

INYO COUNTY

Audit Report

COURT REVENUES

July 1, 2000, through June 30, 2005



JOHN CHIANG
California State Controller

April 2007



JOHN CHIANG
California State Controller

April 6, 2007

The Honorable Leslie Chapman
Auditor-Controller
Inyo County
P.O. Box R
Independence, CA 93526

Nancy Moxley
Court Executive Officer
Inyo County Superior Court
301 West Line Street
Bishop, CA 93514

Dear Ms. Chapman and Ms. Moxley:

The State Controller's Office audited Inyo County's court revenues for the period of July 1, 2000, through June 30, 2005.

Inyo County's remittances to the State Treasurer were substantially correct. The point discussed in the Finding and Recommendation section does not have a significant effect on those remittances.

If you have any questions, please contact Jerry McClain, Chief, Special Audits Bureau, at (916) 323-1573.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/vb:ams

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 Inyo County for the period of July 1, 2000, through June 30, 2005. The last day of fieldwork was September 12, 2006.

Inyo County's remittances to the State Treasurer were substantially correct. The point discussed in the Finding and Recommendation section does not have a significant effect on those remittances.

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, 2000, through June 30, 2005. 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

Inyo County's remittances to the State Treasurer are substantially correct. The point discussed in the Finding and Recommendation section does not have a significant effect on those remittances.

Follow-Up on Prior Audit Findings

The county has satisfactorily resolved the findings noted in our prior audit report, issued February 28, 2001.

Views of Responsible Officials

We issued a draft audit report on January 12, 2007. Leslie Chapman, Auditor-Controller, responded through a telephone conversation on February 26, 2007, agreeing with the audit results. Nancy Moxley, Court Executive Officer, responded by e-mail on February 26, 2007, agreeing with the audit results. She further noted that only one distribution was determined to be in error and has been corrected.

Restricted Use

This report is solely for the information and use of Inyo County, the Inyo 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

Finding and Recommendation

**FINDING—
Erroneous
distribution priority**

The Inyo County Superior Court prorated collections in a manner that inappropriately gave a distribution priority to various fees over fines and penalties and fines and penalties over 20% state surcharges. The error occurred because the court staff overlooked the additional computer programming procedure requirements for criminal violations.

Starting September 30, 2002, *Penal Code* Section 1203.1d requires a mandatory prioritization in the distribution of all installment payments as follows.

1. Restitution orders to victims
2. 20% State surcharge
3. Fines, penalty assessments, and restitution fines
4. Other reimbursable costs

State restitution should be included within category 3 and the cost of installment fees and other various fees should be included within category 4, with other reimbursable costs.

Failure to make the required priority distribution causes distributions to the State and county to be inaccurately stated. Measuring the fiscal effect did not appear to be either material or cost effective due to the difficulty in identifying and redistributing the various accounts.

Recommendation

The Inyo County Superior Court should take steps to ensure that all installment payments, inclusive of the various fees, are distributed in accordance with the statutory requirements under *Penal Code* Section 1203.1d.

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

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