

TEHAMA COUNTY

Audit Report

COURT REVENUES

July 1, 2015, through June 30, 2019



BETTY T. YEE
California State Controller

April 2022



BETTY T. YEE
California State Controller

April 26, 2022

The Honorable LeRoy Anderson,
Auditor-Controller
Tehama County
444 Oak Street, Room J
Red Bluff, CA 96080

Kevin Harrigan, Court Executive Officer
Superior Court of California,
Tehama County
1740 Walnut Street
Red Bluff, CA 96080

Dear Mr. LeRoy and Mr. Harrigan:

The State Controller's Office audited the propriety of the court revenues remitted by Tehama County to the State Treasurer for the period of July 1, 2015, through June 30, 2019.

Our audit found that the county overremitted a net of \$108,582 in state court revenues to the State. In addition, we found that the county used incorrect qualified revenue amounts in its calculation of the 50% excess of qualified revenues. We also found that the court made incorrect distributions related to domestic violence and health and safety violations; and that the court made incorrect allocations of the traffic violator school fee and the additional traffic violator school fee. Furthermore, the county's probation department made incorrect distributions related to health and safety violations.

The county should reduce subsequent remittances to the State Treasurer by \$108,582.

If you have questions regarding the audit findings, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at (916) 327-3138, or by email at lkurokawa@sco.ca.gov.

Sincerely,

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

KT/as

The Honorable LeRoy Anderson,
Auditor-Controller
Kevin Harrigan, Court Executive Officer

-2-

April 26, 2022

cc: Krista Peterson, Assistant Auditor-Controller
Tehama County
Candy Carlson, Chairperson
Tehama County Board of Supervisors
Orepa Mamea, Program Analyst
Tehama County Probation Department
Michelle Rotherham, Assistant Court Executive Officer
Superior Court of California, Tehama County
Angie Kiefer, Chief Financial Officer
Superior Court of California, Tehama County
Jessica Grissom, Business Systems Analyst
Superior Court of California, Tehama County
Grant Parks, Manager
Internal Audit Services
Judicial Council of California
Lynda Gledhill, Executive Officer
California Victim Compensation Board
Anita Lee, Senior Fiscal and Policy Analyst
Legislative Analyst's Office
Jennifer Montecinos, Manager
Tax Administration Section
State Controller's Office
Sandeep Singh, Manager
Local Government Policy Unity
State Controller's Office

Contents

Audit Report

Summary	1
Background	1
Audit Authority.....	1
Objective, Scope, and Methodology	2
Conclusion	3
Follow-up on Prior Audit Findings.....	5
Views of Responsible Officials.....	5
Restricted Use	5
Schedule—Summary of Audit Findings Affecting Remittances to the State Treasurer	6
Findings and Recommendations.....	8
Appendix—Summary of Prior Audit Findings	A1
Attachment A—County’s Response to Draft Audit Report	
Attachment B—Superior Court’s Response to Draft Audit Report	
Attachment C—Probation Department’s Response to Draft Audit Report	

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 Tehama County on the Report to State Controller of Remittance to State Treasurer (TC-31) for the period of July 1, 2015, through June 30, 2019.

Our audit found that the county overremitted a net of \$108,582 in state court revenues to the State Treasurer.

In addition, we found that the county used incorrect qualified revenue amounts in its calculation of the 50% excess of qualified revenues.

We also found that the court made incorrect distributions related to domestic violence and health and safety violations; and that the court made incorrect allocations of the traffic violator school (TVS) fee and additional TVS fee.

Furthermore, the county's probation department made incorrect distributions related to health and safety violations.

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 by Tehama County to the State Treasurer pursuant to the TC-31 process.

The audit period was July 1, 2015, through June 30, 2019.

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 personnel regarding the monthly TC-31 remittance process and the MOE calculation.
- We interviewed court personnel regarding the revenue distribution process and the case management system.
- 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.

Cash Collections

- We scheduled monthly cash disbursements prepared by the county and the 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% excess of qualified revenues remitted to the State.

Distribution Testing

- We assessed the priority of installment payments by haphazardly selecting a non-statistical sample of eight installment payments to verify priority. No errors were identified.
- We scheduled parking surcharge revenues collected from entities that issue parking citations within the county to ensure that revenues were correct, complete, and remitted in accordance with state statutory requirements.
- 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 128 cases for 10 violation types.¹ Then, we:

- Recomputed the sample case distributions and compared them to the actual distributions; and
- 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 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.

We did not audit the financial statements of the county, the court, or the various agencies that issue parking citations. 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.

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 \$108,582 in state court revenues to the State Treasurer because it:

- Overremitted the State Trial Court Improvement and Modernization Fund (GC section 77205) by \$66,885;
- Underremitted the State General Fund (Penal Code [PC] section 1465.7) by \$1,759;
- Overremitted the State General Fund (Health and Safety Code [HSC] section 11372.5) by \$7,548;
- Overremitted the State General Fund (PC section 290.3) by \$256;
- Underremitted the State General Fund (PC section 1463.22[c]) by \$454;
- Overremitted the State Transportation Fund (Vehicle Code [VC] section 11208) by \$1,785;
- Underremitted the State Transportation Fund (PC section 1463.22[b]) by \$136;
- Underremitted the State Trial Court Improvement and Modernization Fund (GC section 68090.8) by \$1,995;
- Underremitted the State Fish and Game Preservation Fund (Fish and Game Code section 13003) by \$300;

¹ We were not able to identify the case population due to the inconsistent timing of when tickets were issued versus when they were paid, and the multitude of entities that remit collections to the county for remittance to the State.

- Underremitted the State Restitution Fund (PC section 1202.4) by \$3,052;
- Overremitted the State Restitution Fund (PC section 1463.18) by \$846;
- Underremitted the State Penalty Fund (PC section 1464) by \$17,897;
- Overremitted the State Penalty Fund (VC section 40611) by \$1,709;
- Underremitted the State Penalty Fund (PC section 1464) by \$606;²
- Overremitted the State Trial Court Trust Fund (PC section 1465.8) by \$19,006;
- Overremitted State Court Facilities Construction Fund (GC section 70372[a]) by \$2,301;
- Overremitted the State Court Facilities Construction Fund (VC section 40611) by \$9,848;
- Overremitted the State Court Facilities Construction Fund (VC section 42007.1) by \$14,791;
- Underremitted the State Court Facilities Construction Fund (GC section 70373) by \$20,409;³
- Overremitted the State Court Facilities Construction Fund (GC section 70373) by \$35,402;⁴
- Underremitted the DNA Identification Fund (GC section 76104.6) by \$641;
- Underremitted the DNA Identification Fund (GC section 76104.7) by \$5,403; and
- Overremitted the Emergency Medical Air Transportation and Children's Coverage Fund (GC section 76000.10) by \$857.

The county should reduce subsequent remittances to the State Treasurer by \$108,582.

In addition, we found that the county used incorrect qualified revenue amounts in its calculation of the 50% excess of qualified revenues. We also found that the court made incorrect distributions related to domestic violence and health and safety violations, and that the court made incorrect allocations of the TVS fee and the additional TVS fee. Furthermore, the county's probation department made incorrect distributions related to health and safety violations.

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

² State Penalty Fund – PC section 1464 – Assessment on fish and game violations.

³ State Court Facilities Construction Fund – GC section 70373 – Assessment on misdemeanor and felony convictions.

⁴ State Court Facilities Construction Fund – GC section 70373 – Assessment on infraction convictions.

Follow-up on Prior Audit Findings

The county has satisfactorily resolved the findings noted in our prior audit report, for the period of July 1, 2005, through June 30, 2011, issued June 1, 2012, with the exception of Finding 1 of this audit report. See the Appendix for the Summary of Prior Audit Findings.

Views of Responsible Officials

We issued a draft audit report on March 4, 2022. Kevin Harrigan, Court Executive Officer, responded via letter dated March 10, 2022, agreeing with Findings 3 through 6.

LeRoy Anderson, Auditor-Controller, responded via letter dated March 14, 2022, agreeing with Finding 1.

Richard Muench, Chief Probation Officer, responded via letter dated March 14, 2022, agreeing with Finding 2.

The county, court, and probation department's responses are included as Attachment A, B, and C, respectively, of this audit report.

Restricted Use

This audit report is solely for the information and use of Tehama County; Superior Court of California, Tehama County; the JCC; 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.

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

April 26, 2022

Schedule—
Summary of Audit Findings Affecting Remittances to the State Treasurer
July 1, 2015, through June 30, 2019

Finding ¹	Fiscal Year				Total	Reference ²
	2015-16	2016-17	2017-18	2018-19		
Overremitted 50% excess of qualified fines, fees, and penalties						
State Trial Court Improvement and Modernization Fund — GC §77205	\$ (21,029)	\$ -	\$ (20,281)	\$ (25,575)	\$ (66,885)	Finding 1
Incorrect distribution of revenues from health and safety violations – probation department						
State General Fund — HS §11372.5	(2,506)	(2,458)	(1,604)	(1,234)	(7,802)	
State Penalty Fund — PC §1464	1,640	1,637	1,102	973	5,352	
State DNA Identification Fund — GC §76104.6	59	58	40	35	192	
State DNA Identification Fund — GC §76104.7	938	935	630	556	3,059	
State Court Facilities Construction Fund — GC §70372(a)	1,172	1,169	788	694	3,823	
State General Fund — PC §1465.7	469	468	315	278	1,530	
Total	1,772	1,809	1,271	1,302	6,154	Finding 2
Incorrect Remittances of TC-31						
State General Fund — PC §1465.7	1,760	(1,531)	-	-	229	
State General Fund — HS §11372.5	826	(774)	182	20	254	
State General Fund — PC §290.3	(143)	(128)	15	-	(256)	
State General Fund — PC §1463.22(c)	593	(139)	-	-	454	
State Transportation Fund — VC §11208	(1,703)	(82)	-	-	(1,785)	
State Transportation Fund — PC §1463.22(b)	178	(42)	-	-	136	
State Trial Court Improvement and Modernization Fund — GC §68090.8	2,714	(364)	(320)	(35)	1,995	
State Fish and Game Preservation Fund — FGC §13003	386	(75)	(11)	-	300	
State Restitution Fund — PC §1202.4	4,777	(2,033)	354	(46)	3,052	
State Restitution Fund — PC §1463.18	(747)	(160)	-	61	(846)	
State Penalty Fund — PC §1464	28,797	(16,252)	-	-	12,545	
State Penalty Fund — VC §40611	(1,459)	(250)	-	-	(1,709)	
State Penalty Fund — PC §1464 ³	544	62	-	-	606	
State Trial Court Trust Fund — PC §1465.8	(16,149)	(2,857)	-	-	(19,006)	

Schedule (continued)

Finding ¹	Fiscal Year				Total	Reference ²
	2015-16	2016-17	2017-18	2018-19		
Incorrect Remittances of TC-31 (continued)						
State Court Facilities Construction Fund — GC §70372(a)	(17,837)	14,620	(1,222)	(1,685)	(6,124)	
State Court Facilities Construction Fund — VC §40611	(8,720)	(1,128)	-	-	(9,848)	
State Court Facilities Construction Fund — VC §42007.1	(14,144)	(647)	-	-	(14,791)	
State Court Facilities Construction Fund — GC §70373 ⁴	13,389	4,117	1,194	1,709	20,409	
State Court Facilities Construction Fund — GC §70373 ⁵	(54,702)	22,348	(48)	(3,000)	(35,402)	
DNA Identification Fund — GC §76104.6	742	(92)	(138)	(63)	449	
DNA Identification Fund — GC §76104.7	5,080	(2,007)	(268)	(461)	2,344	
Emergency Medical Air Transportation and Children’s Coverage Fund — GC §76000.10	-	(136)	(721)	-	(857)	
Total	<u>(55,818)</u>	<u>12,450</u>	<u>(983)</u>	<u>(3,500)</u>	<u>(47,851)</u>	Finding 3
 Net amount overremitted to the State Treasurer	 <u>\$ (75,075)</u>	 <u>\$ 14,259</u>	 <u>\$ (19,993)</u>	 <u>\$ (27,773)</u>	 <u>\$ (108,582)</u>	

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

²See the Findings and Recommendations section.

³State Penalty Fund – PC section 1464 – Assessment on fish and game violations.

⁴State Court Facilities Construction Fund – GC section 70373 – Assessment on misdemeanor and felony convictions.

⁵State Court Facilities Construction Fund – GC section 70373 – Assessment on infraction convictions.

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 incorrect qualified revenue amounts in its calculation for each fiscal year. As a result of these errors, the county overremitted the 50% excess of qualified revenues by \$66,885 for the audit period.

For the audit period, the county provided support for its calculation of the 50% excess of qualified revenues. We reviewed the county's calculation and reconciled the qualified revenues to revenue collection reports provided by the court.

We noted that the county incorrectly excluded the revenues collected for the Criminal Justice Facilities Construction Fund (GC section 76101) and city base fines (VC section 42007[c]) from its calculation of the TVS fee (VC section 42007) for the audit period. The county also understated the revenues in its calculation of base fines (PC section 1463.001), state penalty (PC section 1464) and the additional TVS fee (VC section 42007.1), and overstated the revenues in its calculation of TVS fees (VC section 42007).

During our testing of probation department cases, we found that the probation department did not correctly distribute revenues to the criminal laboratory analysis fee (HSC section 11372.5) and the drug program fee (HSC section 11372.7). The incorrect distributions led to an understatement for the state penalty line item (PC section 1464). All of these errors caused misstatements in the county's qualified revenue calculation.

We recalculated the county's qualified revenues based on actual court revenues collected for each fiscal year, and found that the county overstated qualified revenues by \$147,223 for the audit period.

Qualified revenues were overstated for the following reasons:

- The county understated qualified revenues by \$27,921 for the base fines from county arrests line item (PC section 1463.001) and \$1,327 for the base fines from city arrests line item (PC section 1463.001).
- The county understated qualified revenues by \$11,625 for the state penalty line item (PC section 1464). Additionally, as noted in Finding 2, the probation department did not correctly distribute revenues from health and safety violations. These errors resulted in an understatement of \$2,295 in qualified revenues for the state penalty (PC section 1464) line item.
- The county overstated qualified revenues by \$215,709 for the TVS fee line item (VC section 42007).
- The county understated qualified revenues by \$11,744 for the additional TVS fee line item (VC section 42007.1).

- The county understated qualified revenues by \$6,334 because it incorrectly excluded the revenues collected for the Criminal Justice Facilities Construction Fund (GC section 76101) from its calculation of the TVS Fee (VC section 42007).
- The county understated qualified revenues by \$7,240 because it incorrectly excluded the revenues collected for city base fines (VC section 42007[c]) from its calculation of the TVS fee (VC section 42007).

The following table shows the audit adjustments to the qualified revenues:

	Fiscal Year				
	2015-16	2016-17	2017-18	2018-19	Total
Qualified revenues reported	\$ 811,129	\$ 592,148	\$ 680,864	\$ 691,454	\$ 2,775,595
Audit adjustment:					
PC § 1463.001 understatement	17,752	8,995	1,095	79	27,921
PC § 1463.001 understatement	2,109	(23)	(752)	(7)	1,327
PC § 1464 understatement	11,793	(343)	302	(127)	11,625
PC § 1464 understatement	704	701	472	418	2,295
VC § 42007 overstatement	(62,931)	(11,107)	(34,366)	(107,305)	(215,709)
GC § 76101 understatement	1,984	1,510	1,480	1,360	6,334
VC § 42007(c) understatement	-	1,192	2,894	3,154	7,240
VC § 42007.1 understatement	(13,470)	(1,908)	(16,587)	43,709	11,744
Total	(42,059)	(983)	(45,462)	(58,719)	(147,223)
Audited revenues	\$ 769,070	\$ 591,165	\$ 635,402	\$ 632,735	\$ 2,628,372

The incorrect qualified revenues resulted in the county overremitting the 50% excess of qualified revenues by \$66,885 for the audit period.

The following table summarizes the overremittance of 50% excess of qualified revenues by fiscal year:

Fiscal Year	Qualified Revenues	Revenue Base	Amount			
			Above the Base	50% Excess Due the State	Remitted	Overremitted ¹
2015-16	\$ 769,070	\$ 640,303	\$ 128,767	\$ 64,384	\$ 85,413	\$ (21,029)
2016-17	591,165	640,303	-	-	-	-
2017-18	635,402	640,303	-	-	20,281	(20,281)
2018-19	632,735	640,303	-	-	25,575	(25,575)
Total						\$ (66,885)

¹When remitted to the State Treasurer, this amount should be identified on the TC-31 as State Trial Court Improvement and Modernization Fund – GC §77205.

The 50% excess of qualified revenues was incorrectly calculated because the county misinterpreted the calculation guidelines.

GC section 77205 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 (FY) 1998-99, and each fiscal year thereafter, to the State Trial Court Improvement and Modernization Fund.

Recommendation

We recommend that the county:

- Offset subsequent remittances to the State Treasurer by \$66,885 and report on the TC-31 a decrease to the State Trial Court Improvement and Modernization Fund (GC section 77205); and
- Ensure that the proper accounts are included in the calculation of each line item on the 50-50 Excess Split Revenue Computation Form.

County's Response

The Auditor agrees that 50% Excess revenues were incorrectly calculated and that some fines were under-remitted while others were over-remitted. A number of things happened during the 5-year audit period, including various staff changes, software changes, and data destruction at the Court. Unfortunately, some of the incorrect distribution, combining of VC 42007 & VC 42007.1, and exclusion of GC 76101, went unnoticed & unquestioned at our office resulting in an overall understatement.

Auditor staff will continue to coordinate and collaborate with the Court and Probation to ensure accurate reporting going forward. We will make every effort to train staff to recognize and question long-term collections that no longer appear on the collection reports. In addition, we will make the necessary adjustments on our MOE 50% calculation template to report more accurately on a go-forward basis.

**FINDING 2—
Incorrect distribution
of revenues from
health and safety
violations – County
probation department**

During our distribution testing of probation department cases related to the Health and Safety Code, we found that the probation department did not correctly distribute revenues to the criminal laboratory analysis fee (HSC section 11372.5) and the drug program fee (HSC section 11372.7), resulting in a net underremittance of \$6,154 to the State.

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

We found that the probation department over-distributed revenues to the criminal laboratory analysis fee (HSC section 11372.5) and the drug program fee (HSC section 11372.7). The over-distribution led to underremittance of the state penalty (PC section 1464), the local penalty (GC section 76000), the state surcharge (PC section 1465.7), the DNA identification penalty (GC section 76104.6), the DNA additional penalty (GC section 76104.7), and the state court construction penalty (GC section 70372). The incorrect distributions resulted in underremittances and overremittances to multiple funds.

We discussed these errors with the probation department and performed a revenue analysis to determine the monetary effect on the various funds. We determined that the distribution errors resulted in a net

underremittance of \$6,154 to the State. Furthermore, the errors caused an understatement of \$2,295 for the state penalty line item (PC section 1464) used for the county's 50% excess of qualified revenues calculation.

The incorrect distributions had the following effect:

Account Title	Underremitted/ (Overremitted)
State General Fund – HSC § 11372.5	\$ (7,802)
State Penalty Fund – PC § 1464	5,352
DNA Identification Fund – GC § 76104.6	192
DNA Identification Fund – GC § 76104.7	3,059
State Court Facilities Construction Fund – GC § 70372(a)	3,823
State General Fund – PC § 1465.7	1,530
Total underremittance to State	<u>\$ 6,154</u>
County Drug Program Fund – HSC § 11372.7	\$ (14,378)
State Penalty Fund – PC § 1464	2,295
DNA Identification Fund – GC § 76104.6	576
Criminal Justice Facilities Construction Fund – GC § 76101	5,353
Total overremittance to County	<u>\$ (6,154)</u>

The error occurred because the probation department incorrectly configured its CMS.

The narrative to Table 4 of the SCO's *Distribution Guidelines* (revision 30, updated January 1, 2020) states:

Pursuant to *People v. Sierra*, 37 Cal. App. 4th 1690 (1995), and *People v. Sanchez*, 64 Cal. App. 4th 1329 (1998), as affirmed in *People v. Ruiz*, 4 Cal. 5th 1100 (2018), the “criminal laboratory analysis fee” (H&S [Health and Safety Code] 11372.5) and the “drug program fee” (H&S 11372.7) should be accounted for as fines. As such, they are subject to state penalties, local penalties, the 20% state surcharge, Proposition 69 penalty assessment, court facilities penalty assessment, and the 2% automation fee.

Recommendation

We recommend that the county remit \$6,154 to the State Treasurer and report on the TC-31:

- A \$7,802 decrease to State General Fund (HSC section 11372.5);
- A \$5,352 increase to the State Penalty Fund (PC section 1464);
- A \$192 increase to the DNA Identification Fund (GC section 76104.6);
- A \$3,059 increase to the DNA Identification Fund (GC section 76104.7);

- A \$3,823 increase to the State Court Facilities Construction Fund (GC section 70372[a]); and
- A \$1,530 increase to the State General Fund (PC section 1465.7)

We also recommend that the probation department:

- Review the 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
- Correct its CMS to ensure that revenues are distributed in accordance with statutory requirements.

Probation Department's Response

Probation agrees. The probation department is already auditing cases with health and safety violations and correcting the distribution of revenues collected and reported.

FINDING 3— Incorrect remittance of TC-31 – County and court

During our reconciliation of revenues, we found various discrepancies between the TC-31 remittances and the court's revenue collection reports, resulting in a net overremittance of \$47,851 to the State.

We reconciled the TC-31 remittances to the revenue collection reports provided by the court and found multiple variances. We discussed with county and court representatives, and found that the county had remitted estimated revenues for FY 2015-16 and FY 2016-17 because actual revenue information was unavailable due to a malicious incident that occurred with court's CMS.

In July 2015, the court discovered that pertinent data had been intentionally deleted from its CMS. As part of the court's data restoration process, staff members re-entered unrecoverable information, including payments and citations, into the CMS to recreate the court's record of actual revenues. The restoration process was completed in August 2016. During this period, the county continued to remit its monthly TC-31s using estimated revenues in order to prevent penalty and interest accrual. The incorrect remittances resulted in underremittances and overremittances to multiple funds.

We determined that the incorrect remittances resulted in a net overremittance of \$47,851 to the State.

The incorrect remittances had the following effect:

Account Title	Underremitted/ (Overremitted)
State General Fund — PC §1465.7	\$ 229
State General Fund — HSC §11372.5	254
State General Fund — PC §290.3	(256)
State General Fund — PC §1463.22(c)	454
State Transportation Fund — VC §11208	(1,785)
State Transportation Fund — PC §1463.22(b)	136
State Trial Court Improvement and Modernization Fund — GC §68090.8	1,995
State Fish and Game Preservation Fund — FGC §13003	300
State Restitution Fund — PC §1202.4	3,052
State Restitution Fund — PC §1463.18	(846)
State Penalty Fund — PC §1464	12,545
State Penalty Fund — VC §40611	(1,709)
State Penalty Fund — PC §1464 ¹	606
State Trial Court Trust Fund — PC §1465.8	(19,006)
State Court Facilities Construction Fund — GC §70372(a)	(6,124)
State Court Facilities Construction Fund — VC §40611	(9,848)
State Court Facilities Construction Fund — VC §42007.1	(14,791)
State Court Facilities Construction Fund — GC §70373 ²	20,409
State Court Facilities Construction Fund — GC §70373 ³	(35,402)
DNA Identification Fund — GC §76104.6	449
DNA Identification Fund — GC §76104.7	2,344
Emergency Medical Air Transportation and Children’s Coverage Fund — GC §76000.10	(857)
Total	\$ (47,851)
 County Fund	 \$ 47,851

¹ State Penalty Fund – PC 1464 – Assessment on fish and game violations

² State Court Facilities Construction Fund – GC 70373 – Assessment on misdemeanor and felony convictions

³ State Court Facilities Construction Fund – GC 70373 – Assessment on infraction convictions

The discrepancies between the actual revenues and remitted revenues occurred because the county remitted estimated revenues via TC-31 while the court was restoring the lost data.

GC section 68101 requires that the court 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 the 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.

Recommendation

We recommend that the county ensure that the State’s portion of court revenues is properly remitted to the State Treasurer Office via TC-31.

We also recommend that the court:

- Maintain backups of its CMS to ensure that it can promptly supply actual revenue information to the county; and
- Periodically review CMS revenue distribution reports to detect any questionable access.

Court's Response

The Court agrees. Due to a deletion of Court data during the audit period, the Court and County agreed to remit TV-31 using estimated revenues until the date could be reentered, balanced, and then perform a true up of those remittances. The Court has already implemented a new backup system and is able to detect any questionable access.

FINDING 4— Incorrect allocation of TVS fee (VC section 42007) and additional TVS fee (VC section 42007.1) – Court

During our review of revenue collection reports, we found that the court did not correctly allocate the TVS fee (VC section 42007) and the county's portion of the additional TVS fee (VC section 42007.1). The incorrect allocations led to an overstatement of \$215,709 in qualified revenues for the TVS fee line item (VC section 42007) and an understatement of \$11,744 in qualified revenues for the additional TVS fee line item (VC section 42007.1), as discussed in Finding 1.

For FY 2016-17, the court added revenues for the county's portion of the additional TVS fee (VC section 42007.1) to the TVS fee (VC section 42007) for the months of August and September. For FY 2017-18, the court added revenues for the TVS fee (VC section 42007) to the county's portion of the additional TVS fee (VC section 42007.1) for the months of September to November and February to June. For FY 2018-19, the court added revenues for the TVS fee (VC section 42007) to the county's portion of the additional TVS fee (VC section 42007.1) for all months. As a result, the qualified revenues for the TVS fee and additional TVS fee line items were incorrect.

We discussed with court representatives, and performed redistribution of revenues for the TVS fee (VC section 42007) and the additional TVS fee (VC section 42007.1). We found that the errors contributed a material effect on the revenues remitted to the State, as discussed in Finding 1.

The errors occurred because court staff members incorrectly combined revenues for the TVS fee (VC section 42007) and the additional TVS fee (VC section 42007.1) when preparing revenue distribution reports for the county.

Table 6, GC 77205 – Excess of Qualified Revenues Amount, of the SCO's *Distribution Guidelines* states that the calculation formula for VC section 42007 is 77% of amount deposited into the county general fund, and for VC section 42007.1 is 49% of the additional TVS fee.

Recommendation

We recommend that the court:

- Ensure that revenues for the TVS fee line item (VC section 42007) and the additional TVS fee line item (VC section 42007.1) are identified separately; and
- Review distribution reports for accuracy and completeness before remittance to the county's Auditor-Controller.

Court's Response

The Court agrees and has since corrected the previously combined revenues for TVS fee (VC section 42007) and an additional TVS fee (VC section 42007.1) by separately identifying them on the TC-145 workbook. The Court will also review distributions for accuracy and completeness before remittance to the County Auditor-Controller.

**FINDING 5—
Incorrect distribution
of revenues from
domestic violence
violations – Court**

During our testing of court cases related to domestic violence violations, we found that the court did not properly distribute revenues from domestic violence violations.

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

We found that the court incorrectly distributed revenues to the domestic violence fee (PC section 1203.097[a][5]) for FY 2015-16 to FY 2017-18. As a result, the Domestic Violence Restraining Order Reimbursement Fund (PC section 1203.097[a][5]) and the Domestic Violence Training and Education Fund (PC section 1203.097[a][5]) were overremitted. The court also incorrectly distributed revenues to the court operations assessment (PC section 1465.8), the criminal conviction assessment (GC section 70373), and the adult restitution fine (PC section 1202.4[b]) for FY 2018-19. As a result, the State Trial Court Trust Fund (PC section 1465.8), the State Court Facilities Construction Fund (GC section 70373), and the State Restitution Fund (PC section 1202.4) were overremitted.

We discussed with court representatives, and performed an analysis of the revenues related to domestic violence to determine the fiscal effect of these distribution errors. We found that the errors did not have a material effect on the revenues remitted to the State.

The court indicated that these errors occurred because the clerk did not properly select the fee schedules. However, these errors were discovered and corrected in July 2019.

Table 5, PC 1202.4(b) – Adult Restitution Required Fine, of the SCO's *Distribution Guidelines* requires that the fine shall not be less than \$300 and not more than \$10,000 if the person is convicted of a felony. The fine

shall not be less than \$150 and not more than \$1,000 if the person is convicted of a misdemeanor.

Table 6, GC 70373 – Criminal Conviction Assessment, of the SCO’s *Distribution Guidelines* requires a \$30 assessment for each felony or misdemeanor conviction and a \$35 assessment for each infraction conviction for a criminal offense, including traffic offenses, except parking offenses pursuant to VC sections 40200 through 40230. Conviction includes dismissal contingent on traffic school completion.

Table 7, PC 1203.097(a)(5) – Domestic Violence Fee, of the SCO’s *Distribution Guidelines* requires a \$500 minimum fee as a condition of probation on domestic violence cases, and requires the court to provide a statement of reason on the record if it exercises discretion to reduce or waive the fee.

Table 7, PC 1465.8 – Court Operations Assessment, of the SCO’s *Distribution Guidelines* requires that a \$40 court assessment be imposed on every conviction for a criminal offense including traffic offenses, except for parking offenses as defined in PC section 1463.

Recommendation

We recommend that the court:

- Ensure that court staff members select the appropriate fee schedules for applying the adult restitution fine (PC section 1202.4[b]), the criminal conviction assessment (GC section 70373), the domestic violence fee (PC section 1203.097[a][5]), and the court operations assessment (PC section 1465.8);
- 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 CMS to ensure that revenues are distributed in accordance with statutory requirements.

Court’s Response

The Court agrees. The errors were discovered in the July 2019 and the Court corrected the cause of the errors at that time. Staff trainings will continue to be provided on the selection of the appropriate fee schedules to prevent any further errors. The Court will also review distributions for accuracy and completeness before remittance to the County’s Auditor-Controller by using the JCC’s distribution worksheets as well as monitoring CMS to ensure that revenues are distributed in accordance with statutory requirements.

**FINDING 6—
Incorrect distribution
of revenues from
health and safety
violations – Court**

During our testing of court cases related to the Health and Safety Code, we found that the court incorrectly distributed revenues for health and safety violations.

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

We found that the court did not consistently distribute the drug program fee (HSC section 11372.7) for required violations. The drug program fee (HSC section 11372.7) is subject to the state penalty (PC section 1464), the local penalty (GC section 76000), the state surcharge (PC section 1465.7), the DNA identification penalty (GC section 76104.6), the DNA additional penalty (GC section 76104.7), the state court construction penalty (GC section 70372), and distributions to the 2% state automation fee (GC section 68090.8). As a result, these penalties and fee were understated.

We performed an analysis of the Health and Safety Code-related revenues to determine the fiscal effect of the error and found that the error did not contribute to a material effect on the revenues remitted to the State.

The court indicated that these errors occurred because the clerk did not properly select the fee schedules. However, these errors were discovered and corrected in August 2019.

The narrative to Table 4 of the SCO's *Distribution Guidelines* states:

Pursuant to *People v. Sierra*, 37 Cal. App. 4th 1690 (1995), and *People v. Sanchez*, 64 Cal. App. 4th 1329 (1998), as affirmed in *People v. Ruiz*, 4 Cal. 5th 1100 (2018), the “criminal laboratory analysis fee” (H&S [Health and Safety Code] 11372.5) and the “drug program fee” (H&S 11372.7) should be accounted for as fines. As such, they are subject to state penalties, local penalties, the 20% state surcharge, Proposition 69 penalty assessment, court facilities penalty assessment, and the 2% automation fee.

Recommendation

We recommend that the court:

- Ensure that court’s staff members select the appropriate fee schedules for applying the drug program fee (HSC section 11372.7) to the required violations;
- 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 CMS to ensure that revenues are distributed in accordance with statutory requirements.

Court's Response

The Court agrees. The errors were discovered in August 2019 and the Court corrected the cause of the errors at that time. Staff trainings will continue to be provided on the selection of the appropriate fee schedules to prevent any further errors. The Court will also review distributions for accuracy and completeness before remittance to the County's Auditor-Controller by using the JCC's distribution worksheets as well as monitoring CMS to ensure that revenues are distributed in accordance with statutory requirements.

Appendix— Summary of Prior Audit Findings

The following table shows the implementation status of Tehama County’s corrective actions related to the findings contained in the county’s prior audit report dated June 1, 2012:

Prior Audit Finding Number	Prior Audit Finding Title	Implementation Status
1	Underremitted excess of qualified fines, fees, and penalties	Partially implemented – see current Finding 1
2	Underremitted state penalties – Probation	Fully implemented
3	Inappropriate distribution of DNA and EMAT penalties – Probation	Fully implemented
4	Overremitted state surcharges, DNA penalties, and state court construction penalties	N/A ¹

¹ The court did not collect any bail bond forfeitures for the audit period.

**Attachment A—
County’s Response to Draft Audit Report**

LEROY M. ANDERSON
Auditor-Controller



KRISTA K. PETERSON
Assistant Auditor-Controller

TEHAMA COUNTY AUDITOR-CONTROLLER

March 14, 2022

Lisa Kurokawa, Chief
Compliance Audits Bureau
State Controller's Office, Division of Audits
PO Box 942850
Sacramento, CA 94250

RE: Court revenue audit for the period of July 1, 2015, through June 30, 2019

Transmitted via email to lkurokawa@sco.ca.gov & khowell@sco.ca.gov

Dear Ms. Kurokawa,

The Auditor's office has reviewed the audit findings and agrees with them as presented. Although some of the other audit findings contributed to the over-remittance/under-remittance of MOE calculations, we offer the following responses to finding #1:

Finding 1 – Over-remitted 50% excess of qualified revenues

Response – The Auditor agrees that 50% Excess revenues were incorrectly calculated and that some fines were under-remitted while others were over-remitted. A number of things happened during the 5-year audit period, including various staff changes, software changes, and data destruction at the Court. Unfortunately, some of the incorrect distribution, combining of VC42007 & VC42007.1, and exclusion of GC76101, went unnoticed & unquestioned at our office resulting in an overall understatement.

Auditor staff will continue to coordinate and collaborate with the Court and Probation to ensure accurate reporting going forward. We will make every effort to train staff to recognize and question long-term collections that no longer appear on the collection reports. In addition, we will make the necessary adjustments on our MOE 50% calculation template to report more accurately on a go-forward basis.

Sincerely,

LeRoy M. Anderson
Auditor-Controller

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

Kevin Harrigan
Court Executive Officer
Clerk of the Court
Jury Commissioner

**SUPERIOR COURT OF CALIFORNIA
COUNTY OF TEHAMA**

Tehama Courthouse
1740 Walnut Street
Red Bluff, CA 96080
Fax (530) 527-9893



March 10, 2022

Lisa Kurokawa, Chief
Compliance Audits Bureau
State Controller's Office, Division of Audits
PO Box 942850
Sacramento, CA 94250

Transmitted via email to: lkurokawa@sco.ca.gov

Re: Court revenue audit for the period of July 1, 2015, through June 30, 2019.

Dear Ms. Kurokawa,

The Superior Court of California, County of Tehama (Court) appreciates the opportunity to respond to the draft audit report prepared by the State Controller's Office (SCO). The Court has reviewed the Preliminary Final Report and offers the following responses to those findings and recommendations directed to the Court.

Finding 3- Incorrect remittance of TC-31 – County and Court

Response- The Court agrees. Due to a deletion of Court data during the audit period, the Court and County agreed to remit TC-31 using estimated revenues until the data could be reentered, balanced, to then perform a true up of those remittances. The Court has already implemented a new backup system and is able to detect any questionable access.

Finding 4- Incorrect allocation of TVS fee (VC section 42007) and additional TVS fee (VC Section 42007.1) – Court

Response- The Court agrees and has since corrected the previously combined revenues for TVS fee (VC section 42007) an additional TVS fee (VC section 42007.1) by separately identifying them on the TC-145 workbook. The Court will also review distributions for accuracy and completeness before remittance to the County Auditor-Controller.

Finding 5- Incorrect distribution of revenues from domestic violence violations – Court

Response- The Court agrees. The errors were discovered in July 2019 and the Court corrected the cause of the errors at that time. Staff trainings will continue to be provided on the selection of the appropriate fee schedules to prevent any further errors. The Court will also review distributions for accuracy and completeness before remittance to the County's Auditor-Controller by using the JCC's distribution worksheets as well as monitoring CMS to ensure that revenues are distributed in accordance with statutory requirements.

Finding 6- Incorrect distribution of revenues from health and safety violations - Court

Response- The Court agrees. The errors were discovered in August 2019 and the Court corrected the cause of the errors at that time. Staff trainings will continue to be provided on the selection of the appropriate fee schedules to prevent any further errors. The Court will also review distributions for accuracy and completeness before remittance to the County's Auditor-Controller by using the JCC's distribution worksheets as well as monitoring CMS to ensure that revenues are distributed in accordance with statutory requirements.

In closing, it was a pleasure to work with your staff that conducted the audit and we look forward to receiving the final audit report.

Sincerely,



Kevin Harrigan
Court Executive Officer
Superior Court of California, County of Tehama

cc: Hon. Matthew C. McGlynn, Presiding Judge, Superior Court of California, County of Tehama

**Attachment C—
Probation Department's Response to Draft Audit Report**



TEHAMA COUNTY PROBATION DEPARTMENT

Mailing Address: P.O. Box 99, Red Bluff, CA 96080-0099

Adult Probation Office: 1840 Walnut Street, Red Bluff, CA 96080 (530) 527-4052 -- FAX: 527-1579

Juvenile Justice Center: 1790 Walnut Street, Red Bluff, CA 96080 (530) 527-5380 -- FAX: 527-2717

Chief Probation Officer, Richard A. Muench

Superior Court Judges: Honorable Laura S. Woods - Honorable C. Todd Botke - Honorable Matthew C. McGlynn - Honorable Jonathan Skillman

March 14, 2022

Lisa Kurokawa, Chief
Compliance Audit Bureau
State Controller's Office, Division of Audits
PO Box 942850
Sacramento, CA 94250

Transmitted via email to: lkurokawa@sco.ca.gov

Re: Court Revenue audit for the period of July 1, 2015, through June 30, 2019

Dear Ms. Kurokawa,

The Tehama County Probation Department appreciates the opportunity to respond to the draft audit report prepared by the State Controller's Office (SCO). The Probation Department has reviewed the Preliminary Final Report and has agreed with the findings. We are in the process of correcting the findings that relate to the Probation Department.

Finding 2 – Incorrect distribution of revenue from health and safety violations – County probation department.

Response – Probation agrees. The probation department is already auditing cases with health and safety violations and correcting the distribution of revenues collected and reported.

The probation department appreciates the assistance of the SCO staff during this process. It was a pleasure working with Ms. Ratikorn Chando, we look forward to receiving the final audit report.

Sincerely,

Richard Muench
Chief Probation Officer
Tehama County Probation Department

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

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