

# **SUTTER COUNTY**

Audit Report

## **COURT REVENUES**

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



**MALIA M. COHEN**  
California State Controller

May 2024



MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

May 24, 2024

**CERTIFIED MAIL—RETURN RECEIPT REQUESTED**

The Honorable Nathan Black,  
Auditor-Controller  
Sutter County  
1160 Civic Center Boulevard, Suite D  
Yuba City, CA 95993

Stephanie M. Hansel,  
Court Executive Officer  
Superior Court of California, Sutter County  
1175 Civic Center Boulevard  
Yuba City, CA 95993

Dear Mr. Black and Ms. Hansel:

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

Our audit found that Sutter County overremitted \$73,244 in state court revenues because it overremitted the State Trial Court Improvement and Modernization Fund (Government Code section 77205) by \$73,244.

We also found that the Superior Court of California, Sutter County made incorrect distributions related to red-light violations, health and safety violations, and the prioritization of installment payments.

The county should reduce subsequent remittances to the State Treasurer by \$73,244.

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 A. Tarvin, CPA  
Chief, Division of Audits

KAT/ac

Mr. Nathan Black  
Ms. Stephanie M. Hansel  
May 24, 2024  
Page 2 of 2

Copy: The Honorable Karm Bains, Chair  
Sutter County Board of Supervisors  
Matt Espenshade, 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  
Sandeep Singh, Manager  
Local Government Policy Unit  
State Controller's Office  
Jennifer Montecinos, Manager  
Tax Administration Section  
State Controller's Office

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# Audit Report

## Summary

The State Controller's Office (SCO) performed an audit to determine the propriety of court revenues remitted to the State of California by Sutter County (the 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 \$73,244 in state court revenues to the State Treasurer. We also found that the Superior Court of California, Sutter County (the court) made incorrect distributions related to red-light violations, health and safety violations, and the prioritization 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 the 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 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 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 the court.
- We assessed the reliability of data from the case management systems 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 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% of qualified revenues remitted to the State.

### **Distribution Testing**

- We assessed the priority of installment payments by haphazardly selecting a non-statistical sample of four installment payments to verify priority. Errors found were not projected to the intended (total) population.
- 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. No errors were identified.
- We performed a risk evaluation of the county and the 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 43 cases for 11 violation types.

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. 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 the county.

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

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.

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 an instance of noncompliance with the requirements described in our audit objective. Specifically, we found that \$73,244 in state court revenues was overremitted to the State Treasurer because the county overremitted the State Trial Court Improvement and Modernization Fund (GC section 77205) by \$73,244.

This instance of noncompliance is quantified in the Schedule and described in the Findings and Recommendations section.

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

The county should reduce subsequent remittances to the State Treasurer by \$73,244.

## **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, 2010, through June 30, 2016, issued January 2, 2019.

## **Views of Responsible Officials**

We issued a draft report on March 29, 2024. The county's representative responded by letter dated April 8, 2024, agreeing with the audit results.

The court's representative responded by letter dated April 8, 2024, agreeing with the audit results. This final audit report includes the county and the court's responses as Attachments A and B.

**Restricted Use**

This audit report is solely for the information and use of the county; the court; 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](http://www.sco.ca.gov).

*Original signed by*

Kimberly A. Tarvin, CPA  
Chief, Division of Audits

May 24, 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		
Incorrect calculation of 50% excess of qualified revenues State Trial Court Improvement and Modernization Fund – GC §77205	\$ (24,148)	\$ (24,753)	\$ (16,370)	\$ (7,973)	\$ (73,244)	Finding 1
Total amount overremitted to the State Treasurer	<u>\$ (24,148)</u>	<u>\$ (24,753)</u>	<u>\$ (16,370)</u>	<u>\$ (7,973)</u>	<u>\$ (73,244)</u>	

<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— Incorrect calculation of 50% excess of qualified revenues**

During our recalculation of the 50% excess of qualified revenues, we found that the county used an incorrect revenue amount in its calculation for each fiscal year. As a result of these errors, the county overremitted the 50% excess of qualified revenues by \$73,244 for the audit period. The 50% excess of qualified revenues was incorrectly calculated 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 the county.

We noted that qualified revenues in the calculations did not reconcile to the county collection reports due to calculation errors related to State Penalty Assessments (Penal Code [PC] section 1464) and the traffic violator school (TVS) fee (Vehicle Code [VC] section 42007). Furthermore, we noted that the county had incorrectly excluded revenues collected for the Criminal Justice Facilities Construction Fund (GC section 76101), Emergency Medical Services Fund (GC section 76104), and city base fines (VC section 42007[c]) from its calculation of the TVS fee (VC section 42007) during the audit period.

We recalculated the county's qualified revenues based on actual court revenues collected for each fiscal year. After our recalculation, we found that the county had overstated qualified revenues by \$158,917 for the audit period.

Qualified revenues were overstated for the following reasons:

- The county overstated qualified revenues by \$5,442 for the audit period because it miscalculated the qualified revenues for the PC section 1464 State Penalty Assessments for each fiscal year of the audit period.
- The county overstated qualified revenues by \$326,159 for the audit period because it incorrectly included 100% of the revenues collected for the TVS fee (VC section 42007), rather than the required 77% of the qualified revenues.
- The county understated qualified revenues by \$7,521 for the audit period because it incorrectly excluded the revenues collected for the Criminal Justice Facilities Construction Fund (GC section 76101).
- The county understated qualified revenues by \$80,661 for the audit period because it incorrectly excluded the revenues collected for the Emergency Medical Services Fund (GC section 76104).
- The county understated qualified revenues by \$84,502 for the audit period 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).

We recalculated the county's qualified revenues based on actual court revenues collected for each fiscal year. Upon completion of the recalculation, we determined that the county overstated the 50% excess of qualified revenues by \$158,917 for the audit period. The overstated qualified revenues resulted in the county overremitting the excess of qualified revenues to the State by a total of \$73,244 for the audit period.

The following table shows the audit adjustments to qualified revenues:

	Fiscal Year				Total
	2018-19	2019-20	2020-21	2021-22	
Qualified revenues reported	\$ 849,591	\$ 803,256	\$ 741,890	\$ 694,626	\$ 3,089,363
Auditor adjustments:					
PC § 1464 overstatements	(854)	(527)	(1,593)	(2,468)	(5,442)
VC § 42007 overstatements	(47,442)	(48,978)	(31,148)	(25,907)	(153,475)
Total	(48,296)	(49,505)	(32,741)	(28,375)	(158,917)
Adjusted qualified revenues	\$ 801,295	\$ 753,751	\$ 709,149	\$ 666,251	\$ 2,930,446

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 overremittances to the State Treasurer.

Fiscal Year	Qualified Revenues	Base Amount	Excess Amount Above the Base	50% Excess Amount Due the State	County Remittance to the State Treasurer	County Overremittance to the State Treasurer <sup>1</sup>
2018-19	\$ 801,295	\$ (678,681)	\$ 122,614	\$ 61,307	\$ (85,455)	\$ (24,148)
2019-20	753,751	(678,681)	75,070	37,535	(62,288)	(24,753)
2020-21	709,149	(678,681)	30,468	15,234	(31,604)	(16,370)
2021-22	666,251	(678,681)	(12,430)	-	(7,973)	(7,973)
Total						\$ (73,244)

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

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:

- Offset subsequent remittances to the State Treasurer by \$73,244 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 calculation of each line item on the 50-50 Excess Split Revenue Computation form.

County's Response

We concur with the finding for the County of Sutter and will implement the recommendations. For Finding 1, we will offset [FY 2023-24] 50% excess of qualified revenue remittances to the State Treasurer by \$73,244. We have reviewed and updated our procedures to ensure [that] the proper accounts are included in the calculation of each line item on the 50-50 Excess Split Revenue Computation Form. We will continue to collaborate with the Court to ensure [that] all distribution changes are communicated and updated accordingly.

**FINDING 2—  
Incorrect distribution  
of revenues from red-  
light violations**

During our testing of red-light violation cases, we found that the court did not properly collect and distribute revenues from these cases. 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.

We tested four red-light violation cases, and found that the court did not distribute revenues for the 2% state automation fee (GC section 68090.8) from the 30% red light allocation (PC section 1463.11) in one of the cases. According to the court, the issue is case-specific and is not present in any other red-light violation cases. We analyzed these revenues to determine the fiscal effect of this distribution error, and found that the error did not have a material impact on the revenues remitted to the State.

GC section 68090.8(b) requires the county treasurer, prior to making any other required distribution, to transmit 2% of all fines, penalties, and forfeitures collected in criminal cases to the State Trial Court Improvement and Modernization Fund to be used exclusively to pay the costs of automated systems for the trial courts.

Recommendation

We recommend that the court:

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

Court's Response

The Court agrees with the audit finding and recommendations. As the audit report states, this was an isolated issue pertaining to one case. The Court will continue to monitor and verify fine and fee distribution to ensure accuracy and compliance with statutory requirements.

**FINDING 3—  
Failure to impose the  
criminal laboratory  
analysis fee for health  
and safety violations**

During our testing of health and safety violation cases, we found that the court did not consistently impose the criminal laboratory analysis fee (Health and Safety Code [HSC] section 11372.5). 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.

We tested four health and safety violation cases, and found that the court did not consistently impose the criminal laboratory analysis fee (HSC section 11372.5) in all four cases.

The criminal laboratory analysis fee (HSC section 11372.5) is subject to the state penalty (PC section 1464), local penalties (GC section 76000), DNA penalties (GC sections 76104.6 and 76104.7), the state court construction penalty (GC section 70372[a]), the state surcharge (PC section 1465.7), and the 2% deposit for state automation (GC section 68090.8). Therefore, when the criminal laboratory analysis fee (HSC section 11372.5) was not imposed, the penalties, the surcharge, and the fee were understated. However, we did not measure the effect of the error because these errors cannot be reversed, as the court cannot retroactively collect base fine enhancements from defendants or recalculate the base-fine enhancements.

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.

Recommendation

We recommend that the court:

- Impose the criminal laboratory analysis fee (HSC section 11372.5) according to statutory requirements; and
- Periodically verify the accuracy of its distributions using the JCC's distribution worksheets.

Court's Response

The Court agrees with the audit finding and recommendations. However, it is entirely within a judge's purview to determine the amounts of fines and fees ordered as well as which fines and fees to order. Court administration can only inform judges of mandated fines and fees.

**FINDING 4—  
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 county 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 four cases and found that the court did not properly distribute two of the four cases according to PC section 1203.1d, subparagraph (b). We found that the court incorrectly made distributions to priority-four revenues prior to fully distributing revenues to all priority-three revenues. For one case, we found that the court did not distribute the installment payments to the priority-three automated county warrant fund (PC section 853.7) before priority-four revenues. In a separate case, we found that the court incorrectly made proportionate distributions to the priority-four administrative assessment (VC section 40508.6) revenues prior to distributing the full fine amounts to priority-three revenues.

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 that installment payments be disbursed 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 agrees with the finding and recommendation. Once it became aware of the error, the Court took immediate action to correct the priority distribution errors in the case management system.

## Appendix— Summary Schedule of Prior Audit Findings

The following table shows the implementation status of Sutter County's corrective actions related to the findings contained in our prior audit report dated January 2, 2019.

Prior Audit Finding No.	Finding Title	Implementation Status
1	Underremitted the 50% excess of qualified fines, fees, and penalties.	Fully implemented.
2	Underremitted parking surcharges from Yuba Community College District.	Fully implemented.
3	Underremitted parking surcharges from the City of Yuba City.	Fully implemented.
4	Incorrect distribution of parking surcharges from the City of Live Oak.	Fully implemented.
5	Underremitted State Court Facilities Construction Funds from Sutter County.	Fully implemented.
6	Incorrect distribution of base fines by Sutter County Superior Court.	Fully implemented.

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

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# COUNTY OF SUTTER



NATHAN M. BLACK, CPA

AUDITOR-CONTROLLER

April 8, 2024

Ms. Malia M. Cohen  
California State Controller  
300 Capitol Mall, Suite 1850  
Sacramento, Ca. 95814

Dear Ms. Cohen,

The County of Sutter welcomes the opportunity to respond to the California State Controller's (SCO) draft report, titled "Sutter County Audit Report, Court Revenues, July 1, 2018 through June 30, 2022".

We concur with the finding for the County of Sutter and will implement the recommendations. For Finding 1, we will offset FY23-24 50% excess of qualified revenue remittances to the State Treasurer by \$73,244. We have reviewed and updated our procedures to ensure the proper accounts are included in the calculation of each line item on the 50-50 Excess Split Revenue Computation Form. We will continue to collaborate with the Court to ensure all distribution changes are communicated and updated accordingly.

Please do not hesitate to contact me if you have questions.

Sincerely,

Nathan M. Black, CPA  
Auditor-Controller

**Attachment B—  
Court's Response to Draft Audit Report**

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## **SUPERIOR COURT OF CALIFORNIA COUNTY OF SUTTER**

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1175 Civic Center Blvd., Yuba City, CA 95993  
(530) 822-3301 FAX: (530) 822-3501

STEPHANIE M. HANSEL  
COURT EXECUTIVE OFFICER

April 8, 2024

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

Ms. Kurokawa,

Sutter Superior Court is in receipt of your draft audit report dated March 29, 2024. The following are the Court's responses to the audit findings that only relate to the Court.

### **FINDING 2 – Incorrect distribution of revenues from red-light violations**

During our testing of red-light violation cases, we found that the court did not properly collect and distribute revenues from these cases. 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.

We tested four red-light violation cases and found that the court did not distribute revenues for the 2% state automation fee (GC section 68090.8) from the 30% red light allocation (PC section 1463.11) in one of the cases. According to the court, the issue is case-specific and is not present in any other red-light violation cases. We analyzed these revenues to determine the fiscal effect of this distribution error and found that the error did not have a material impact on the revenues remitted to the State.

GC section 68090.8(b) requires the county treasurer, prior to making any other required distribution, to transmit 2% of all fines, penalties, and forfeitures collected in criminal cases to the State Trial Court Improvement and Modernization Fund to be used exclusively to pay the costs of automated systems for the trial courts.

### Recommendation

We recommend that the court:

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

**Court Response:**

The Court agrees with the audit finding and recommendations. As the audit report states, this was an isolated issue pertaining to one case. The Court will continue to monitor and verify fine and fee distribution to ensure accuracy and compliance with statutory requirements.

**FINDING 3 – Failure to impose the criminal laboratory analysis fee for health and safety violations**

During our testing of health and safety violation cases, we found that the court did not consistently impose the criminal laboratory analysis fee (Health and Safety Code [HSC] section 11372.5). 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.

We tested four health and safety violation cases and found that the court did not consistently impose the criminal laboratory analysis fee (HSC section 11372.5) in all four cases.

The criminal laboratory analysis fee (HSC section 11372.5) is subject to the state penalty (PC section 1464), local penalties (GC section 76000), DNA penalties (GC sections 76104.6 and 76104.7), the state court construction penalty (GC section 70372[a]), the state surcharge (PC section 1465.7), and the 2% deposit for state automation (GC section 68090.8). Therefore, when the criminal laboratory analysis fee (HSC section 11372.5) was not imposed, the penalties, the surcharge, and the fee were understated. However, we did not measure the effect of the error because these errors cannot be reversed, as the court cannot retroactively collect base fine enhancements from defendants or recalculate the base-fine enhancements.

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.

Recommendation

We recommend that the court:

- Impose the criminal laboratory analysis fee (HSC section 11372.5) according to statutory requirements; and
- Periodically verify the accuracy of its distributions using the JCC's distribution worksheets.

**Court Response:**

The Court agrees with the audit finding and recommendations. However, it is entirely within a judge's purview to determine the amounts of fines and fees ordered as well as which fines and fees to order. Court administration can only inform judges of mandated fines and fees.

**FINDING 4 – 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 county 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 four cases and found that the court did not properly distribute two of the four cases according to PC section 1203.1d, subparagraph (b). We found that the court incorrectly made distributions to priority-four revenues prior to fully distributing revenues to all priority-three revenues. For one case, we found that the court did not distribute the installment payments to the priority-three automated county warrant fund (PC section 853.7) before priority-four revenues. In a separate case, we found that the court incorrectly made proportionate distributions to the priority-four administrative assessment (VC section 40508.6) revenues prior to distributing the full fine amounts to priority-three revenues.

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 that installment payments be disbursed 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.

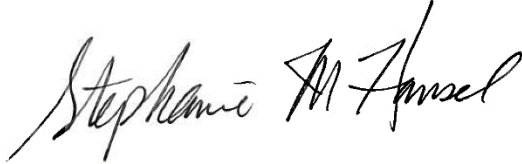
Recommendation

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 response:**

The Court agrees with the finding and recommendation. Once it became aware of the error, the Court took immediate action to correct the priority distribution errors in the case management system.

Sincerely,

A handwritten signature in black ink that reads "Stephanie M. Hansel". The signature is written in a cursive style with a large, stylized initial 'S'.

Stephanie M. Hansel  
Court Executive Officer

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

**[www.sco.ca.gov](http://www.sco.ca.gov)**