

# **DEL NORTE COUNTY**

Audit Report

## **COURT REVENUES**

*July 1, 2018, through June 30, 2022*



**MALIA M. COHEN**  
California State Controller

April 2024



MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

April 29, 2024

The Honorable Clinton Schaad,  
Auditor-Controller  
Del Norte County  
981 H Street, Suite 140  
Crescent City, CA 95531

Esperanza Esparza, Court Executive Officer  
Superior Court of California,  
Del Norte County  
450 H Street, Room 209  
Crescent City, CA 95531

Dear Mr. Schaad and Ms. Esparza:

The State Controller's Office audited Del Norte County's court revenues for the period of July 1, 2018, through June 30, 2022.

Our audit found that the county overremitted a net of \$27,337 in state court revenues to the State Treasurer because it:

- Overremitted the State Trial Court Improvement and Modernization Fund (Government Code [GC] section 77205) by \$61,557;
- Underremitted the State Penalty Fund (Penal Code [PC] section 1464) by \$2,780;
- Underremitted the DNA Identification Fund (GC section 76104.6) by \$102;
- Underremitted the DNA Identification Fund (GC section 76104.7) by \$58,417;
- Underremitted the State Court Facilities Construction Fund (GC section 70372[a]) by \$1,966;
- Overremitted the State's General Fund (PC section 1465.7) by \$10,662;
- Overremitted the State Trial Court Improvement and Modernization Fund (GC section 68090.8) by \$14,033;
- Overremitted the Restitution Fund (PC section 1463.18) by \$844; and
- Overremitted the Restitution Fund (PC section 1202.4[b]) by \$3,506.

We also found that the Superior Court of California, Del Norte County made incorrect distributions related to DUI, red-light, proof of financial responsibility, fish and game, and health and safety violations. Additionally, the court made incorrect distributions related to the priority of installment payments.

The county should reduce subsequent remittances to the State Treasurer by \$27,337.

Mr. Clinton Schaad  
Ms. Esperanza Esparza  
April 29, 2024  
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If you have questions regarding payments, the Report to State Controller of Remittance to State Treasurer (TC-31), or interest and penalties, please contact Jennifer Montecinos, Manager, Tax Programs Unit, by telephone at (916) 324-5961, or by email at [lgpsdtaxaccounting@sco.ca.gov](mailto:lgpsdtaxaccounting@sco.ca.gov).

If you have questions regarding this report, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at (916) 327-3138, or by email at [lkurokawa@sco.ca.gov](mailto:lkurokawa@sco.ca.gov).

Sincerely,

*Original signed by*

Kimberly Tarvin, CPA  
Chief, Division of Audits

KT/ac

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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 (TC-31) for the period of July 1, 2018, through June 30, 2022.

Our audit found that the county overremitted a net of \$27,337 in state court revenues to the State Treasurer. We also found that the Superior Court of California, Del Norte County made incorrect distributions related to DUI, red-light, proof of financial responsibility, fish and game, and health and safety violations. Additionally, the court made incorrect distributions related to the priority of installment payments.

## 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 receive 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 is 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.

The SCO publishes the *Trial Court Revenue Distribution Guidelines (Distribution Guidelines)* to provide direction on the distribution of fines, fees, forfeitures, penalties, and assessments. The *Distribution Guidelines* group code sections that share similar exceptions, conditions, or distributions into a series of nine tables.

The Judicial Council of California (JCC) provides forms and worksheets to ensure the proper calculation and distribution of fines, fees, forfeitures, penalties, and assessments. The guidance includes forms used to compute the annual maintenance-of-effort (MOE) calculation and worksheets to verify the more complex revenue distributions.

## Audit Authority

We conducted this audit under the authority of GC section 68103, which requires the SCO to review the county's reports and records to ensure that all fines and forfeitures have been transmitted. In addition, GC section 68104 authorizes the SCO to examine records maintained by the court. Furthermore, GC section 12410 provides the SCO with general audit authority to superintend the fiscal concerns of the State.

## Objective, Scope, and Methodology

Our audit objective was to determine the propriety of the court revenues remitted to the State Treasurer pursuant to the TC-31 process.

The audit period was July 1, 2018, through June 30, 2022.

To achieve our objective, we performed the following procedures.

#### General

- We gained an understanding of the county and court's revenue collection and reporting processes, and of the criteria that were significant to our audit objective.
- We interviewed county and court personnel regarding the monthly TC-31 remittance process, the revenue distribution process, the case management system, and the MOE calculation.
- We reviewed documents supporting the transaction flow.
- We scheduled the monthly TC-31 remittances prepared by the county and the court showing court revenue distributions to the State.
- We performed a review of the complete TC-31 remittance process for revenues collected and distributed by the county and court.
- We assessed the reliability of data from the case management system based on interviews and our review of documents supporting the transaction flow. We determined that the data was sufficiently reliable for purposes of this report.

#### Cash Collections

- We scheduled monthly cash disbursements prepared by the county and court showing court revenue distributions to the State, county, and cities for all fiscal years in the audit period.
- We performed analytical procedures using ratio analysis for state and county revenues to assess the reasonableness of the revenue distributions based on statutory requirements.
- We recomputed the annual MOE calculation for all fiscal years in the audit period to verify the accuracy and completeness of the 50% of qualified revenues remitted to the State.

#### Distribution Testing

- We assessed the priority of installment payments by haphazardly selecting a non-statistical sample of seven installment payments to verify priority. Errors found were not projected to the intended (total) population.
- We performed a risk evaluation of the county and court, and identified violation types that are prone to errors due to either their complexity or statutory changes during the audit period. Based on the risk evaluation, we haphazardly selected a non-statistical sample of 34 cases for 10 violation types.

We were not able to identify the case population due to the inconsistent timing of when tickets are issued versus when they are paid, and the multitude of entities that remit collections to the county for remittance to the State. We tested the sample as follows:

- We recomputed the sample case distributions and compared them to the actual distributions.

- We calculated the total dollar amount of significant underremittances and overremittances to the State and county.

Errors found were not projected to the intended (total) population.

We did not audit the financial statements of the county or the court. We did not review 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.

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## Conclusion

As a result of performing the audit procedures, we found instances of noncompliance with the requirements described in our audit objective. Specifically, we found that the county overremitted a net of \$27,337 in state court revenues to the State Treasurer because it:

- Overremitted the State Trial Court Improvement and Modernization Fund (GC section 77205) by \$61,557;
- Underremitted the State Penalty Fund (Penal Code [PC] section 1464) by \$2,780;
- Underremitted the DNA Identification Fund (GC section 76104.6) by \$102;
- Underremitted the DNA Identification Fund (GC section 76104.7) by \$58,417;
- Underremitted the State Court Facilities Construction Fund (GC section 70372[a]) by \$1,966;
- Overremitted the State's General Fund (PC section 1465.7) by \$10,662;
- Overremitted the State Trial Court Improvement and Modernization Fund (GC section 68090.8) by \$14,033;
- Overremitted the Restitution Fund (PC section 1463.18) by \$844; and
- Overremitted the Restitution Fund (PC section 1202.4[b]) by \$3,506.

These instances of noncompliance are quantified in the Schedule and described in the Findings and Recommendations section.

We also found that the court made incorrect distributions related to DUI, red-light, proof of financial responsibility, fish and game, and health and safety violations. Additionally, the court made incorrect distributions related to the priority of installment payments. These instances of noncompliance are non-monetary; they are described in the Findings and Recommendations section.

**Follow-up on Prior Audit Findings**

The county has satisfactorily resolved findings 4, 5, and 6 identified in our prior audit report, for the period of July 1, 2010, through June 30, 2016, issued June 30, 2017; however, it did not resolve the remaining findings. See the Appendix for the summary schedule of prior audit findings.

**Views of Responsible Officials**

We discussed our audit results with county and court representatives during an exit conference conducted on November 29, 2023. At the exit conference, county and court representatives agreed with the audit results. Both the county and court agreed to bypass the draft report process and issue the report as final.

The court’s response is included as an attachment to this report. The county responded by email on February 20, 2024, stating: “We agree. Go ahead and issue the final.”

**Restricted Use**

This audit report is solely for the information and use of Del Norte County; Superior Court of California, Del Norte County; 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 audit report, which is a matter of public record and is available on the SCO website at [www.sco.ca.gov](http://www.sco.ca.gov).

*Original signed by*

Kimberly Tarvin, CPA  
Chief, Division of Audits

April 29, 2024



## Schedule—

# Summary of Audit Findings Affecting Remittances to the State Treasurer

## July 1, 2018, through June 30, 2022

Finding <sup>1</sup>	Fiscal Year				Total	Reference <sup>2</sup>
	2018-19	2019-20	2020-21	2021-22		
Overremitted 50% Excess of Qualified Revenues						
The State's Trial Court Improvement and Modernization Fund — GC §77205	\$ (11,595)	\$ (9,251)	\$ (14,087)	\$ (26,624)	\$ (61,557)	Finding 1
Overremitted						
The State's Trial Court Improvement and Modernization Fund — GC §68090.8	(4,680)	(4,628)	(2,316)	(2,668)	(14,292)	Finding 2
Incorrect Distribution of Revenues from Speeding Violations						
The State's Penalty Fund — PC §1464	1,110	1,055	875	869	3,909	Finding 3
The State's DNA Identification Fund — GC §76104.6	40	39	32	32	143	
The State's DNA Identification Fund — GC §76104.7	13,286	12,625	10,480	10,401	46,792	
The State's Court Facilities Construction Fund — GC §70372(a)	784	745	618	613	2,760	
The State's General Fund — PC §1465.7	(2,938)	(2,792)	(2,317)	(2,300)	(10,347)	
The State's Trial Court Improvement and Modernization Fund — GC §68090.8	65	62	52	51	230	
Total	12,347	11,734	9,740	9,666	43,487	
Incorrect Distribution of Revenues from DUI Violations						
The State's Restitution Fund — PC §1463.18	(227)	(207)	(230)	(180)	(844)	Finding 4
The State's Penalty Fund — PC §1464	(304)	(277)	(307)	(241)	(1,129)	
The State's DNA Identification Fund — GC §76104.6	(11)	(10)	(11)	(9)	(41)	
The State's DNA Identification Fund — GC §76104.7	3,130	2,855	3,163	2,477	11,625	
The State's Court Facilities Construction Fund — GC §70372(a)	(214)	(195)	(216)	(169)	(794)	
The State's General Fund — PC §1465.7	(85)	(77)	(86)	(67)	(315)	
The State's Restitution Fund — PC §1202.4(b)	(944)	(861)	(954)	(747)	(3,506)	
The State's Trial Court Improvement and Modernization Fund — GC §68090.8	8	7	8	6	29	
Total	1,353	1,235	1,367	1,070	5,025	
Net amount overremitted to the State Treasurer	\$ (2,575)	\$ (910)	\$ (5,296)	\$ (18,556)	\$ (27,337)	

<sup>1</sup>The identification of state revenue account titles should be used to ensure proper recording when preparing the TC-31.

<sup>2</sup>See the Findings and Recommendations section.

# Findings and Recommendations

**FINDING 1—  
Overremitted 50%  
excess of qualified  
revenues (Repeat  
finding)**

During our recalculation of the 50% excess of qualified revenues, we found that the county used an incorrect qualified revenue amount in its calculation for each fiscal year. As a result of this error, the county overremitted the 50% excess of qualified revenues by a net of \$61,557 for the audit period. The error occurred because the county misinterpreted the required calculations.

For the audit period, the county provided support for its calculations of the 50% excess of qualified revenues. We reviewed the county's calculations and reconciled the qualified revenues to revenue collection reports provided by the court and county. We noted that qualified revenues in the calculations did not reconcile to the court's collection reports due to calculation errors related to county base fines (PC section 1463.001) and the state penalty (PC section 1464).

Furthermore, we noted that the county incorrectly excluded the revenues collected for the Criminal Justice Facilities Construction Fund (GC section 76101), the Maddy Emergency Medical Services Fund (GC section 76104 and GC section 76000.5), and city base fines (Vehicle Code [VC] section 42007[c]) from its calculation of the traffic violator school (TVS) fee (VC section 42007). We also noted that the court was unable to provide the revenue reports for city base fines (VC section 42007).

During testing of court cases, we noted that the court had incorrectly distributed base fine revenues (PC section 1463.001) and state penalty revenues (PC section 1464). The errors resulted in a net overremittance to the county's general fund (PC section 1463.001 and PC section 1464).

We recalculated the county's qualified revenues based on actual court revenues collected for each fiscal year during the audit period. After our recalculation, we found that the county had overstated qualified revenues by \$123,116.

Qualified revenues were overstated for the following reasons:

- The county overstated qualified revenues by \$172,961 for the audit period because it miscalculated the revenues collected for PC section 1463.001 base fines.
- The county overstated qualified revenues by \$6,752 for the audit period because it miscalculated the revenues collected for the PC section 1464 state penalty.
- The county overstated qualified revenues by \$35,412 for the audit period because the court incorrectly distributed PC section 1463.001 base fine collected for violations related to DUI and speeding.
- The county understated qualified revenues by \$1,218 for the audit period because the court incorrectly distributed the PC section 1464 state penalty collected for violations related to DUI and speeding.

- The county understated qualified revenues by \$ 11,005 for the audit period because the court did not distribute the required \$4 of the emergency medical air transportation penalty (GC section 76000.10[c]) to the TVS fee (VC section 42007).
- The county incorrectly excluded the following revenues from its calculation of the TVS fee (VC section 42007):
  - Criminal Justice Facilities Construction Fund (GC section 76101) – \$2,752;
  - Maddy Emergency Medical Services Fund (GC section 76104) - \$38,517; and
  - Maddy Emergency Medical Services Fund (GC section 76000.5) - \$38,517

The following table shows the audit adjustments to qualified revenues:

	<b>Fiscal Year</b>				
	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>Total</b>
Qualified revenues reported	\$ 373,757	\$ 350,581	\$ 288,633	\$ 301,355	\$ 1,314,326
Audit adjustment:					
PC § 1463.001 calculation error	(43,182)	(38,877)	(35,970)	(54,932)	(172,961)
PC § 1463.001 overstatement	(10,093)	(9,618)	(7,805)	(7,896)	(35,412)
PC § 1464 calculation errors	-	252	640	(7,644)	(6,752)
PC § 1464 understatement	354	341	248	275	1,218
VC § 42007 understatement	3,604	3,564	1,783	2,054	11,005
GC § 76104 understatement	12,613	12,472	6,242	7,190	38,517
GC § 76000.5 understatement	12,613	12,472	6,242	7,190	38,517
GC § 76101 understatement	901	891	446	514	2,752
<b>Total</b>	<b>(23,190)</b>	<b>(18,503)</b>	<b>(28,174)</b>	<b>(53,249)</b>	<b>(123,116)</b>

As a result of miscalculating the qualified revenues, the county overremitted the 50% excess of qualified revenues by a net of \$61,557 for the audit period.

The following table shows the excess qualified revenues, and—by comparing the 50% excess amount due to the State to the county’s actual remittance—the county’s overremittance to the State Treasurer.

<b>Fiscal Year</b>	<b>Qualifying Revenues</b>	<b>Base Amount</b>	<b>Excess Amount Above the Base</b>	<b>50% Excess Amount Due to the State</b>	<b>County Remitted to the State</b>	<b>County Overremitted to the State<sup>1</sup></b>
2018-19	\$ 350,567	\$ 124,085	\$ 226,482	\$ 113,241	\$ 124,836	\$ (11,595)
2019-20	332,078	124,085	207,993	103,997	113,248	(9,251)
2020-21	260,459	124,085	136,374	68,187	82,274	(14,087)
2021-22	248,106	124,085	124,021	62,011	88,635	(26,624)
<b>Total</b>						<b>\$ (61,557)</b>

<sup>1</sup>Should be identified on the TC-31 as State Trial Court Improvement and Modernization Fund – GC §77205

As discussed in Finding 1 of our prior audit report dated June 30, 2017, the county incorrectly remitted the 50% excess of qualified revenues. This is a repeat finding because the county and court did not correct the distribution errors noted in our prior audit report.

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

Recommendation

We recommend that the county and court:

- Offset subsequent remittances to the State Treasurer by \$61,557 and report on the TC-31 a decrease to the State Trial Court Improvement and Modernization Fund; and
- Ensure that the proper accounts are included in the calculations of each line item on the 50-50 Excess Split Revenue Computation Form.

**FINDING 2—  
Overremitted  
Emergency Medical  
Air and Children’s  
Coverage Fund  
(Repeat finding)**

During our testing of TVS cases, we found that the court overremitted Emergency Medical Air Transportation and Children’s Coverage Fund (GC section 76000.10[c]) revenues by \$14,292 for the audit period. The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions.

During testing, we found that the court had not distributed the required \$4 of the emergency medical air transportation penalty (GC section 76000.10[c]) to the TVS fee (VC section 42007). The distribution errors caused an underremittance of \$14,292 to the County General Fund (VC section 42007) and an overremittance of \$14,292 to the Emergency Medical Air Transportation and Children’s Coverage Fund (GC section 76000.10[c]). Furthermore, the errors caused an understatement of \$11,005 ( $\$14,292 \times 77\%$ ) in the qualified revenues used for the county’s 50% excess of qualified revenues calculation.

The incorrect distributions had the following effect:

<u>Account Title</u>	<u>Underremitted/ (Overremitted)</u>
Emergency Medical Air Transportation and Children’s Coverage Fund - GC § 76000.10[c]	\$ (14,292)
County General Fund - VC § 42007	\$ 14,292

As discussed in Finding 3 of our prior audit report dated June 30, 2017, the county overremitted the Emergency Medical Air and Children’s

Coverage Fund. This is a repeat finding because the court did not correct the distribution errors noted in our prior audit report.

VC section 42007(a)(1) requires the clerk of the court to collect a fee, in an amount equal to the total bail for the eligible offense shown on the uniform countywide bail schedule, from every person who is ordered or permitted to attend traffic violator school pursuant to VC section 41501 or 42005.

#### Recommendation

We recommend that the county offset subsequent remittances to the State Treasurer by \$14,292 and report on the TC-31 decreases of \$14,292 to the Emergency Medical Air Transportation and Children's Coverage Fund (GC section 76000.10[c]).

We also recommend that the court:

- Correct its case management system to ensure that TVS fees (VC section 42007) are distributed in accordance with statutory requirements;
- Review the distributions for accuracy and completeness before remittance to the county; and
- Periodically verify the accuracy of its distributions using the JCC's distribution worksheets.

#### Court's Response

The Court confirms this finding. The Court upgraded to a new case management system on 10/09/2023; which has resolved this distribution error from repeating.

### **FINDING 3— Incorrect distribution of revenues from speeding violations**

During our testing of speeding violation cases, we found that the court did not properly distribute revenues to fines, fees and penalties, resulting in a net underremittance of \$43,487 to the State. These errors occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

We verified, on a sample basis, distributions made by the court using its case management system. For each sampled case, we recomputed the distributions and compared them to the actual distributions.

During testing, we found that the court had not properly distributed the revenues to fines, fees, and penalties. The incorrect distribution resulted in underremittances and overremittances to multiple funds.

We discussed these errors with the court and performed a revenue analysis to determine the impact on state and county funds. After performing the analysis, we determined that the distribution errors resulted in a net underremittance of \$43,487 to the State.

The incorrect distributions had the following effect:

<u>Account Title</u>	<u>Underremitted/ (Overremitted)</u>
The State's Penalty Fund – PC § 1464	\$ 3,909
The State's DNA Identification Fund – GC § 76104.6	\$ 143
The State's DNA Identification Fund – GC § 76104.7	\$ 46,792
The State's Court Facilities Construction Fund – GC § 70372(a)	\$ 2,760
The State's General Fund – PC § 1465.7	\$ (10,347)
The State's Trial Court Improvement and Modernization Fund – GC § 68090.8	\$ 230
Total underremittance to the State	<u>\$ 43,487</u>
County General Fund – PC § 1463.001	\$ (50,701)
County General Fund – PC § 1464	\$ 1,724
County DNA Identification Fund – GC § 76104.6	\$ 432
County Criminal Justice Facilities Construction Fund – GC § 76101	\$ 2,760
County Emergency Medical Services Fund – GC § 76104	\$ 1,149
County Emergency Medical Services Fund – GC § 76000.5	\$ 1,149
Total overremittance to the County	<u>\$ (43,487)</u>

PC section 1463.001 requires state and county penalties to be transferred to the proper funds as required by law.

#### Recommendation

We recommend that the county remit \$43,487 to the State Treasurer and report on the TC-31:

- A \$3,909 increase to the State Penalty Fund (PC section 1464);
- A \$143 increase to the DNA Identification Fund (GC section 76104.6);
- A \$46,792 increase to the DNA Identification Fund (GC section 76104.7);
- A \$2,760 increase to the State Court Facilities Construction Fund (GC section 70372[a]);
- A \$10,347 decrease to the State's General Fund (PC section 1465.7); and
- A \$230 increase to the State Trial Court Improvement and Modernization Fund (GC section 68090.8)

We also recommend that the court:

- Review the distributions for accuracy and completeness before remittance to the county;
- Periodically verify the accuracy of its distributions using the JCC's distribution worksheets; and
- Correct its case management system to ensure that revenues are distributed in accordance with statutory requirements.

Court’s Response

The Court confirms this finding. The Court upgraded to a new case management system on 10/09/2023; which has resolved this distribution error from repeating.

**FINDING 4—  
Incorrect distribution  
of revenues from DUI  
violations**

During our testing of DUI violation cases, we found that the court did not properly distribute revenues to fines, fees, and penalties, resulting in a net underremittance of \$5,025 to the State. These errors occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

We verified, on a sample basis, distributions made by the court using its case management system. For each sampled case, we recomputed the distributions and compared them to the actual distributions.

During testing, we found that the court had not properly distributed the revenues to fines, fees, and penalties. The incorrect distribution resulted in underremittances and overremittances of multiple funds.

We discussed these errors with court representatives and performed a revenue analysis to determine the impact on state and county funds. After performing the analysis, we determined that the distribution errors resulted in a net underremittance of \$5,025 to the State.

PC section 1463.001 requires state and county penalties to be transferred to the proper funds as required by law.

The incorrect distributions had the following effect:

<u>Account Title</u>	<u>Underremitted/ (Overremitted)</u>
The State's Restitution Fund – PC § 1463.18	\$ (844)
The State's Penalty Fund – PC § 1464	\$ (1,129)
The State's DNA Identification Fund – GC § 76104.6	\$ (41)
The State's DNA Identification Fund – GC § 76104.7	\$ 11,625
The State's Court Facilities Construction Fund – GC § 70372(a)	\$ (794)
The State's General Fund – PC § 1465.7	\$ (315)
The State's Restitution Fund – PC § 1204.4	\$ (3,506)
The State's Trial Court Improvement and Modernization Fund – GC § 68090.8	\$ 29
Total underremittance to the State	<u>\$ 5,025</u>
County General Fund – PC § 1463.001	\$ 3,486
County Special Fund – PC § 1463.14	\$ (2,136)
County Special Fund – PC § 1463.16	\$ (2,136)
County General Fund – PC § 1464	\$ (506)
County DNA Identification Fund – GC § 76104.6	\$ (127)
County Criminal Justice Facilities Construction Fund – GC § 76101	\$ (794)
County Emergency Medical Services Fund – GC § 76104	\$ (338)
County Emergency Medical Services Fund – GC § 76000.5	\$ (338)
County Special Fund – PC § 1463.25	\$ (2,136)
Total overremittance to the County	<u>\$ (5,025)</u>

### Recommendation

We recommend that the county remit \$5,025 to the State Treasurer and report on the TC-31:

- A \$844 decrease to the Restitution Fund (PC section 1463.18);
- A \$1,129 decrease to the State Penalty Fund (PC section 1464);
- A \$41 decrease to the DNA Identification Fund (GC section 76104.6);
- A \$11,625 increase to the DNA Identification Fund (GC section 76104.7);
- A \$794 decrease to the State Court Facilities Construction Fund (GC section 70372[a]);
- A \$315 decrease to the State's General Fund (PC section 1465.7);
- A \$3,506 decrease to the Restitution Fund (PC section 1202.4); and
- A \$29 increase to the State Trial Court Improvement and Modernization Fund (GC section 68090.8).

We also recommend that the court:

- Review the distributions for accuracy and completeness before remittance to the county;
- Periodically verify the accuracy of its distributions using the JCC's distribution worksheets; and
- Correct its case management system to ensure that revenues are distributed in accordance with statutory requirements.

### Court's Response

The Court confirms this finding. The Court upgraded to a new case management system on 10/09/2023; which has resolved this distribution error from repeating.

**FINDING 5—  
Incorrect distribution  
of revenues from red-  
light violations  
(Repeat finding)**

During our testing of the red-light violation cases, we found that the court did not properly distribute revenues to the County and City General Fund (PC section 1463.11) in fiscal year 2020-21. The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions.

During testing, we found that the court had not allocated 30% of revenues from the Emergency Medical Air Transportation and Children's Coverage Fund (GC 76000.10) to the county's or city's general fund (PC section 1463.11). As a result, the court misstated the revenues from these funds. However, we performed an analysis of red-light revenues collected



by the court and determined that the distribution errors did not have a material fiscal effect on the revenues remitted to the State.

As discussed in Finding 8 of our prior audit report dated June 30, 2017, the court incorrectly distributed the revenues from red-light violations. This is a repeat finding because the court did not correct the distribution errors noted in our prior audit report.

PC section 1463.11 requires that the first 30% of red-light violation base fines, state penalties, county penalties, and the emergency medical air transportation penalty (PC sections 1463 and 1464, and GC sections 76000 and 76000.10, respectively) collected be distributed to the general fund of the county or city where the violation occurred.

#### Recommendation

We recommend that the court:

- Correct its case management system to ensure that the first 30% of a red-light violation penalty (GC section 76000.10) collected is distributed to the general fund of the county or city where the violation occurred, in accordance with statutory requirements;
- Review distributions for accuracy and completeness before remittance to the county's auditor-controller;
- Periodically verify the accuracy of its distributions using the JCC's distribution worksheets; and
- Monitor its case management system to ensure that revenues are distributed in accordance with statutory requirements.

#### Court's Response

The Court confirms this finding. The Court upgraded to a new case management system on 10/09/2023; which has resolved this distribution error from repeating.

**FINDING 6—  
Incorrect distribution  
of revenues from  
proof of financial  
responsibility  
violations (Repeat  
finding)**

During our testing of proof of financial responsibility violation cases, we found that the court did not properly distribute revenues to fines, fees, penalties, and assessment. These errors occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions.

During testing, we found four instances in which the court had not distributed appropriate revenue amounts to applicable fines, fees, and penalties. Additionally, we found two instances in which the court did not assess court operations (PC section 1465.8) and criminal conviction (GC

section 70373) assessments. These errors resulted in the misstatement of multiple funds.

However, we performed an analysis of revenues collected by the court for proof-of-financial-responsibility violations to determine the fiscal effect of the distribution errors. We found that the errors did not have a material impact on the revenues remitted to the State.

As discussed in Finding 7 of our prior audit report dated June 30, 2017, the court incorrectly distributed the revenues from proof-of-financial-responsibility violations. This is a repeat finding because the court did not correct the distribution errors noted in our prior audit report.

PC section 1463.001 requires state and county penalties to be transferred to the proper funds as required by law.

PC section 1463.22(a) requires that \$17.50 for each conviction of a violation of VC section 16028 be deposited by the county treasurer in a special account and allocated to defray court costs incurred in administering cases related to proof of financial responsibility.

PC section 1463.22(b) requires that \$3.00 for each conviction of a violation of VC section 16028 be remitted to the SCO for deposit in the Motor Vehicle Account of the State Transportation Fund.

PC section 1463.22(c) requires that \$10.00 for each conviction of a violation of VC section 16028 be remitted to the SCO for deposit in the State's General Fund.

PC section 1465.8 requires that, to assist in funding court operations, a \$40 assessment be imposed on every conviction for a criminal offense, including traffic offenses but excluding parking offenses, related to violations of the Vehicle Code. PC section 1465.8 further requires that the assessments be remitted monthly to the SCO for deposit in the Trial Court Trust Fund.

GC section 70373(a)(1) requires that, to provide adequate funding for court facilities, an assessment be imposed on every conviction for a criminal offense, including traffic offenses but excluding parking offenses, related to violations of the Vehicle Code. GC section 70373(a)(1) specifies a \$30 assessment for each misdemeanor or felony, and a \$35 assessment for each infraction.

#### Recommendation

We recommend that the court:

- Correct its case management system to ensure that revenues are distributed in accordance with statutory requirements;
- Review distributions for accuracy and completeness before remittance to the county's auditor-controller;

- Periodically verify the accuracy of its distributions using the JCC's distribution worksheets; and
- Monitor its case management system to ensure that revenues are distributed in accordance with statutory requirements.

#### Court's Response

The Court confirms this finding. The court wishes to note that the previous Auditor provided instruction to the court and confirmed the correction to the distribution while on-site conducting the audit. The current audit reports the corrective action instructed by the previous auditor is incorrect. Thus, creating repeat finding.

The Court upgraded to a new case management system on 10/09/2023; which has resolved this distribution error from repeating.

#### **FINDING 7— Incorrect distribution of revenues from fish and game violations (Repeat finding)**

During our testing of fish and game violation cases, we found that the court did not properly distribute revenues to fines, fees, penalties, and assessments. These errors occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions.

During testing, we found four instances in which the court had not distributed appropriate revenue amounts to applicable fines, fees, and penalties. These errors resulted in the misstatement of multiple funds. Additionally, we found one instance in which the court did not assess a required additional penalty of \$15 (Fish and Game Code [FGC] section 12021).

However, we performed an analysis of fish and game revenues collected by the court to determine the fiscal effect of the distribution errors. We found that the errors did not have a material impact on the revenues remitted to the State.

As discussed in Finding 9 of our prior audit report dated June 30, 2017, the court incorrectly distributed the revenues from fish and game violations. This is a repeat finding because the court did not correct the distribution errors noted in our prior audit report.

FGC section 13003 requires all fines and forfeitures imposed or collected for FGC violations to be distributed as follows: 50% to the State Fish and Game Preservation Fund and 50% to the county in which the offense was committed.

FGC section 12021 requires the court to impose an additional penalty of \$15 for a violation of the FGC revenue from this penalty must be deposited in the Fish and Game Preservation Fund and used exclusively for the purposes of FGC section 13006.

Recommendation

We recommend that the court:

- Correct its case management system to ensure that revenues are distributed in accordance with statutory requirements;
- Periodically verify the accuracy of its distributions using the JCC's distribution worksheets;
- Review distributions for accuracy and completeness before remittance to the county's auditor-controller; and
- Monitor its case management system to ensure that revenues are distributed in accordance with statutory requirements.

Court's Response

The Court confirms this finding. The Court upgraded to a new case management system on 10/09/2023; which has resolved this distribution error from repeating.

**FINDING 8—  
Incorrect distribution  
of revenues from  
health and safety  
violations (Repeat  
finding)**

During our testing of health and safety violation cases, we found that the court did not properly distribute revenues to fines, fees, penalties, and assessments. These errors occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions.

During testing, we found two instances in which the court had not distributed appropriate revenue amounts to applicable fines, fees, and penalties. We also found an instance in which the court did not assess the criminal laboratory analysis fee (Health and Safety Code [HSC] section 11372.5) or the drug program fee (HSC section 11372.7).

These fees are subject to state and county penalties, the 20% state surcharge, and the 2% state automation fee. Therefore, these errors affect multiple state funds. However, we performed an analysis of health and safety revenues collected by the court and determined that the distribution errors did not have a material impact on the revenues remitted to the State.

As discussed in Finding 10 of our prior audit report dated June 30, 2017, the court incorrectly distributed the revenues from health and safety violations. This is a repeat finding because the court did not correct the distribution errors noted in our prior audit report.

HSC section 11372.5(a) requires defendants convicted of violating specific Health and Safety Code sections regulating controlled substances to pay a \$50 criminal laboratory analysis fee for each separate offense, and requires the court to increase the total fine as necessary to include the increment.

HSC section 11372.7(a) requires defendants convicted of violating specific Health and Safety Code sections regulating controlled substances to pay a drug program fee in an amount not to exceed \$150 for each separate offense, and requires the court to increase the total fine as necessary to include the increment.

#### Recommendation

We recommend that the court:

- Correct its case management system to ensure that revenues are distributed in accordance with statutory requirements;
- Periodically verify the accuracy of its distributions using the JCC's distribution worksheets;
- Review distributions for accuracy and completeness before remittance to the county's auditor-controller; and
- Monitor its case management system to ensure that revenues are distributed in accordance with statutory requirements.

#### Court's Response

The Court confirms this finding. The Court upgraded to a new case management system on 10/09/2023; which has resolved this distribution error from repeating.

### **FINDING 9— Incorrect prioritization of installment payments**

During our distribution testing of superior court cases, we found that the court incorrectly prioritized distributions of installment payments. The errors occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we reviewed the distributions to determine whether the court correctly prioritized the distributions of installment payments according to PC section 1203.1d subparagraph(b).

We tested seven cases and found all cases for which the court had not distributed installment payments to the state surcharge (PC section 1465.7, priority two) before priority-three fines and penalties and priority-four reimbursable costs.

Failure to disburse installment payments according to the required distribution priority causes revenues to the State and the county to be inaccurately stated. However, we did not measure the effect of the error because it would be impractical and difficult to redistribute revenues on every case involving installment payments.

PC section 1203.1d, subparagraph (b) requires the distribution of installment payments be made in the following order of priority:

1. Restitution ordered to victims (PC section 1202.4[f]);

2. State surcharge (PC section 1465.7);
3. Fines, penalty assessments, and restitution fines (PC section 1202.4[b]); and
4. Other reimbursable costs.

Recommendation

We recommend that the court correct its case management system to ensure that installment payments are distributed in accordance with statutory priority requirements of PC section 1203.1d, subparagraph (b).

Court's Response

The Court confirms this finding. The Court upgraded to a new case management system on 10/09/2023; which has resolved this distribution error from repeating.

## Appendix— Summary Schedule of Prior Audit Findings

The following table shows the implementation status of Del Norte County's corrective actions related to the findings contained in our prior audit report dated June 30, 2017.

Prior Audit Finding No.	Prior Audit Finding Title	Status
1	Underremitted the 50% excess of qualified fines, fees, and penalties	Not implemented – See current Finding 1
2	Underremitted the State DNA Identification Fund	Not fully implemented – See current Findings 3 and 4
3	Overremitted the State Emergency Medical Air Transportation Act Fund	Not implemented – See current Finding 2
4	Underremitted state penalties, surcharges, and fees from failure-to-appear violations	Fully implemented
5	Underremitted proof-of-correction fees	Fully implemented
6	Overremitted state domestic violence fees	Fully implemented
7	Incorrect distribution of evidence of responsibility fines	Not implemented – See current Finding 6
8	Incorrect distribution of 30% red-light traffic violations	Not implemented – See current Finding 5
9	Incorrect distribution of fish and game violations	Not implemented – See current Finding 7
10	Incorrect distribution of health and safety violations	Not implemented – See current Finding 8

**Attachment—  
Superior Court's Response**

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**Superior Court of California**  
County of Del Norte  
450 H STREET  
CRESCENT CITY, CA 95531

**ESPERANZA ESPARZA**  
Court Executive Officer  
Clerk of the Court (707) 464-8115  
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**DARREN McELFRESH**  
Presiding Judge-Dept. 1  
Telephone (707) 464-8115 Ext. 125

**ROBERT COCHRAN**  
Judge-Dept. 2  
Telephone (707) 464-8115 Ext. 126

**KEVIN BRIAN JONES**  
Child Support Commissioner  
Judge Pro Tem  
Telephone (707) 464-8115

11/30/2023

Ms. Chando  
Office of State Controller Malia M. Cohen  
Division of Audits | Financial Audits Bureau  
3301 C Street, Suite 725A  
Sacramento, CA 95816

Dear Ms. Chando,

The Court has reviewed the draft audit prepared by your office. The Court confirms findings 2-9 as reported. The findings reported were due to antiquated distributions in the case management system, which the court has abandoned for a more reliable system.

Attached are the court's individual responses to findings 2-9; the County will respond to finding 1 as necessary. If you have any questions please contact Cheyenne Schaad, Chief Financial Officer at 707-464-8115 x 142 or by email [cheyenne.schaad@delnorte.courts.ca.gov](mailto:cheyenne.schaad@delnorte.courts.ca.gov).

Sincerely,

  
Esperanza Esparza, CEO

**Court's responses to Findings 2-9 of the SCO Audit of Court Revenues through June 30, 2022**

**FINDING 2: Overremitted Emergency Medical Air and Children's Coverage Fund (Repeat finding)**

*The Court confirms this finding. The Court upgraded to a new case management system on 10/09/2023; which has resolved this distribution error from repeating.*

**FINDING 3: Incorrect distribution of revenues from speeding violations**

*The Court confirms this finding. The Court upgraded to a new case management system on 10/09/2023; which has resolved this distribution error from repeating.*

**FINDING 4: Incorrect distribution of revenues from DUI violations**

*The Court confirms this finding. The Court upgraded to a new case management system on 10/09/2023; which has resolved this distribution error from repeating.*

**FINDING 5: Incorrect distribution of revenues from red-light violations (Repeat finding)**

*The Court confirms this finding. The Court upgraded to a new case management system on 10/09/2023; which has resolved this distribution error from repeating.*

**FINDING 6: Incorrect distribution of revenues from proof of financial responsibility violations (Repeat finding)**

*The Court confirms this finding. The court wishes to note that the previous Auditor provided instruction to the court and confirmed the correction to the distribution while on-site conducting the audit. The current audit reports the corrective action instructed by the previous auditor is incorrect. Thus, creating repeat finding.*

*The Court upgraded to a new case management system on 10/09/2023; which has resolved this distribution error from repeating.*

**FINDING 7: Incorrect distribution of revenues from fish and game violations (Repeat finding)**

*The Court confirms this finding. The Court upgraded to a new case management system on 10/09/2023; which has resolved this distribution error from repeating.*

**FINDING 8: Incorrect distribution of revenues from health and safety violations (Repeat finding)**

*The Court confirms this finding. The Court upgraded to a new case management system on 10/09/2023; which has resolved this distribution error from repeating.*

**FINDING 9: Incorrect prioritization of installment payments**

*The Court confirms this finding. The Court upgraded to a new case management system on 10/09/2023; which has resolved this distribution error from repeating.*

**State Controller's Office  
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