

TRINITY COUNTY

Audit Report

COURT REVENUES

July 1, 2016, through June 30, 2020



BETTY T. YEE
California State Controller

December 2022



BETTY T. YEE
California State Controller

December 27, 2022

The Honorable Angela Bickle,
Auditor-Controller
Trinity County
P.O. Box 1230
Weaverville, CA 96093

Staci Holliday, Court Executive Officer
Superior Court of California, Trinity County
P.O. Box 1258
Weaverville, CA 96093

Dear Ms. Bickle and Ms. Holliday:

The State Controller's Office audited Trinity County's court revenues for the period of July 1, 2016, through June 30, 2020.

Our audit found that Trinity County's remittances to the State Treasurer were substantially correct. However, we found that the county and court made errors related to the 50% excess of qualified revenues, DUI violations, speeding violations with traffic violator school, fish and game violations, and the priority of installment payments.

The findings identified in this audit report do not have a significant effect on the county's remittances.

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/ac

The Honorable Angela Bickle,
Auditor-Controller
Staci Holliday, Court Executive Officer

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December 27, 2022

cc: The Honorable Dan Frasier, Chair
Trinity County Board of Supervisors
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
Sandeep Singh, Manager
Local Government Policy Unit
State Controller's Office
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Audit Report

Summary

The State Controller's Office (SCO) audited the propriety of court revenues remitted to the State of California by Trinity County on the Report to State Controller of Remittance to State Treasurer (TC-31) for the period of July 1, 2016, through June 30, 2020.

Our audit found that the county's remittances to the State Treasurer were substantially correct. However, we found that the county and the court made errors related to the 50% excess of qualified revenues, DUI violations, speeding violations with traffic violator school (TVS), fish and game violations, and the priority of installment payments.

The findings identified in this audit report do not have a significant effect on the county's remittances.

Background

State statutes govern the distribution of court revenues, which include fines, penalties, assessments, fees, restitutions, bail forfeitures, and parking surcharges. Whenever the State is entitled to 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 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, 2016, through June 30, 2020.

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 the maintenance-of-effort 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.

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 maintenance-of-effort 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 four 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 31 cases for eight violation types. 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.

We did not identify any errors that had a significant effect on the county's remittances.

We did not audit the county or the court's financial statements. 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 that Trinity County's remittances to the State Treasurer were substantially correct. However, we found that the county and the court made errors related to the 50% excess of qualified revenues, DUI violations, speeding violations with TVS, fish and game violations, and 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 the findings noted in our prior audit report, for the period of July 1, 2008, through June 30, 2015, issued November 7, 2016.

Views of Responsible Officials

We issued a draft report on November 10, 2022. County and court representatives responded by letter dated November 14, 2022 agreeing with the audit results. The county and court's response letter is included as an attachment to this audit report.

Restricted Use

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

December 27, 2022

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 qualified revenue amount in its calculation for each fiscal year. However, these errors did not result in underremittances to the State Treasurer, as the qualified revenues were below the base amount for each fiscal year. The qualified revenues were incorrectly calculated because the county misinterpreted the required calculations.

For the audit period, the county provided support for its calculation 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 administrative processing fees (Penal Code [PC] section 1463.07) and TVS fee (Vehicle Code [VC] section 42007).

Furthermore, we noted that the county incorrectly excluded revenues collected for the Emergency Medical Services Fund (GC section 76104) and from county traffic school assessments (VC section 42007) 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. We found that the county had understated qualified revenues by \$29,558 for the audit period.

Qualified revenues were understated for the following reasons:

- The county miscalculated the qualified revenues from the administrative citation processing fee (PC section 1463.07) by \$23,467 because it overstated the revenues collected in fiscal year (FY) 2017-18 by \$23,467.
- The county incorrectly excluded revenues collected from the county traffic school assessments (VC section 42007) and included 100% of revenues from the traffic school – penalty assessments instead of the required 77%, resulting in an understatement of \$42,522.
- The county incorrectly excluded revenues collected for the Emergency Medical Services Fund penalty (GC section 76104) revenues from TVS cases, resulting in an understatement of \$10,503.

The following table shows the audit adjustments to qualified revenues:

50% Excess of Qualified Revenues	Fiscal Year				Total
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	
Qualified revenues reported by county	\$ 80,862	\$ 110,413	\$ 113,850	\$ 85,099	\$ 390,224
Auditor adjustments:					
PC 1463.07 calculation errors	-	(23,467)	-	-	(23,467)
VC 42007 understatement	7,705	9,448	14,773	10,596	42,522
GC 76104 understatement	1,802	2,333	3,673	2,695	10,503
Total adjustments	9,507	(11,686)	18,446	13,291	29,558
Adjusted qualified revenues	\$ 90,369	\$ 98,727	\$ 132,296	\$ 98,390	\$ 419,782

Although qualified revenues were understated by \$29,558, the adjusted qualified revenues were still below the base amount for the county in all four fiscal years of the audit period. As a result, the errors did not lead to an underremittance to the State Treasurer.

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

Fiscal Year	Qualifying Revenues	Base Amount	Excess Amount Above the Base	50% Excess Amount Due the State	County Remittance to the State Treasurer	County Underremittance to the State Treasurer ¹
2016-17	\$ 90,369	\$ 137,087	\$ (46,718)	\$ -	\$ -	\$ -
2017-18	98,727	137,087	(38,360)	-	-	-
2018-19	132,296	137,087	(4,791)	-	-	-
2019-20	98,390	137,087	(38,697)	-	-	-
Total						\$ -

¹Should 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 FY 1998-99, and each fiscal year thereafter, to the State Trial Court Improvement and Modernization Fund.

Recommendation

We recommend that the county ensure that the proper accounts are included in the calculation of each line item on the 50-50 Excess Split Revenue Computation Form.

County and Court’s Response

Although this particular calculation is not subject to an audit on the superior court by the Judicial Council Audit Group, the court sensed an obligation to make it right for the county going forward. Routinely, the court completes the TC-31 distribution workbook, therefore we had our case management system (CMS) vendor make changes to include an additional general ledger account that should correctly calculate the 50%

excess of qualified revenues and should automatically calculate the county's Maintenance of Effort.

**FINDING 2—
Incorrect distribution
of revenues from DUI
violations**

During testing of superior court cases, we found a number of issues related to the court's distribution of revenue from DUI cases. The errors occurred because the court misinterpreted the *Distribution Guidelines*.

We verified, on a sample basis, distributions made by the court using its accounting system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During testing, we found that the court did not properly distribute revenues to the 2% State Automation Fee (GC section 68090.8) and did not reduce the base fine in order to collect fees for the DUI Program Special Account (PC section 1463.16).

For DUI violations, we found that the court did not distribute revenues to the 2% State Automation Fee (GC section 68090.8) for the Alcohol Education Penalty (PC section 1463.25) in all four of the cases that we tested. We determined that the distribution errors were immaterial, due to the low number of affected cases. According to the court, the issue was corrected when the court implemented the eCourt case management system in June 2020.

Furthermore, the court did not reduce the base fine in order to collect fees for the DUI Program Special Account (PC section 1463.16) in two of four cases tested. The JCC identified this issue during a 2018 audit; however, the issue was not described in the audit report but was communicated separately to the court. According to the court, it adjusted its case management system in 2019 to correctly distribute these amounts on DUI cases. We found that the court correctly reduced the base fine in order to impose the alcohol programs and services fees (PC section 1463.16) on the two FY 2019-20 cases that we tested.

We performed a revenue analysis of the DUI revenues to determine the fiscal effect of the distribution error. Upon completion of our analysis, we found that the errors did not have a material effect on the revenues remitted to the State.

GC section 68090.8 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.

PC section 1463.16(a) requires that, for each conviction of a violation of Vehicle Code sections related to DUI and reckless driving, \$50 of each fine collected be deposited with the county treasurer in a special account for exclusive allocation by the county to provide alcohol programs and services for the general population.

Recommendation

We recommend that the court:

- Correct its case management system to comply with statutory requirements;
- Ensure that the DUI penalty (PC section 1463.16) is properly imposed;
- Ensure that the 2% State Automation Fee (GC section 68090.8) is properly applied; and
- Periodically verify the accuracy of its distributions using the JCC's testing sheets.

Court's Response

The court agrees with Findings 2-5 and immediately contacted the CMS Vendor. The Court was assured by the vendor that all findings had been fixed prior to the audit period being finalized.

**FINDING 3—
Incorrect distribution
of revenues from
speeding violations
with Traffic Violator
School**

During our testing of speeding violations with TVS, we found that the court did not properly convert various fines, penalties, and assessments to the TVS fee (VC section 42007). The errors occurred because the court misinterpreted the *Distribution Guidelines*.

We verified, on a sample basis, distributions made by the court using its accounting system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During testing, we found one instance where the court did not properly convert various fines, fees, and penalties to the TVS fee (VC section 42007). We also found that the court incorrectly distributed revenues from penalty assessments to the 2% State Automation Fee (GC section 68090.8).

We discussed this error with the court and determined that it occurred because the court originally disposed the case as a non-TVS fine. The case was subsequently changed to a TVS case; however, the penalties were not reassessed. We did not perform a revenue analysis of the error, as the issue was not systemic and did not result in a material underremittance to the State.

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

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 TVS pursuant to VC section 41501 or 42005.

Recommendation

We recommend that the court:

- Ensure that each case is correctly recorded in the case management system;
- Ensure that distributions comply with statutory requirements; and
- Periodically verify the accuracy of its distributions using the JCC's testing sheets.

Court's Response

The court agrees with Findings 2-5 and immediately contacted the CMS Vendor. The Court was assured by the vendor that all findings had been fixed prior to the audit period being finalized.

**FINDING 4—
Incorrect distribution
of revenues from fish
and game violations**

During testing of superior court cases, we found one issue related to the court's distribution of revenues from fish and game violations. The errors occurred because the court misinterpreted the *Distribution Guidelines*.

We verified, on a sample basis, distributions made by the court using its accounting system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During testing, we found that the court did not properly distribute revenues to the 2% State Automation Fee (GC section 68090.8).

For fish and game violations, we found that the court did not distribute revenues from the Secret Witness Penalty (Fish and Game Code section 12021) to the 2% State Automation Fee in three of the four cases that we tested. According to the court, the issue was corrected when the court implemented the eCourt case management system in June 2020.

We performed a revenue analysis of the fish and game revenues to determine the fiscal effect of the distribution error. We found that the errors did not have a material effect on the revenues remitted to the State, due to the low number of affected cases.

GC section 68090.8 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:

- Correct its case management system to comply with statutory requirements;
- Ensure that the 2% State Automation Fee is properly applied; and

- Periodically verify the accuracy of its distributions using the JCC's testing sheets.

Court's Response

The court agrees with Findings 2-5 and immediately contacted the CMS Vendor. The Court was assured by the vendor that all findings had been fixed prior to the audit period being finalized.

FINDING 5— Incorrect prioritization of installment payments

During testing of court cases, we found that the court did not prioritize distributions of installment payments according to PC section 1203.1d. The errors occurred because the court misinterpreted the *Distribution Guidelines*.

We verified, on a sample basis, distributions made by the court using its case management system for installment payments. 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(b).

We tested four cases, and found that the court did not distribute revenues from one of them according to PC section 1203.1d(b). For this FY 2019-20 case, the court distributed 50% of the revenues from the DUI Victim Indemnity (priority three) before distributing any priority-two revenues. The court should distribute priority-one and priority-two revenues in full before distributing any priority-three revenues. The DUI Victim Indemnity is distributed before other priority-three revenues, but not until the priority-two revenues have been fully distributed.

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(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, restitution fines (PC section 1202.4[b]);
and
4. Other reimbursable costs.

Recommendation

We recommend that the court take steps to ensure that all surcharges, fines, penalties, and fees are distributed in accordance with the statutory requirements of PC section 1203.1d(b).

Court's Response

The court agrees with Findings 2-5 and immediately contacted the CMS Vendor. The Court was assured by the vendor that all findings had been fixed prior to the audit period being finalized.

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



Superior Court of California
County of Trinity

11 Court Street
PO Box 1258
Weaverville, CA 96093

MICHAEL B. HARPER
Presiding Judge

STACI HOLLIDAY
Court Executive Officer

ERIC L. HERYFORD
Judge

November 14, 2022

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

Re: Response to Superior Court of California, County of Trinity – Court Revenues Audit Report

Bureau Chief Kurokawa,

Thank you for the opportunity to respond to the State Controller's Office Audit Report on the County of Trinity for the period of July 1, 2016, through June 30, 2020.

The court will cooperatively respond to Finding 1- Although this particular calculation is not subject to an audit on the superior court by the Judicial Council Audit Group, the court sensed an obligation to make it right for the county going forward. Routinely, the court completes the TC-31 distribution workbook therefore we had our case management system (CMS) vendor make changes to include an additional general ledger account that should correctly calculate the 50% excess of qualified revenues and should automatically calculate the county's Maintenance of Effort.¹

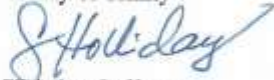
The court agrees with Findings 2-5 and immediately contacted the CMS Vendor. The Court was assured by the vendor that all findings had been fixed prior to the audit period being finalized.

¹ Trinity County should continue to verify the MOE calculations prior to fulfilling their maintenance of effort obligation as there is no guarantee making this adjustment will entirely fix the finding.

We would like to thank the State Controller's Office for their patience and guidance throughout the audit period, especially given the turnover within the court and county staff.

Respectfully,

Staci Holliday
Court Executive Officer
County of Trinity



Christine Gaffney
Deputy Auditor-Controller
County of Trinity



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