(1,029)	(909)	(1,436)	(1,406)	(1,578)	
Total overremittances to the State Treasurer	<u>\$ (15,213)</u>	<u>\$ (12,326)</u>	<u>\$ (10,919)</u>	<u>\$ (17,188)</u>	<u>\$ (16,784)</u>	<u>\$ (18,859)</u>	<u>\$ (69,451)</u>

¹ This is a supplemental schedule for the SCO Division of Accounting and Reporting to calculate penalties and interests. Only the grand total is listed, in order to facilitate the review process.

**Attachment A—
County Auditor-Controller's Response
to Draft Audit Report**



COUNTY OF PLACER

OFFICE OF AUDITOR-CONTROLLER

ANDREW C. SISK, CPA
Auditor-Controller
E-mail: asisk@placer.ca.gov

NICOLE C. HOWARD, CPA
Assistant Auditor-Controller
E-mail: nhoward@placer.ca.gov

October 8, 2015

Elizabeth Gonzalez
Chief, Local Government Compliance Bureau
State Controller's Office
Division of Audits
PO Box 942850
Sacramento, CA 94250-5874

Dear Ms. Gonzalez:

This letter is in response to your audit of the Placer County's court revenues for the period July 1, 2007, through June 30, 2013. Placer County's response is as follows:

Finding: Underremitted \$66,441 in court revenues to the State Treasurer.

County Response: The County agrees with the finding and has taken steps to correct the distribution allocations for both the DNA Identification Fund and Domestic Violence Fees.

Should you have questions or concerns, please feel free to contact me directly at (530) 889-4152.

Sincerely,

Andrew C. Sisk, CPA
Placer County Auditor-Controller

Cc: Jake Chatters, Court Executive Officer, Superior Court of California, Placer County
Jerry Gamez, Director of Administrative Services, Placer County

**Attachment B—
Superior Court’s Response to
Draft Audit Report**



Superior Court of the State of California
In and For The County of Placer
Roseville, California

10820 JUSTICE CENTER DRIVE, ROSEVILLE, CALIFORNIA 95678
P.O. BOX 619072, ROSEVILLE, CALIFORNIA 95661

JAKE CHATTERS
COURT EXECUTIVE OFFICER
AND CLERK OF THE SUPERIOR COURT/
JURY COMMISSIONER
(916) 408-6186 FAX (916) 408-6188

October 5, 2015

Ms. Elizabeth Gonzalez, Chief
Local Government Compliance Bureau
Division of Audits
State Controller's Office
PO Box 942850
Sacramento, CA 94250-5874

Re: Response to Placer County Audit Report (*Draft*) – Court Revenues July 1, 2007-
June 30, 2013, dated September 2015 (received September 28, 2015).

Ms. Gonzalez,

Thank you for the opportunity to comment on the Placer County Audit Report (*Draft*) –
Court Revenues July 1, 2007-June 30, 2013, dated September 2015 (report). On behalf
of the Superior Court of Placer County (court), I would like to express our appreciation
for the professionalism of your staff during the conduct of the aforementioned audit.

The court has no objection to the factual contents of the report. Because the audit
findings listed in the report all relate to the County of Placer, and not the court, we do not
believe it appropriate to take a position on your recommendations.

If you have any questions regarding our response, please contact me at the number above.

Sincerely,

Jake Chatters
Court Executive Officer

Cc: Andrew Sisk, Auditor-Controller, Placer County

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

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