

# **LOS ANGELES COUNTY**

Audit Report

## **RESTITUTION FINES AND COURT-ORDERED RESTITUTION**

*July 1, 2001, through June 30, 2002*



**STEVE WESTLY**  
California State Controller

February 2004



**STEVE WESTLY**  
California State Controller

February 25, 2004

The Honorable J. Tyler McCauley  
Auditor-Controller  
Los Angeles County  
500 West Temple Street, Room 534B  
Los Angeles, CA 90012

Mr. John A. Clark  
Court Executive Officer  
Los Angeles County Courts  
1111 North Hill Street, Room 105E  
Los Angeles, CA 90012

Dear Mr. McCauley and Mr. Clark:

The State Controller's Office (SCO) has completed an audit to determine the propriety of court restitution fines reported to the State of California and court-ordered restitution reported to the Victim Compensation and Government Claims Board (Board) by Los Angeles County for the period of July 1, 2001, through June 30, 2002.

The audit disclosed that:

- The county did not apply the 10% restitution rebate to restitution collection activity;
- The county collections department did not maintain a complete and adequate audit trail of probation department collection records;
- The superior courts in Pasadena and Long Beach did not include a 10% administration fee for restitution fines collected; and
- The superior courts in Pasadena and Long Beach did not maintain an accounting record for court-ordered victim restitution.

If you have any questions, please contact Jerry McClain, Chief, Special Audits Bureau, at (916) 323-1573.

Sincerely,

VINCENT P. BROWN  
Chief Operating Officer

VPB:jj

cc: Catherine Close, Executive Director  
Victim Compensation and  
Government Claims Board  
Laura Hill, Manager  
Revenue Recovery Division  
Victim Compensation and  
Government Claims Board

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# Audit Report

## Summary

The State Controller's Office (SCO) performed an audit to determine the propriety of court restitution fines reported to the State of California and court-ordered restitution reported to the Victim Compensation and Government Claims Board (Board) by Los Angeles County for the period of July 1, 2001, through June 30, 2002. The last day of fieldwork was June 16, 2003.

Los Angeles County remittances to the State Treasurer for restitution fines and warrants paid to the Board for restitution court orders were correct. The points discussed in the Findings and Recommendations section may affect the amount of those remittances through enhanced collection efforts or additional fees collected.

In addition, the reimbursement of court-ordered restitution is hindered due to various reasons. For example, pursuing the reimbursement for claims that are remitted after the sentencing date may not be cost-effective due to the additional court costs involved, unless the courts and the county are willing to implement a coordinated process among the courts, the District Attorney's Office, and the Probation Department.

## Background

State statutes govern the distribution of court revenues, which includes restitution fines and court-ordered restitution. Whenever the State is entitled to a portion of such money, the court is required by *Government Code* Section 68101 to deposit the State's portion of court revenues with the County Treasurer as soon as practical and to provide the county auditor with a monthly record of collections. This section further requires that the county auditor transmit the fund and a record of the money collected to the State Treasurer at least once a month.

*Government Code* Section 68103 requires that the State Controller determine whether all court collections remitted to the State Treasurer are complete. *Government Code* Section 68104 authorizes the State Controller to examine records maintained by any court. Furthermore, *Government Code* Section 12410 provides the State Controller with general audit authority to ensure that state funds are properly safeguarded.

The Board was concerned with the accurate and effective administration of restitution fines and court-ordered restitution with respect to the victim compensation program. Consequently, on January 1, 2003, an interagency agreement was made between the SCO and the Board to conduct six field audits of county and court collection systems as they relate to restitution fines and court-ordered restitution.

## Objective, Scope, and Methodology

In accordance with the terms of the agreement, the objective of this audit was to determine whether the county and the courts completely and accurately remitted restitution fines and Board court-ordered restitution in a timely manner to the State Treasurer for the period of July 1, 2001, through June 30, 2002.

Pursuant to the interagency agreement, the SCO conducted a field audit of the Los Angeles County Superior Court and collections entities to assess whether:

- The courts have properly ordered restitution fines and orders in accordance with *Penal Code* Section 1202.4; and
- The policies and procedures established by the courts and the county collection entities ensure that financial assistance made by the Board in accordance with *Government Code* Section 13959 through 13969 was properly collected and reimbursed to the Restitution Fund.

In order to meet the objectives, the auditors reviewed the revenue processing systems within the county's Superior Court, District Attorney's Office, and Auditor-Controller's Office.

The auditors performed the following procedures:

- Reviewed the accuracy of distribution reports prepared by the county, which show court revenue distributions to the State, the county, and cities located within the county;
- Gained an understanding of the county's revenue collection and reporting processes by interviewing key personnel and reviewing documents supporting the transaction flow (Appendix);
- Analyzed the restitution accounts reported in the county's monthly cash statement for unusual variations and omissions;
- Performed tests to identify any incorrect distributions and expanded any test that revealed errors, to determine the extent of any incorrect distributions; and
- Selected 50 cases from the Board's restitution schedule of accounts receivable to determine the timeliness and status of repayments (Schedule 1).

The audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. The SCO did not audit the county's financial statements. The auditors considered the county's management controls only to the extent necessary to plan the audit. This report relates to an examination of court-ordered restitution and restitution fines remitted and payable to the State of California. Therefore, the SCO does not express an opinion as to whether the county's court revenues, taken as a whole, are free from material misstatement.

**Conclusion**

Los Angeles County restitution fines in the amount of \$10,563,602 remitted to the State through the TC-31 process for fiscal year 2001-02 were determined to be correct. Los Angeles County reported \$6,724 in direct reimbursement payments for court-ordered restitution to the Board during the fiscal year.

The Board remitted \$1,388,902 to the county under statutory rebate provisions during the fiscal year. These monies are intended to enhance the collection effort related to restitution fines and orders. The county deposited the rebate into the county's General Fund for court and Probation Department collection activities.

**Views of  
Responsible  
Officials**

The SCO issued a draft audit report on November 6, 2003. J. Tyler McCauley, Auditor-Controller, responded by letter dated December 12, 2003 (Attachment A), agreeing with the audit results with the exception of Findings 2 and 4. In addition, Alf Schonbach, Court Administrator, responded by letter dated December 12, 2003 (Attachment B), disagreeing with the audit results for Finding 4.

**Restricted Use**

This report is solely for the information and use of Los Angeles County 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 report, which is a matter of public record.

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

## Schedule 1— Random Sample Results July 1, 2001, through June 30, 2002

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A random sample of 50 cases was selected from the Victim Compensation and Government Claims Board's Schedule, VCB Paid Out vs. Restitution Ordered, and provided to the District Attorney. These cases were analyzed in three ways: (1) destination of offender, (2) claim date, and (3) current collection effort. Each of these areas may have an impact on the accuracy and effectiveness of the court-ordered restitution collection process. From these cases the following percentages were derived:

### A. Destination of Offender

#### State:

State Correctional Facility	57%
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#### Local:

Formal Probation	31%
Conditional Sentencing	10%
Juvenile	0%
Not Convicted	2%

### B. Claims Dates

Before Sentencing	54%
After Sentencing	44%
No Record	2%

### C. Current Collection Effort\*

No Further Action to Be Taken	61%
Continuing Effort	35%
Collection Satisfied or in Process (State)	4%
Collection Satisfied or in Process (Local)	0%

\*Information provided by county staff.

# Findings and Recommendations

## **FINDING 1— 10% restitution rebate not applied to restitution collection activity**

The Los Angeles County Auditor-Controller's Office did not distribute \$775,009 of state restitution rebate revenues to the Probation Department or other county agencies responsible for the collection enhancement of restitution fines and court orders deposited during fiscal year (FY) 2001-02. Of the revenues received, \$775,009 has been placed in the county General Fund for general collection activity of court revenues and \$281,882 has been posted to the Probation Department for general collection activity. The county interpreted *Government Code* Section 13963(f) to include general collection activities. Failure to make the required distribution of the rebate has not provided for the collection enhancement intended under the statute.

*Government Code* Section 13963(f) requires the State to pay a rebate to the county probation department or the county agency responsible for collection of funds owed to the Restitution Fund under Section 13967. In addition, the rebate shall be considered an incentive for collection efforts and shall be used for furthering these collection efforts. The rebates shall not be used to supplant county funding.

### Recommendation

The Auditor-Controller's Office should take steps to allocate the rebate revenues to the Probation Department and the District Attorney's Office, or other county agencies responsible for collection of state restitution fines and court-ordered restitution owed to the Board.

In addition, the county should institute procedures to ensure that the funds are used to supplement the funding of current collection efforts and are not used to supplant existing funding sources. If the county does not intend to use the funds for the purpose for which they were received, the county should contact the Board and discuss returning the funds.

### County's Response

The County intends to work with the Court to develop a restitution collection augmentation program to utilize and allocate these funds in the future.

## **FINDING 2— 10% accountability of Probation Department fine collections not maintained by the county Treasurer and Tax Collector**

The Los Angeles County Treasurer and Tax Collector (TTC) collects and distributes probation fine revenues for the Probation Department. However, the TTC does not maintain a complete and adequate audit trail of probation collection records. Daily detail distribution account reports are not provided for the distribution of each cash receipt at entry. Separate daily reports do not identify probation fine accounts either in detail or in grand total. Therefore, the accuracy of the final report provided at month-end for probation revenues could not be verified, including the daily deposit totals for restitution fines.

A complete reconciliation of collection records to deposits is required by Section 3.31 of the State Controller's *Manual of Accounting and Audit Guidelines for Trial Courts*. Additionally, *Government Code* Section 68101 states, "Each officer authorized to receive fees pursuant to this title shall keep in accordance with the guidelines of the Controller, a monthly record of all fees or compensation of fines of whatever nature, kind, or description, collected or chargeable."

A complete and adequate audit trail helps ensure that transactions are recorded accurately. Court personnel indicated that they were not aware of the accountability requirement.

### Recommendation

The TTC should implement procedures to improve the output records to adequately provide a complete audit trail starting at the entry level (cash receipts) and ending at the final month-end report.

### County's Response

The reference to the "county Collections Department" should be revised to read "Treasurer and Tax Collector" (TTC), which is the County department that is responsible for the collection activity referenced in the audit report. The TTC disagrees with the auditor's observations that led to this recommendation. TTC has provided extensive comments in response to the various issues raised and we are enclosing a copy of their memo to support the County's conclusion that this finding is not applicable.

### Treasurer and Tax Collector's Memo of December 4, 2003

Per your request, we have reviewed the draft State Controller's Audit Report entitled Restitution Fines and Court-Ordered Restitution and have the following comments regarding Finding #2. The finding cites several perceived weaknesses in the Treasurer and Tax Collector's record-keeping and reconciliation procedures in reference to restitution collections. The circumstances cited in most cases, are inaccurate and others are not relevant. Following is our response to the points made in their finding:

- The Report states that the "...Collection Department does not maintain a complete and adequate audit trail of probation collections records."
  - This is not accurate. We receive collections for probationers and other types of accounts referred to Treasurer and Tax Collector (TTC) on a daily basis. These receipts are reported on a deposit permit and posted to the CARS system, which we share with the Probation Department. We reconcile the deposit permits, which represent the monies collected and posted to our trust, to the amounts posted to CARS. Reports are readily available which detail each days' collections.
- The Report states that a "Daily detail distribution account reports are not provided for the distribution of each cash receipt at entry. Separate daily reports do not identify probation fine accounts either in detail or in grand total."

This comment is correct, however a daily distribution report is unnecessary. The distributions and remittances to the Probation Department and then to the State are only done on a monthly basis, therefore only a monthly summary is needed, which we produce and reconcile to the daily collections. The distribution to the probation fine categories and victims is done on a transaction-by-transaction basis by the CARS system. If the distribution of any individual collection is desired, it is readily available on our CARS system by accessing the probationers' account.

- The Report states that “. . .the accuracy of the final report provided at month-end for probation revenues could not be verified, including the daily deposit totals for restitution fines.”

This comment is not correct. The accuracy of the month-end reports can be verified through the reconciliation of the daily reports. At month-end we verify that the month-end summary reports balance to their daily counterparts and then summarize the collections by client code (referring department and/or probation office). We also produce a summary collection report by facility code (probation fine categories) which is also reconciled to the month-end collection report above. Further, the restitution fines are not separately deposited on a daily basis. All collections by probation fine categories are determined at month-end and then transferred. Government Code Section 68101, cited by the auditors, does not require a separate daily accounting, only a monthly record.

- The Report states that “A complete reconciliation of collection records to deposits is required . . .”.

We maintain a complete reconciliation of collection records through the following procedures:

As stated above, we receive collections for probationers and other types of accounts referred to Treasurer and Tax Collector (TTC) on a daily basis. These receipts are reported on a deposit permit and posted to the CARS system, which we share with the Probation Department. The distribution to the probation fine categories and victims is done on a transaction-by-transaction basis by the CARS system. If the distribution of any individual collection is desired, it is readily available on our CARS system by accessing the probationers' account.

At month-end we verify that the month-end summary reports are in balance to their daily counterparts and then summarize the collections by client code (referring department and/or probation office). We also produce a summary collection report by facility code (probation fine categories) which is reconciled to the month-end collection report above. We do not produce a daily distribution report, as it is not needed to perform the duties that the Probation Department has requested of the TTC. The distributions and remittances to the Probation Department and then to the State are only done on a monthly basis, therefore only the monthly summary described above is needed. This process was explained and the offer of producing daily distribution reports for a current time-period was made to the auditor.

The auditors have recommended that we “. . .implement procedures to improve the output records to adequately provide a complete audit trail. . .” As discussed above, we already have a sufficient audit trail to reconcile and report the funds collected on a monthly basis as required by the State Controller’s Manual. We therefore, do not contemplate any changes to our system, at this time. . . .

#### SCO’s Comment

“County Collections Department” was changed to “County Treasurer and Tax Collector” (TTC).

Verification of account totals on a daily basis is a necessary key component of the audit trail. The finding remains as stated because the daily account totals could not be verified.

### **FINDING 3— 10% administration charge not included in state restitution fines**

The superior courts in Pasadena and Long Beach did not include a 10% administration fee for state restitution fines collected.

*Penal Code* Section 1202.4 allows an administration fee to be levied up to 10% of the state restitution collected. The fee can be imposed at the board of supervisors’ discretion. The fees are to be deposited into the county General Fund for the use and benefit of the county.

Failure to establish the administration fee causes county resources to be understated and may lessen the enhancement effort to collect state restitution fines.

#### Recommendation

The county should take steps, after a board resolution, to levy the 10% administration fee for the collection of state restitution fines.

#### County’s Response

The County intends, with the assistance of County Counsel, to work with the Superior Court to consider the feasibility of imposing this administration fee. If appropriate, the County intends to prepare a resolution for consideration and approval by the Board of Supervisors.

### **FINDING 4— Court-ordered restitution not collected and distributed within the courts’ accounting system**

The superior courts in Pasadena and Long Beach do not maintain an accounting record for court-ordered victim restitution. Victim restitution is paid directly to the victims from the offender. The county Probation Department collects court-ordered restitution from those placed on formal probation. Defendants placed on summary probation pay their fines at the court.

The *California Constitution*, Article I, Section 28, entitles victims to restitution from wrongdoers for financial losses suffered as a result of criminal acts. As stated in Subsection (b):

Restitution. It is the unequivocal intention of the People of the State of California that all persons who suffer losses as a result of criminal activity shall have the right to restitution from the persons convicted of the crimes for losses they suffer.

Restitution shall be ordered from the convicted persons in every case, regardless of the sentence or disposition imposed, in which a crime victim suffers a loss, unless compelling and extraordinary reasons exist to the contrary.

In addition, effective October 2002, *Penal Code* Section 1203.1d requires a priority of order for time payment collections. Victim restitution is to be collected first.

Failure to establish an accounting of court-ordered restitution fails to provide for the priority set in statute for victim restitution. If the accounting system for the collection and distribution of victim restitution is not maintained by the court, it cannot be easily verified that restitution has first been paid in full.

#### Recommendation

The superior courts in Long Beach and Pasadena should take steps to coordinate the collection of victim restitution with the prosecuting agencies to ensure that all victim restitution has been fully collected prior to the court collecting surcharges, fines, penalties, and fees.

#### Superior Court's Response

The Court disagrees with this recommendation. The Court is not responsible for the administration of collecting and distributing victim's restitution with the prosecuting agencies. When a judicial officer specifically orders victim restitution fines paid to the Court, the Court distributes the payment as required by Section 1203.1(d) of the Penal Code. However, the Court does not participate in the efforts prosecuting agencies may undertake to collect restitution from defendants and pass it on directly to victims. This is a matter involving prosecution agency, defendant, and victim.

#### Auditor's Comments

The collection prioritization responsibility under *Penal Code* Section 1203.1d is not omitted when the court provides collection activity.

The court should not receive payments from each case until payment obligations to victim restitution have been fully satisfied.

## Appendix— Transaction Flow for Court-Ordered Restitution July 1, 2001, through June 30, 2002

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The following narrative describes the court-ordered restitution process for the various entities in Los Angeles County involved in court-ordered restitution.

### District Attorney's Office

Claims are first filed by the Victim Compensation and Government Claims Board with this office. It is this office's responsibility to file the claim with the court and have it placed in each offender's court file.

When the claim is filed **prior** to the sentencing date, the claim should be part of the court proceedings. Restitution claims, victim, and amounts should be documented with the Proceedings Sentence/Probation Order.

When the claim is filed **after** the sentencing date, claims are much more difficult to file against the offender. The offender may have to be brought back into court. If the offender has been sentenced to a state correctional facility, it is often not cost-effective to proceed with the claim.

If the offender is placed on conditional sentencing, the county and local prosecuting agency collects and distributes court-ordered victim's restitution.

### Court

Upon conviction, the court is responsible for disclosing fines and claims filed against the offender. Upon sentencing, the court prepares a court order (i.e., Sentence/Probation Order) and includes a restitution order (i.e., Judgment and Victim Restitution Order). Each court case has a court docket number assigned. A database docket file is maintained for each case. The court instructs the offender to pay the victim restitution directly to the victim. These payments are not accounted for at the county level.

If the offender is sent to a state correctional facility, the collection responsibility is under the State.

### Probation Department

If the offender is placed on formal probation, the collection responsibility is under the county Probation Department. The Probation Department delegates collections to the county's Collections Department.

Each offender is assigned a probation officer. If the offender's file includes a victim compensation claim, the officer prepares a collection order transmittal. This is sent to the Collections Department.

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

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J. TYLER McCAULEY  
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 525  
LOS ANGELES, CALIFORNIA 90012-2766  
PHONE: (213) 974-8301 FAX: (213) 626-5427

December 12, 2003

Honorable Steve Westly  
California State Controller  
P.O. Box 942850  
Sacramento, CA 94250-5874

Dear Mr. Westly:

**Audit Report-Restitution Fines and Court-Ordered Restitution**

Thank you for your draft audit report and the opportunity to provide the following comments:

**Finding 1 – 10% restitution rebate not applied to restitution collection activity**

**State Controller's Recommendation:** The Auditor-Controller's Office should take steps to allocate the rebate revenues to the Probation Department and the District Attorney's Office, or other County agencies responsible for collection of state restitution fines and court-ordered restitution owed to the Board.

In addition, the county should institute procedures to assure that the funds are used to supplement the funding of current collection efforts and are not used to supplant existing funding sources. If the county does not intend to use the funds for the purpose for which they were received, the county should contact the Board and discuss returning the funds.

**County's Response:** The County intends to work with the Court to develop a restitution collection augmentation program to utilize and allocate these funds in the future.

**Finding 2 – 10% accountability of Probation Department fine collections not maintained by the county Collections Department**

*"To Enrich Lives Through Effective and Caring Service"*

Honorable Steve Westly  
December 12, 2003

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**State Controller's Recommendation:** The Collections Department should implement procedures to improve the output records to adequately provide a complete audit trail starting at the entry level (cash receipts) and ending at the final month-end report.

**County's Response:** The reference to the "county Collections Department" should be revised to read "Treasurer and Tax Collector" (TTC), which is the County department that is responsible for the collection activity referenced in the audit report. The TTC disagrees with the auditor's observations that led to this recommendation. TTC has provided extensive comments in response to the various issues raised and we are enclosing a copy of their memo to support the County's conclusion that this finding is not applicable.

**Finding 3 – 10% administration charge not included in state restitution fines**

**State Controller's Recommendation:** The county should take steps, after a board resolution, to levy the 10% administration fee for the collection of state restitution fines.

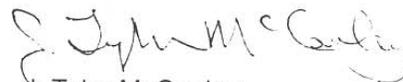
**County's Response:** The County intends, with the assistance of County Counsel, to work with the Superior Court to consider the feasibility of imposing this administration fee. If appropriate, the County intends to prepare a resolution for consideration and approval by the Board of Supervisors.

**Finding 4 – Court-ordered restitution not collected and distributed within the court's accounting system**

**State Controller's Recommendation:** The superior courts in Long Beach and Pasadena should take steps to coordinate the collection of victim restitution with the prosecuting agencies to ensure that all victim restitution has been fully collected prior to the court collecting surcharges, fines, penalties, and fees.

**County's Response:** The County has discussed this matter with the Superior Court and they do not agree with the recommendation. Enclosed is a copy of the Superior Court's response to this finding and recommendation.

Sincerely yours,

  
J. Tyler McCauley  
Auditor-Controller

Enclosures

JTM:JN  
Admin/state audit response-restitution



COUNTY OF LOS ANGELES  
TREASURER AND TAX COLLECTOR



MARK J. SALADINO  
TREASURER AND TAX COLLECTOR

December 4, 2003

TO: Steve Smith  
Auditor-Controller

FROM: Marsha Wilson-Saracco *MWS*  
Treasurer and Tax Collector

SUBJECT: RESPONSE TO STATE CONTROLLER'S AUDIT RECOMMENDATION

Per your request, we have reviewed the draft State Controller's Audit Report entitled Restitution Fines and Court-Ordered Restitution and have the following comments regarding Finding #2. The finding cites several perceived weaknesses in the Treasurer and Tax Collector's record-keeping and reconciliation procedures in reference to restitution collections. The circumstances cited in most cases, are inaccurate and others are not relevant. Following is our response to the points made in their finding:

- The Report states that the "...Collection Department does not maintain a complete and adequate audit trail of probation collections records."

This is not accurate. We receive collections for probationers and other types of accounts referred to Treasurer and Tax Collector (TTC) on a daily basis. These receipts are reported on a deposit permit and posted to the CARS system, which we share with the Probation Department. We reconcile the deposit permits, which represent the monies collected and posted to our trust, to the amounts posted to CARS. Reports are readily available which detail each days' collections.

- The Report states that a "Daily detail distribution account reports are not provided for the distribution of each cash receipt at entry. Separate daily reports do not identify probation fine accounts either in detail or in grand total."

This comment is correct, however a daily distribution report is unnecessary. The distributions and remittances to the Probation Department and then to the State are only done on a monthly basis, therefore only a monthly summary is needed, which we produce and reconcile to the daily collections. The distribution to the probation fine categories and victims is done on a transaction-by-transaction basis by the CARS system. If the distribution of any individual collection is desired, it is readily available on our CARS system by accessing the probationers' account.

- The Report states that "...the accuracy of the final report provided at month-end for probation revenues could not be verified, including the daily deposit totals for restitution fines."

This comment is not correct. The accuracy of the month-end reports can be verified through the reconciliation of the daily reports. At month-end we verify that the month-end summary reports balance to their daily counterparts and then summarize the collections by client code (referring department and/or probation office). We also produce a summary collection report by facility code (probation fine categories) which is also reconciled to the month-end collection report above. Further, the restitution fines are not separately deposited on a daily basis. All collections by probation fine categories are determined at month-end and then transferred. Government Code Section 68101, cited by the auditors, does not require a separate daily accounting, only a monthly record.

- The Report states that "A complete reconciliation of collection records to deposits is required ...".

We maintain a complete reconciliation of collection records through the following procedures:

As stated above, we receive collections for probationers and other types of accounts referred to Treasurer and Tax Collector (TTC) on a daily basis. These receipts are reported on a deposit permit and posted to the CARS system, which we share with the Probation Department. The distribution to the probation fine categories and victims is done on a transaction-by-transaction basis by the CARS system. If the distribution of any individual collection is desired, it is readily available on our CARS system by accessing the probationers' account.

At month-end we verify that the month-end summary reports are in balance to their daily counterparts and then summarize the collections by client code (referring department and/or probation office). We also produce a summary collection report by facility code (probation fine categories) which is reconciled to the month-end collection report above. We do not produce a daily distribution report, as it is not needed to perform the duties that the Probation Department has requested of the TTC. The distributions and remittances to the Probation Department and then to the State are only done on a monthly basis, therefore only the monthly summary described above is needed. This process was explained and the offer of producing daily distribution reports for a current time-period was made to the auditor.

The auditors have recommended that we "...implement procedures to improve the output records to adequately provide a complete audit trail ...". As discussed above, we already have a sufficient audit trail to reconcile and report the funds collected on a

monthly basis as required by the State Controller's Manual. We therefore, do not contemplate any changes to our system, at this time. If you have any further questions or need additional information please do not hesitate to contact me at 893-7991.

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

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## The Superior Court

JOHN A. CLARKE  
EXECUTIVE OFFICER/CLERK

111 NORTH HILL STREET • LOS ANGELES • CALIFORNIA 90012

December 12, 2003

Jerry McClain, Chief  
Special Audits Bureau  
State Controller, Division of Audits  
P.O.Box 942850  
Sacramento, California 94250

### Response To State Restitution Audit

Dear Mr. McClain:

The Superior Court of the County of Los Angeles has received and reviewed the "Restitution Fines And Court-Ordered Restitution" audit as prepared by the State Controller's Office (SCO). The Court is responding to audit recommendation No. 4.

#### Recommendation

The superior courts in Long Beach and Pasadena should take steps to coordinate the collection of victim restitution with the prosecuting agencies to ensure that all victim restitution has been fully collected prior to the court collecting surcharges, fines, penalties, and fees.

#### Court Response

The Court disagrees with this recommendation. The Court is not responsible for the administration of collecting and distributing victim's restitution with the prosecuting agencies. When a judicial officer specifically orders victim restitution fines paid to the Court, the Court distributes the payment as required by Section 1203.1(d) of the Penal Code. However, the Court does not participate in the efforts prosecuting agencies may undertake to collect restitution from defendants and pass it on directly to victims. This is a matter involving prosecuting agency, defendant, and victim.

It is the Court's understanding that responses to recommendations 1-3 will be provided by the County of Los Angeles.

Should your office require any further information regarding this matter, please contact me at (213) 974-5972 or email me at "aschonba@lasuperiorcourt.org".

Sincerely,

A handwritten signature in black ink that reads "Alf Schonbach". The signature is written in a cursive, somewhat stylized font.

Alf Schonbach, Court Administrator  
Finance & Accounting

c: William Mitchell, Deputy Executive Officer, Los Angeles Superior Court  
John Naimo, Auditor-Controller  
Debbie Soo Hoo, Superior Court

**State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, California 94250-5874**

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