DEL NORTE COUNTY

Audit Report

COURT REVENUES

July 1, 2010, through June 30, 2016

BETTY T. YEE
California State Controller

June 2017
June 30, 2017

Honorable Clinton Schaad, Auditor-Controller  Sandra Linderman, Court Executive Officer
Del Norte County  Superior Court of California, Del Norte
981 H Street, Suite 140  County
Crescent City, CA  95531  450 H Street, Room 209

Dear Mr. Schaad and Ms. Linderman:

The State Controller’s Office audited Del Norte County’s court revenues for the period of July 1, 2010, through June 30, 2016.

Our audit found that the county underremitted $96,201 in court revenues to the State Treasurer because it:

- Underremitted the 50% excess of qualified fines, fees, and penalties by $68,001;
- Underremitted state DNA penalties by $36,627;
- Overremitted the State Emergency Medical Air Transportation Act Fund by $24,555;
- Underremitted state penalties, surcharges and fees from failure to appear violations by $14,808;
- Underremitted state proof of correction fees by $8,584; and
- Overremitted state domestic violence fees by $7,264.

The county should remit $96,201 to the State Treasurer.

The county should differentiate the individual accounts making up this amount on the bottom portion of the monthly Report to State Controller of Remittance to State Treasurer form (TC-31), in accordance with standard remittance procedures. The county should state on the TC-31 that the account adjustments relate to the SCO audit for the period of July 1, 2010, through June 30, 2016.
Honorable Clinton Schaad, 
Auditor-Controller 
Sandra Linderman, Court Executive Officer 

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 

Ranae Harkins, Supervisor 
Division of Accounting and Reporting 
Bureau of Tax Administration & Government Compensation 
Post Office Box 942850 
Sacramento, CA 94250-5872 

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

The county disputes certain facts related to the conclusions and recommendations contained in this audit report. The SCO has an informal audit review process for resolving disputes. To request a review, the county should submit a written request for a review, along with supporting documents and information pertinent to the disputed issue(s), within 60 days of receiving this final report. The review request should be submitted to Richard J. Chivaro, Chief Counsel, State Controller’s Office, Post Office Box 942850, Sacramento, CA 94250-0001. In addition, please provide a copy of the request letter to Elizabeth González, Bureau Chief, State Controller’s Office, Division of Audits, Post Office Box 942850, Sacramento, CA 95250-5874.

If you have any questions, please contact Ms. González by telephone at (916) 324-0622 or by email at egonzalez@sco.ca.gov.

If you have any questions, please contact Elizabeth González, Bureau Chief, 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/rg 

cc: Chris Howard, Chairperson 
Del Norte County Board of Supervisors 
Grant Parks, Manager 
Internal Audit Services 
Judicial Council of California 
Julie Nauman, Executive Officer 
Victim Compensation and Government Claims Board
Honorable Clinton Schaad,
Auditor-Controller
Sandra Linderman, Court Executive Officer

Anita Lee, Senior Fiscal and Policy Analyst
   Legislative Analyst’s Office
Don Lowrie, Fiscal Analyst
   Division of Accounting and Reporting
   State Controller’s Office
Ranae Harkins, Supervisor, Tax Programs Unit
   Division of Accounting and Reporting
   State Controller’s Office
Richard J. Chivaro, Chief Counsel
   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 Del Norte County on the Report to State Controller of Remittance to State Treasurer form (TC-31) for the period of July 1, 2010, through June 30, 2016.

Our audit found that the county underremitted $96,201 in court revenues to the State Treasurer because it:

- Underremitted the 50% excess of qualified fines, fees, and penalties by $68,001;
- Underremitted state DNA penalties by $36,627;
- Overremitted the State Emergency Medical Air Transportation (EMAT) Act Fund by $24,555;
- Underremitted state penalties, surcharges and fees from failure to appear (FTA) violations by $14,808;
- Underremitted state proof of correction fees by $8,584; and
- Overremitted state domestic violence fees by $7,264.

The county should remit $96,201 to the State Treasurer.

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.

Objectives, Scope, and Methodology

Our audit objective was to determine whether the county and court remitted court revenues pursuant to the TC-31 process in a timely manner to the State Treasurer for the period of July 1, 2010, through June 30, 2016.
To meet our objective, we performed the following procedures:

General

- Gained an understanding of the county and court’s revenue collection and reporting processes by interviewing key personnel and reviewing documentation supporting the transaction flow

- Scheduled monthly TC-31 remittances prepared by the county and the court showing court revenue distributions to the State

Cash Collections

- Scheduled monthly cash disbursements prepared by the county and the court showing court revenue distributions to the State, county, and cities

- Performed analytical reviews to assess the reasonableness of the revenue distributions

- Recomputed the annual maintenance-of-effort (MOE) calculation to check the accuracy and completeness of the 50% excess of qualified fines, penalties, and assessments remitted to the State

Distribution Testing

- Selected non-statistical samples of 20 cases for each type of criminal or traffic violation for all fiscal years during the audit period

- Recomputed sample case distributions and compared them to actual distributions

- Quantified the total effect of any material overremittances and/or underremittances to the State, county, or cities; errors found will not be projected to the population

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 objective.

We did not audit the county and court’s financial statements. We considered the county and court’s internal controls only to the extent necessary to plan the audit. We did not review the timeliness of any court revenue remittances that the county and court may be required to make under GC sections 70353 and 77201.1(b), included in the TC-31.
Conclusion

Del Norte County underremitted $96,201 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.

The county should remit the balance of $96,201 to the State Treasurer.

Follow-up on Prior Audit Findings

The county has satisfactorily resolved the findings noted in our prior audit report, issued October 19, 2012, with the exception of Finding 4 of this report.

Views of Responsible Officials


The responses are included as an attachment to this report.

Restricted Use

This final report is solely intended for the information and use of Del Norte County, the Del Norte 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 the distribution of this report, which is a matter of public record and is available on the SCO website at www.sco.ca.gov.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

June 30, 2017
Findings and Recommendations

FINDING 1—Underremitted the 50% excess of qualified fines, fees, and penalties

Del Norte County underremitted by $68,001 the 50% excess of qualified fines, fees, and penalties to the State Treasurer for the six fiscal years starting July 1, 2010, and ending June 30, 2016.

GC section 77205 requires the county to remit 50% of qualified revenues that exceed the amount specified in GC section 77201.1(b)(2) for fiscal year (FY) 1998-99, and each fiscal year thereafter, to the State Trial Court Improvement and Modernization Fund.

The error occurred because incorrect entries were used in the county and court’s distribution working papers as follows:

- For all six fiscal years, the county under reported traffic violator school (TVS) bail account by 23%. An additional TVS bail revenue for $127,016 should have been included in the MOE calculation.

- As noted in Finding 2, state DNA penalties were not increased from $3 to $4. The adjustment caused county base fines and 30% penalty accounts to be overstated. Therefore, $18,534 should not have been included in the MOE calculation.

- As noted in Finding 3, EMAT penalties were distributed from TVS bail starting January 2011 through August 2016. Therefore, $18,908 ($24,555 \times 77\%) should have been included in the MOE calculation.

- As noted in Finding 4, the county $15 FTA fee was levied twice, once separate and again with the distribution of fines and penalties. The adjustment causes county base fines and 30% penalty accounts to be understated. Therefore, $8,609 should have been included in the MOE calculation.

The qualified revenues reported for FY 2010-11 were $303,552. The excess, above the base of $124,085, is $179,467. This amount should be divided equally between the county and the State, resulting in $89,733 excess due the State. The county remitted a payment of $82,404, resulting in an underremittance of $7,330.

The qualified revenues reported for FY 2011-12 were $312,801. The excess, above the base of $124,085, is $188,716. This amount should be divided equally between the county and the State, resulting in $94,358 excess due the State. The county remitted a payment of $82,647, resulting in an underremittance of $11,711.

The qualified revenues reported for FY 2012-13 were $299,470. The excess, above the base of $124,085, is $175,385. This amount should be divided equally between the county and the State, resulting in $87,693 excess due the State. The county remitted a payment of $77,090, resulting in an underremittance of $10,603.
The qualified revenues reported for FY 2013-14 were $301,217. The excess, above the base of $124,085, is $177,132. This amount should be divided equally between the county and the State, resulting in $88,566 excess due the State. The county remitted a payment of $79,723, resulting in an underremittance of $8,843.

The qualified revenues reported for FY 2014-15 were $393,974. The excess, above the base of $124,085, is $269,889. This amount should be divided equally between the county and the State, resulting in $134,935 excess due the State. The county remitted a payment of $120,137, resulting in an underremittance of $14,808.

The qualified revenues reported for FY 2015-16 were $372,630. The excess, above the base of $124,085, is $248,545. This amount should be divided equally between the county and the State, resulting in $124,273 excess due the State. The county remitted a payment of $109,567, resulting in an underremittance of $14,706.

The following table shows the net effect of the underremittances:

<table>
<thead>
<tr>
<th>Account Title</th>
<th>Underremitted/(Overremitted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Trial Court Improvement and Modernization Fund – GC §77205</td>
<td></td>
</tr>
<tr>
<td>FY 2010-11</td>
<td>$7,330</td>
</tr>
<tr>
<td>FY 2011-12</td>
<td>11,711</td>
</tr>
<tr>
<td>FY 2012-13</td>
<td>10,603</td>
</tr>
<tr>
<td>FY 2013-14</td>
<td>8,843</td>
</tr>
<tr>
<td>FY 2014-15</td>
<td>14,808</td>
</tr>
<tr>
<td>FY 2015-16</td>
<td>14,706</td>
</tr>
<tr>
<td>County General Fund</td>
<td>(68,001)</td>
</tr>
</tbody>
</table>

Recommendation

The county should remit $68,001 to the State Treasurer and report on the TC-31 an increase to the State Trial Court Improvement and Modernization Fund. The county also should make the corresponding account adjustments.

County Response

The County does not agree with this finding. It is being reported that for all six fiscal years the County under reported the traffic violator school (TVS) bail account by 23%. However, our previous audit that was conducted from July 1, 2004 to June 30, 2010 by the same auditor found “For all six fiscal years, the County appropriately deducted 23% from the reported TVS Bail account”. Given the conflicting reports from the same State Controller’s Office Auditor we will not be reimbursing any funds to the State regarding this finding until there is further clarification.

Superior Court Response

The court recognizes this finding as a county issue.
SCO Comment

In the prior SCO audit, the court deposited 86% of the entire TVS bail into Account 101-9021-2z, and the remaining 14% into the new (exempt) Account 101-90213w. The county applied 77% of Account 101-9021-2z to the MOE calculation, but did not include Account 101-90213w in the MOE calculation. The county should have applied 77% of both accounts to the MOE calculation.

In the current audit, the court changed its accounting system and deposited 77% of the entire TVS bail to Account 101-9021-2z, and the remaining 23% to Account 101-90213w (less $1 to the County Criminal Justice Facilities Construction Fund). However, the county did not adjust its MOE calculation procedures to account for this split.

When the county applied 77% of the TVS bail to the MOE calculation, it only did so to Account 101-9021-2z, which only contained 77% of the total TVS bail. The county should have applied 77% of both accounts to the MOE calculation. The result is that 77% of the 23% TVS bail was not included in the MOE calculation. Therefore, the finding remains as stated.

The court did not increase the additional state DNA penalty from $3 to $4 from July 2012 through June 2016. Court personnel indicated the required distribution was inadvertently overlooked.

Starting June 26, 2012, GC section 76104.7 requires an additional penalty of $4 for every $10, or fraction thereof, upon every fine, penalty, or forfeiture imposed and collected on criminal offenses including traffic offenses, but excluding parking offenses. The additional penalty is levied and collected in the same manner as the state penalty imposed per Penal Code (PC) section 1464. The entire amount, including interest, should be distributed to the State DNA Identification Fund.

The incorrect distributions had the following effect:

<table>
<thead>
<tr>
<th>Account Title</th>
<th>Underremitted/ (Overremitted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>State DNA Identification Fund – GC §76104.7</td>
<td>$ 61,780</td>
</tr>
<tr>
<td>State Penalty Fund - PC §1464</td>
<td>(12,356)</td>
</tr>
<tr>
<td>State Court Facilities Construction Fund – ICNA – GC §70372(a)</td>
<td>(8,826)</td>
</tr>
<tr>
<td>State General Fund (20% State Surcharge) – PC §1465.7</td>
<td>(3,529)</td>
</tr>
<tr>
<td>State DNA Identification Fund (Prop. 69) – GC §76104.6</td>
<td>(442)</td>
</tr>
<tr>
<td>County General Fund</td>
<td>(22,947)</td>
</tr>
<tr>
<td>County Jail Facility Fund</td>
<td>(8,826)</td>
</tr>
<tr>
<td>County EMS Fund</td>
<td>(3,530)</td>
</tr>
<tr>
<td>County DNA Fund</td>
<td>(1,324)</td>
</tr>
</tbody>
</table>

The incorrect distributions for state DNA penalty affected the revenues reported to the State Trial Court Improvement and Modernization Fund under the MOE formula pursuant to GC section 77205. A net total of $18,534 should not have been included in the MOE calculation (see Finding 1).
Recommendation

The county should remit $36,627 to the State Treasurer and report on the TC-31 an increase of $61,780 to the State DNA Identification Fund and decreases of $12,356 to the State Penalty Fund, $8,826 to the State Court Facilities Construction Fund – ICNA, $3,529 to the State General Fund (20% State Surcharge), and $442 to State DNA Identification Fund (Prop. 69). The county should also make the corresponding account adjustments.

County Response

The county recognizes this finding as a superior court issue.

Superior Court Response

The court confirms this finding and the error was corrected while the state auditor was on site. The court is working with the county to identify where the revenue was posted in order to correct the deposits.

SCO comment

The SCO will follow up on the implementation of the corrections in the next audit.

**FINDING 3**—

**Overremitted State Emergency Medical Air Transportation Act Fund**

The court levied a $4 state EMAT penalty on TVS bail starting January 2011 through June 2016. Court personnel indicated that the required distribution was inadvertently overlooked.

Starting January 1, 2011, GC section 76000.10 requires a $4 penalty upon every fine levied on criminal offenses including traffic offenses, but excluding parking offenses. However, upon the election of traffic school, the fine and penalties are converted to TVS bail as mandated by Vehicle Code (VC) section 42007. Therefore, because EMAT penalties are not included in the exceptions listed within VC section 42007 they should remain as TVS bail.

The incorrect distributions had the following effect:

<table>
<thead>
<tr>
<th>Account Title</th>
<th>Underremitted/ (Overremitted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Emergency Medical Air Transportation Act Fund – GC §76000.10</td>
<td>$ (24,555)</td>
</tr>
<tr>
<td>County General Fund</td>
<td>24,555</td>
</tr>
</tbody>
</table>

The incorrect distributions for the state EMAT penalty affected the revenues reported to the State Trial Court Improvement and Modernization Fund under the MOE formula pursuant to GC section 77205. A net total of $18,908 ($24,555 × 77%) should have been included in the MOE calculation (see Finding 1).
Recommendation

The county should reduce subsequent remittances by $24,555 to the State Treasurer and report on the TC-31 a decrease of $24,555 to the State EMAT Act Fund. The court should take steps to ensure that the EMAT penalty is distributed in accordance with the statutory requirements. A redistribution should be made for the period of July 2016 through the date the current system is revised.

County Response

The county recognizes this finding as a superior court issue.

Superior Court Response

The court confirms this finding and the error was corrected while the state auditor was on site. The court is working with the county to identify where the revenue was posted in order to correct the deposits.

SCO comment

The SCO will follow up on the implementation of the corrections in the next audit.

FINDING 4—Underremitted state penalties, surcharges and fees from failure to appear violations (Repeat Finding)

The court underremitted state penalties, surcharges and fees from FTA violations from July 2012 through June 2016. The court separately allocated a $15 assessment and again distributed an additional $15 assessment from the percentage distribution of fines and penalties. Court personnel indicated the required distribution was inadvertently overlooked.

VC section 40508.5 requires a $15 assessment to distribute to the county for every defendant that fails to appear or to comply with any valid court order pursuant to this code. It is applicable whether or not VC section 40508 is concurrently charged or a warrant is issued pursuant to VC section 40515.

The incorrect distributions had the following effect:

<table>
<thead>
<tr>
<th>Account Title</th>
<th>Underremitted/ Overremitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Penalty Fund - PC §1464</td>
<td>$5,739</td>
</tr>
<tr>
<td>State Court Facilities Construction Fund – ICNA – GC §70372(b)</td>
<td>4,107</td>
</tr>
<tr>
<td>State DNA Identification Fund – GC §76104.7</td>
<td>2,448</td>
</tr>
<tr>
<td>State General Fund (20% State Surcharge) – PC §1465.7</td>
<td>1,680</td>
</tr>
<tr>
<td>State Trial Court Improvement and Modernization Fund – GC §68090.8</td>
<td>629</td>
</tr>
<tr>
<td>State DNA Identification Fund (Prop. 69) – GC §76104.6</td>
<td>205</td>
</tr>
<tr>
<td>County General Fund</td>
<td>(22,794)</td>
</tr>
<tr>
<td>County Jail Facility Fund</td>
<td>4,106</td>
</tr>
<tr>
<td>County EMS Fund</td>
<td>3,266</td>
</tr>
<tr>
<td>County DNA Fund</td>
<td>614</td>
</tr>
</tbody>
</table>
The incorrect distributions for state penalties, surcharges and fees from FTA violations affected the revenues reported to the State Trial Court Improvement and Modernization Fund under the MOE formula pursuant to GC section 77205. A net total of $8,609 should have been included in the MOE calculation (see Finding 1).

**Recommendation**

The county should remit $14,808 to the State Treasurer and report on the TC-31 an increase of $5,739 to the State Penalty Fund, $4,107 to the State Court Facilities Construction Fund – ICNA, $2,448 to the State DNA Identification Fund, $1,680 to the State General Fund (20% State Surcharge), $629 to the State Trial Court Improvement and Modernization Fund, and $205 to the State DNA Identification Fund (Prop. 69). The county should also make the corresponding account adjustments.

**County Response**

The county recognizes this finding as a superior court issue.

**Superior Court Response**

The court confirms this finding and the error was corrected while the state auditor was on site. The court is working with the county to identify where the revenue was posted in order to correct the deposits.

**SCO comment**

The SCO will follow up on the implementation of the corrections in the next audit.

**FINDING 5—Underremitted proof-of-correction fees**

The court underremitted proof-of-correction fees starting July 2010 through June 2016. Court staff indicated that there was an anomaly within the court’s distribution system that posted any subsequent $25 proof-of-correction fee to the $10 portion in percentage portions while ignoring the required $15 portion to the proof-of-correction account, ICNA.

Starting January 1, 2009, VC section 40611 requires a $25 transaction fee upon proof of correction for alleged violation of VC section 12500 or 12951 or any violation of pursuant to VC section 40610 or 16028(e). From the $25 fee $10 is distributed 33% to the local government entity where the citation was issued, 33% to the county General Fund, and 34% remitted to the State Penalty Fund. The remaining $15 should be remitted to the State Court Facilities Construction Fund – ICNA, proof-of-correction account.

The incorrect distributions had the following effect:
Account Title | Underremitted/ (Overremitted)  
--- | ---  
State Court Facilities Construction Fund – ICNA – VC §40611 | 13,006  
State Penalty Fund (Proof of Correction) – VC §40611 | (4,422)  
County General Fund | (8,584)  

**Recommendation**

The county should remit $8,584 to the State Treasurer and report on the TC-31 an increase of $13,006 to the State Court Facilities Construction Fund – ICNA and a decrease of $4,422 to the State Penalty Fund (Proof of Correction). The county should also make the corresponding account adjustments.

The court should establish formal procedures to ensure that proof-of-correction fees are correctly distributed in accordance with statutory requirements. A redistribution should be made for the collection period starting July 2016 through the date the current system is revised.

**County Response**

The county recognizes this finding as a superior court issue.

**Superior Court Response**

The court confirms this finding and the error was corrected while the state auditor was on site. The court is working with the county to identify where the revenue was posted in order to correct the deposits.

**SCO Comment**

The SCO will follow up on the implementation of the corrections in the next audit.

**FINDING 6—Overremitted state domestic violence fees**

The court overremitted domestic violence fees to the state by allocating two-thirds of all domestic violence fees rather than one-third, starting July 2010 through June 2016. The court’s staff indicated the required distribution was inadvertently overlooked.

Starting September 26, 2006, PC section 1203.097(a) (5) requires a $400 minimum fee be imposed as a condition of probation on domestic violence cases. Two-thirds of the fee should be posted to the county’s domestic violence fund and one-third remitted to the State. The remaining one-third should be split evenly between the State Domestic Violence Restraining Order Reimbursement Fund and the State Domestic Violence Training and Education Fund. Starting January 1, 2014, domestic violence fees were increased to a minimum of $500.

The incorrect distributions had the following effect:
Account Title | Underremitted/ (Overremitted)
---|---
State Domestic Violence Restraining Order Reimbursement Fund – PC §1203.097 | (3,632)
State Domestic Violence Training and Education Fund – PC §1203.097 | (3,632)
County Domestic Violence Fund | 7,264

**Recommendation**

The county should offset subsequent remittances by $7,264 to the State Treasurer and report on the remittance advice (TC-31) decreases of $3,632 to the State Domestic Violence Restraining Order Reimbursement Fund and $3,632 to the State Domestic Violence Training and Education Fund. The county should also make the corresponding account adjustments.

The county and court should establish formal procedures to ensure that state domestic violence fees are correctly distributed in accordance with statutory requirements. A redistribution should be made for the collection period starting July 2016 through the date the current system is revised.

**County Response**

The county recognizes this finding as a superior court issue.

**Superior Court Response**

The court confirms this finding and the error was corrected while the state auditor was on site. The court is working with the county to identify where the revenue was posted in order to correct the deposits.

**SCO comment**

The SCO will follow up on the implementation of the corrections in the next audit.

**FINDING 7—Incorrect distribution of evidence of responsibility fines**

Throughout the audit period, the court reported evidence of financial responsibility fines when the payment was received and not upon conviction. Court personnel indicated that they were not able accommodate the required distribution due to the difficulty in reprogramming the accounting system.

A $30.50 fee on each conviction of a proof of financial responsibility violation identified under PC section 16028 is required to be distributed per conviction as follows: $17.50 to the County Treasurer for the court’s costs of administering the fine pursuant to PC section 1463.22 (a), $10 to the State General Fund pursuant to PC section 1463.22(c), and $3 to the State Transportation Fund pursuant to PC section 1463.22(b).

This finding was addressed in the SCO’s audit of the county and courts for the period of July 2000 through June 2004 (report issued May 6, 2005) and again during the period of July 2004 through June 2010 (report issued
January 10, 2012). At present, procedures have not been implemented by the court to correct this error.

The inequitable distributions of the evidence of responsibly fines affected the distribution of the $30.50 fines noted above as well as the revenues reported to the State Trial Court Improvement and Modernization Fund under the MOE formula pursuant to GC section 77205. A redistribution of the effect did not appear to be either material or cost effective due to the difficulty in identifying and redistributing the various accounts. However, if this practice continues a material overstatement may occur during future periods.

Recommendation

The court should establish formal procedures to ensure that all evidence of responsibility fines are correctly distributed in accordance with statutory requirements. A review and potential redistribution should be made for the collection period starting July 2016 through the date the current system is revised.

County Response

The county recognizes this finding as a superior court issue

Superior Court Response

The court confirms this finding. However due to case management system restrictions and limited staff, the court cannot make adjustments to the distribution set-up at this time.

SCO Comment

The SCO will follow up on the implementation of the corrections in the next audit.

FINDING 8— Incorrect distribution of 30% red-light traffic violations

The court did not distribute 30% of fines and penalties from red-light traffic violations starting July 2010 through June 2016. Court personnel indicated that the required distribution was inadvertently overlooked.

PC section 1463.11 requires 30% of base fines, state and county penalties, (PC sections 1463 and 1464, GC section 76100, respectively) pursuant to red light violations to be distributed to the general fund of the county or city in which the offense occurred. State Court Construction penalties are not referenced in this statute, however, GC section 70372 is subject to the distribution requirements in accordance with PC section 1463. Therefore, State Court Construction penalties are subject to the 30% allocation.

Emergency medical service (EMS) penalties pursuant to GC section 76000.5 and DNA penalties pursuant to GC sections 76104.6 and 76104.7 are not subject to the 30% distribution. These statutes require full distribution prior to the requirements set forth in PC section 1463.
This finding was addressed in the SCO’s audit of the county and courts for the period of July 2000 through June 2004 (report issued May 6, 2005) and again during the period of July 2004 through June 2010 (report issued January 10, 2012). At present, procedures have not been implemented by the court to correct this error.

The incorrect distributions affected the revenues allocated to the county and city’s 30% portion pursuant to PC section 1463.11. A redistribution of the effect did not appear to be either material or cost effective due to the difficulty in identifying and redistributing the various accounts. However, if this practice continues a material overstatement may occur during future periods.

Recommendation

The court should establish formal procedures to ensure that fines and penalties pursuant to PC section 1463.11 are included as part of the 30% red-light offset distribution. An examination and potential redistribution should be made for the collection period starting July 2016 through the date the current system is revised.

County Response

The county recognizes this finding as a superior court issue.

Superior Court Response

The court confirms this finding. The court is in the process of reviewing its policies and procedures regarding red-light violations and will make adjustments as necessary.

SCO Comment

The SCO will follow up on the implementation of the corrections in the next audit.

FINDING 9—Incorrect distribution of fish and game violations

The court’s computer system distributes revenues on a percentage basis. Fish and game violations did not accurately allocate base fines and penalties throughout the audit period. Court personnel indicated that the required distribution was inadvertently overlooked.

Fish and Game Code section 13003 requires the base fine to be distributed as follows: 50% to the State Fish and Game Preservation Fund and 50% to the County Fish and Wildlife Propagation Fund. However, the court distributed more than 50% of the base fine to the State. Additionally, it did not consistently assess the Fish and Game Code section 12021 additional $15 penalty to the State Fish and Game Preservation Fund to support the Department of Fish and Game’s secret witness program. State and county penalties are allocated in the same manner pursuant to violations under PC section 1463.001.
The incorrect distributions affected the revenues allocated to the county and State Fish and Game Code funds. A redistribution of the effect did not appear to be either material or cost effective due to the difficulty in identifying and redistributing the various accounts. However, if this practice continues a material overstatement may occur during future periods.

**Recommendation**

The court should revise its accounting system and change its distribution formulas to accurately distribute Fish and Game Code fines, penalties and fees as noted.

**County Response**

The county recognizes this finding as a superior court issue

**Superior Court Response**

The Court confirms this finding. The Court is in the process of reviewing its policies and procedures regarding distribution of fines using percentage base. Adjustments may be made in the new case management system. As for the $15 penalty; this will be added to the system as soon as possible.

**SCO Comment**

The SCO will follow up on the implementation of the corrections in the next audit.

The court’s computer system distributes revenues on a percentage basis. Health and Safety (H&S) Code violations did not accurately allocate base fines and penalties throughout the audit period. In addition, the court did not impose the criminal lab analysis fee (fine) and drug program fee (fine) as a base fine enhancement with applicable state and county penalties. Court personnel indicated that the required distribution was inadvertently overlooked.

PC section 1463.001(b) (1) states that the base, which is subject to specific distribution, shall be distributed to the specified funds of the State or the local agency. H&S Code section 11502, a specific distribution, requires 75% to be remitted to the State Treasurer and the remaining 25% should be distributed pursuant to the arresting agency in accordance with PC section 1463.001. State and county penalties are allocated in the same manner pursuant to violations under PC section 1463.001.

H&S Code section 11372.5 requires a $50 criminal analysis fee (fine) for each conviction of a specific controlled substance violation identified in the statute. As the State provides the testing, the required fee, net of allowable overhead costs, is to be distributed monthly to the State General Fund. H&S Code section 11372.7 requires a drug program fee (fine) up to $150 for each conviction to be deposited into the county’s Drug Program Fund to help support the county’s drug abuse programs in the schools and community.
State and county penalties are allocated in the same manner pursuant to violations under PC section 1463.001.

The incorrect distributions affected the revenues allocated to the county and state health and safety violations. A redistribution of the effect did not appear to be either material or cost effective due to the difficulty in identifying and redistributing the various accounts. However, if this practice continues a material overstatement may occur during future periods.

Recommendation

The court should revise its accounting system and change its distribution formulas to accurately distribute health and safety fines, penalties and fees as noted.

County Response

The county recognizes this finding as a superior court issue

Superior Court Response

The Court confirms this finding. The language of the statute gave the impression that the Criminal Lab Analysis Fee was in fact a fee not a fine. Therefore the Court did not apply the 2% automation adjustment to the fine. This error will be corrected as soon as possible.

SCO Comment

The SCO will follow up on the implementation of the corrections in the next audit.
**Schedule 1**

**Summary of Audit Findings by Fiscal Year**

**July 1, 2010, through June 30, 2016**

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Underremitted the 50% excess of qualified fines, fees and penalties:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Underremitted State DNA Identification Fund:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Court Facilities Construction Fund – GC §70372(a)</td>
<td>2010-11: $(1,136), 2011-12: $(2,438), 2012-13: $(2,794), 2013-14: $(2,458), 2014-15: $(8,826), Total: $(12,356)</td>
<td>Finding 2</td>
</tr>
<tr>
<td>State DNA Identification Fund (Prop. 69) – GC §76104.6</td>
<td>2010-11: $(57), 2011-12: $(122), 2012-13: $(140), 2013-14: $(123), 2014-15: $(442), Total: $(5,668)</td>
<td>Finding 2</td>
</tr>
<tr>
<td><strong>Overremitted State Emergency Medical Air Transportation Act Fund:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Underremitted state penalties, surcharges and fees from failure to appear violations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Underremitted proof-of-correction fees:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Overremitted state domestic violence fees:</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Net amount underpaid to the State Treasurer**

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$11,657</td>
<td>$11,750</td>
<td>$14,011</td>
<td>$16,614</td>
<td>$21,775</td>
<td>$20,394</td>
<td>$96,201</td>
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<td></td>
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</table>

[^1]: The identification of state revenue account titles should be used to ensure proper recording when preparing the TC-31.

[^2]: See the Findings and Recommendations section.
Schedule 2—
Summary of Underremittances by Month
State Trial Court Improvement and Modernization Fund
July 1, 2010, through June 30, 2016

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
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<td>July</td>
<td>$14</td>
<td>$13</td>
<td>$8</td>
<td>$7</td>
<td>$7</td>
<td>$4</td>
<td>$53</td>
</tr>
<tr>
<td>August</td>
<td>14</td>
<td>13</td>
<td>8</td>
<td>7</td>
<td>7</td>
<td>4</td>
<td>53</td>
</tr>
<tr>
<td>September</td>
<td>14</td>
<td>13</td>
<td>8</td>
<td>7</td>
<td>7</td>
<td>4</td>
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</tr>
<tr>
<td>October</td>
<td>14</td>
<td>13</td>
<td>8</td>
<td>7</td>
<td>7</td>
<td>4</td>
<td>53</td>
</tr>
<tr>
<td>November</td>
<td>14</td>
<td>13</td>
<td>8</td>
<td>7</td>
<td>7</td>
<td>4</td>
<td>53</td>
</tr>
<tr>
<td>December</td>
<td>14</td>
<td>13</td>
<td>8</td>
<td>7</td>
<td>7</td>
<td>4</td>
<td>53</td>
</tr>
<tr>
<td>January</td>
<td>14</td>
<td>12</td>
<td>8</td>
<td>7</td>
<td>8</td>
<td>4</td>
<td>53</td>
</tr>
<tr>
<td>February</td>
<td>13</td>
<td>12</td>
<td>8</td>
<td>7</td>
<td>8</td>
<td>4</td>
<td>52</td>
</tr>
<tr>
<td>March</td>
<td>13</td>
<td>12</td>
<td>8</td>
<td>7</td>
<td>8</td>
<td>4</td>
<td>52</td>
</tr>
<tr>
<td>April</td>
<td>13</td>
<td>12</td>
<td>8</td>
<td>7</td>
<td>8</td>
<td>4</td>
<td>52</td>
</tr>
<tr>
<td>May</td>
<td>13</td>
<td>12</td>
<td>7</td>
<td>6</td>
<td>8</td>
<td>5</td>
<td>51</td>
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<td>June¹</td>
<td>7,343</td>
<td>11,723</td>
<td>10,611</td>
<td>8,850</td>
<td>14,815</td>
<td>14,710</td>
<td>68,052</td>
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<tr>
<td>Total underremittances to the State Treasurer</td>
<td>$7,493</td>
<td>$11,861</td>
<td>$10,698</td>
<td>$8,926</td>
<td>$14,897</td>
<td>$14,755</td>
<td>$68,630</td>
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</table>

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

¹The amounts represent the underremittances from Finding 1.

²This is a supplemental schedule for the SCO to calculate penalties and interest. The grand total is listed to facilitate the review process.
# Schedule 3—
## Summary of Underremittances by Month
### State Court Facilities Construction Fund – Immediate and Critical Needs Account
#### July 1, 2010, through June 30, 2016

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>$339</td>
<td>$279</td>
<td>$202</td>
<td>$203</td>
<td>$209</td>
<td>$194</td>
<td>$1,426</td>
</tr>
<tr>
<td>August</td>
<td>339</td>
<td>279</td>
<td>202</td>
<td>203</td>
<td>209</td>
<td>194</td>
<td>1,426</td>
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<tr>
<td>September</td>
<td>339</td>
<td>279</td>
<td>202</td>
<td>203</td>
<td>209</td>
<td>194</td>
<td>1,426</td>
</tr>
<tr>
<td>October</td>
<td>339</td>
<td>279</td>
<td>202</td>
<td>203</td>
<td>209</td>
<td>194</td>
<td>1,426</td>
</tr>
<tr>
<td>November</td>
<td>339</td>
<td>279</td>
<td>202</td>
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<td>209</td>
<td>194</td>
<td>1,426</td>
</tr>
<tr>
<td>December</td>
<td>339</td>
<td>279</td>
<td>202</td>
<td>202</td>
<td>209</td>
<td>194</td>
<td>1,425</td>
</tr>
<tr>
<td>January</td>
<td>339</td>
<td>279</td>
<td>202</td>
<td>202</td>
<td>209</td>
<td>194</td>
<td>1,425</td>
</tr>
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<td>195</td>
<td>1,426</td>
</tr>
<tr>
<td>March</td>
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<td>279</td>
<td>202</td>
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<tr>
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<td>1,427</td>
</tr>
<tr>
<td>May</td>
<td>339</td>
<td>279</td>
<td>203</td>
<td>202</td>
<td>209</td>
<td>195</td>
<td>1,427</td>
</tr>
<tr>
<td>June</td>
<td>339</td>
<td>278</td>
<td>203</td>
<td>202</td>
<td>210</td>
<td>195</td>
<td>1,427</td>
</tr>
</tbody>
</table>

Total underremittances to the State Treasurer:
- $4,068
- $3,347
- $2,426
- $2,430
- $2,509
- $2,333
- $17,113

**NOTE:** Delinquent State Court Facilities Construction Fund – ICNA 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 GC section 70377. The SCO will calculate and bill the county for the penalty amount after the county pays the underlying amount owed.

---

¹ This is a supplemental schedule for the SCO to calculate penalties and interests. The grand total is listed to facilitate the review process.
### Schedule 4—
**Summary of Overremittances by Month**

**July 1, 2010, through June 30, 2016**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>(209)</td>
<td>(489)</td>
<td>(715)</td>
<td>(1,094)</td>
<td>(1,384)</td>
<td>(1,224)</td>
<td>(5,115)</td>
</tr>
<tr>
<td>August</td>
<td>(209)</td>
<td>(489)</td>
<td>(715)</td>
<td>(1,094)</td>
<td>(1,384)</td>
<td>(1,224)</td>
<td>(5,115)</td>
</tr>
<tr>
<td>September</td>
<td>(209)</td>
<td>(489)</td>
<td>(715)</td>
<td>(1,094)</td>
<td>(1,384)</td>
<td>(1,224)</td>
<td>(5,115)</td>
</tr>
<tr>
<td>October</td>
<td>(209)</td>
<td>(489)</td>
<td>(715)</td>
<td>(1,094)</td>
<td>(1,384)</td>
<td>(1,224)</td>
<td>(5,115)</td>
</tr>
<tr>
<td>November</td>
<td>(209)</td>
<td>(489)</td>
<td>(715)</td>
<td>(1,094)</td>
<td>(1,384)</td>
<td>(1,224)</td>
<td>(5,115)</td>
</tr>
<tr>
<td>December</td>
<td>(209)</td>
<td>(489)</td>
<td>(715)</td>
<td>(1,094)</td>
<td>(1,384)</td>
<td>(1,224)</td>
<td>(5,115)</td>
</tr>
<tr>
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<td>(489)</td>
<td>(715)</td>
<td>(1,094)</td>
<td>(1,384)</td>
<td>(1,224)</td>
<td>(5,115)</td>
</tr>
<tr>
<td>February</td>
<td>(209)</td>
<td>(489)</td>
<td>(715)</td>
<td>(1,094)</td>
<td>(1,384)</td>
<td>(1,224)</td>
<td>(5,115)</td>
</tr>
<tr>
<td>March</td>
<td>(209)</td>
<td>(489)</td>
<td>(715)</td>
<td>(1,094)</td>
<td>(1,384)</td>
<td>(1,224)</td>
<td>(5,115)</td>
</tr>
<tr>
<td>April</td>
<td>(209)</td>
<td>(489)</td>
<td>(715)</td>
<td>(1,094)</td>
<td>(1,384)</td>
<td>(1,224)</td>
<td>(5,115)</td>
</tr>
<tr>
<td>May</td>
<td>(209)</td>
<td>(489)</td>
<td>(715)</td>
<td>(1,094)</td>
<td>(1,384)</td>
<td>(1,224)</td>
<td>(5,115)</td>
</tr>
<tr>
<td>June</td>
<td>(209)</td>
<td>(494)</td>
<td>(719)</td>
<td>(1,091)</td>
<td>(1,390)</td>
<td>(1,226)</td>
<td>(5,129)</td>
</tr>
<tr>
<td><strong>Total overremittances to the State Treasurer</strong></td>
<td>(2,508)</td>
<td>(5,873)</td>
<td>(8,584)</td>
<td>(13,125)</td>
<td>(16,614)</td>
<td>(14,690)</td>
<td>(61,394)</td>
</tr>
</tbody>
</table>

---

1 This is a supplemental schedule for the SCO to calculate penalties and interests. The grand total is listed to facilitate the review process.
Attachment A—
County’s Response to Draft Audit Report
Elizabeth, attached is my response to the Court Revenue Audit for the County of Del Norte.

--
Clinton Schaad
Auditor-Controller
County of Del Norte
County of Del Norte responses to Court Revenue Audit covering dates July 1, 2010 through June 30, 2016

Finding 1-The County does not agree with this finding. It is being reported that for all six fiscal years the County under reported the traffic violator school (TVS) bail account by 23%. However, our previous audit that was conducted from July 1, 2004 to June 30, 2010 by the same auditor found “For all six fiscal years, the County appropriately deducted 23% from the reported TVS Bail account”. Given the conflicting reports from the same State Controller’s Office Auditor we will not be reimbursing any funds to the State regarding this finding until there is further clarification.

Finding 2-This finding pertains to the Superior Court of Del Norte County not the County of Del Norte.

Finding 3-This finding pertains to the Superior Court of Del Norte County not the County of Del Norte.

Finding 4-This finding pertains to the Superior Court of Del Norte County not the County of Del Norte.

Finding 5-This finding pertains to the Superior Court of Del Norte County not the County of Del Norte.

Finding 6-This finding pertains to the Superior Court of Del Norte County not the County of Del Norte.

Finding 7-This finding pertains to the Superior Court of Del Norte County not the County of Del Norte.

Finding 8-This finding pertains to the Superior Court of Del Norte County not the County of Del Norte.

Finding 9-This finding pertains to the Superior Court of Del Norte County not the County of Del Norte.

Finding 10-This finding pertains to the Superior Court of Del Norte County not the County of Del Norte.
Attachment B—
Superior Court’s Response to
Draft Audit Report
June 22, 2017

Elizabeth Gonzalez, Bureau Chief
State Controller’s Office/Division of Audits
PO BOX 942850
Sacramento, CA 94250-5874

Dear Elizabeth Gonzalez, Bureau Chief,

The Court has reviewed the draft audit prepared by your office. The County will be responding to finding 1 of the audit while the Court will respond to finding 2-10. Attached are the Court’s responses listed by finding. If you have any questions please contact Cheyenne Schaad, Fiscal Services Manager at 707-464-8115 x 142 or by email Cheyenne.schaad@delnorte.courts.ca.gov.

Sincerely,

[Signature]
Sandra Linderman, CEO

Attachment: Court’s Responses to Findings 2-10.
Court's responses to Findings 2-10 of the SCO Audit of Court Revenues through June 30, 2016

FINDING 2: Underremitted State DNA Identification Fund
   The Court confirms this finding and the error was corrected while the state auditor was on site. The Court is working with the County to identify where the revenue was posted in order to correct the deposits.

FINDING 3: Overremitted State Emergency Medical Air Transportation Act Fund
   The Court confirms this finding and the error was corrected while the state auditor was on site. The Court is working with the County to identify where the revenue was posted in order to correct the deposits.

FINDING 4: Underremitted State Penalties, surcharges and fees from FTA violations
   The Court confirms this finding and the error was corrected while the state auditor was on site. The Court is working with the County to identify where the revenue was posted in order to correct the deposits.

FINDING 5: Underremitted proof of correction fee
   The Court confirms this finding and the error was corrected while the state auditor was on site. The Court is working with the County to identify where the revenue was posted in order to correct the deposits.

FINDING 6: Overremitted domestic violence fees
   The Court confirms this finding and the error was corrected while the state auditor was on site. The Court is working with the County to identify where the revenue was posted in order to correct the deposits.

FINDING 7: Incorrect distribution of evidence of responsibility fines
   The Court confirms this finding. However due to case management system restrictions and limited staff, the Court cannot make adjustments to the distribution set-up at this time.

FINDING 8: Incorrect distribution of 30% red-light traffic violations
   The Court confirms this finding. The Court is in the process of reviewing its policies and procedures regarding red-light violations and will make adjustments as necessary.

FINDING 9: Incorrect distribution of Fish and Game violations
   The Court confirms this finding. The Court is in the process of reviewing its policies and procedures regarding distribution of fines using percentage base. Adjustments may be made in the new case management system. As for the $15 penalty; this will be added to the system as soon as possible.

FINDING 10: Incorrect distribution of Health and Safety violations
   The Court confirms this finding. The language of the statute gave the impression that the Criminal Lab Analysis Fee was in fact a fee not a fine. Therefore the Court did not apply the 2% automation adjustment to the fine. This error will be corrected as soon as possible.