

SAN DIEGO COUNTY

Audit Report

COURT REVENUES

July 1, 2016, through June 30, 2020



BETTY T. YEE
California State Controller

January 2022



BETTY T. YEE
California State Controller

January 5, 2022

Dear County, Court, and City Representatives:

The State Controller's Office (SCO) audited San Diego County's court revenues for the period of July 1, 2016, through June 30, 2020.

Our audit found that \$2,330,982 in state court revenues was underremitted to the State Treasurer. Specifically, we found that the county underremitted \$2,325,174 in court revenues to the State Treasurer because it underremitted the State Trial Court Improvement and Modernization Fund (Government Code section 77205) by \$2,325,174. In addition, we found that the City of El Cajon underremitted \$5,808 in parking surcharges to the State Treasurer via San Diego County.

We also found that the county's Office of Revenue and Recovery made incorrect distributions related to DUI violations, judge-ordered total fines, and the priority of installment payments.

The county made payments of \$5,808 in September 2021, and \$2,325,174 in November 2021.

The county disputes certain facts related to the conclusions and recommendations contained in this audit report. The SCO has an informal audit review process for resolving disputes. To request a review, the county should submit a written request for a review, along with supporting documents and information pertinent to the disputed issue, within 60 days of receiving this final audit report. The review request should be submitted to Shawn Silva, Chief Counsel, State Controller's Office, Post Office Box 942850, Sacramento, California 94250. In addition, please provide a copy of the request letter to Lisa Kurokawa, Chief, Compliance Audits Bureau, State Controller's Office, Division of Audits, Post Office Box 942850, Sacramento, California 94250.

If you have questions regarding the audit findings, please contact Ms. Kurokawa 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

Attachment—Recipient Addresses

cc: The Honorable Nathan Fletcher, Chair
San Diego 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
Jennifer Montecinos, Manager
Tax Programs Unit
State Controller's Office
Shawn Silva, Chief Counsel
State Controller's Office

Recipient Addresses

The Honorable Tracy Drager,
Auditor and Controller
San Diego County
5530 Overland Avenue, Suite 410
San Diego, CA 92123

Michael Roddy, Court Executive Officer
Superior Court of California, San Diego County
1100 Union Street
San Diego, CA 92101

Clay Schoen, CPA, Finance Director
City of El Cajon
200 Civic Center Way, 5th Floor
El Cajon, CA 92020

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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 San Diego 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 \$2,330,982 in state court revenues was underremitted to the State Treasurer. Specifically, we found that the county underremitted a net of \$2,325,174 in court revenues to the State Treasurer because it underremitted the State Trial Court Improvement and Modernization Fund (Government Code [GC] section 77205) by \$2,325,174. In addition, we found that the City of El Cajon underremitted \$5,808 in parking surcharges to the State Treasurer via San Diego County.

We also found that the county's Office of Revenue and Recovery made incorrect distributions related to DUI violations, judge-ordered total fines, and the priority of installment payments.

Background

State statutes govern the distribution of court revenues, which include fines, penalties, assessments, fees, restitutions, bail forfeitures, and parking surcharges. Whenever the State is entitled to receive a portion of such money, the court is required by Government Code (GC) section 68101 to deposit the State's portion of court revenues with the County Treasurer as soon as is practical and provide the County Auditor with a monthly record of collections. This section further requires that the County Auditor transmit the funds and a record of the money collected to the State Treasurer at least once a month.

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 court's revenue collection and reporting processes, and of the relevant criteria.

- We interviewed county personnel regarding the monthly TC-31 remittance process, the revenue distribution process, the case management system, and the maintenance-of-effort calculation.
- We reviewed documents supporting the transaction flow.
- We scheduled the monthly TC-31 remittances prepared by the county and the court showing court revenue distributions to the State.
- We performed a review of the complete TC-31 remittance process for revenues collected and distributed by the county and court.

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 eight 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. We contacted entities that did not remit the required parking surcharges and reviewed their required distributions.
- We performed a risk evaluation of the county and court, and identified violation types that are prone to errors due to either their complexity and/or statutory changes during the audit period. Based on the risk evaluation, we haphazardly selected a non-statistical sample of 50 cases for 11 violation types.¹ Then, we:
 - Recomputed the sample case distributions and compared them to the actual distributions; and
 - Calculated the total dollar amount of significant underremittances and overremittances to the State and county.

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

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

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We did not audit the financial statements of the county, the court, or the various agencies that issue parking citations. We did not review any court revenue remittances that the county and court may be required to make under GC sections 70353 and 77201.1(b), included in the TC-31.

Conclusion

As a result of performing the audit procedures, we found instances of noncompliance with the requirements described in our audit objective. We found that \$2,330,982 in state court revenues was underremitted to the State Treasurer because the county underremitted the State Trial Court Improvement and Modernization Fund (GC section 77205) by \$2,325,174 and the City of El Cajon underremitted \$5,808 in parking surcharges via San Diego County.

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

We also found that the county's Office of Revenue and Recovery made incorrect distributions related to DUI violations, judge-ordered total fines, and the priority of installment payments. These non-monetary instances of noncompliance are described in the Findings and Recommendations section.

The county made payments of \$5,808 in September 2021, and \$2,325,174 in November 2021.

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, 2006, through June 30, 2013, issued September 24, 2014, with the exception of Finding 5 of this audit report.

Views of Responsible Officials

We issued a draft report on November 9, 2021. Tracy Drager, Auditor and Controller, responded by letter dated November 19, 2021 (Attachment A), agreeing with the audit results with the exception of Finding 1. In addition, Michael Roddy, Court Executive Officer, responded by letter dated November 22, 2021 (Attachment B), agreeing with the audit results. We did not receive a response from the City of El Cajon.

Restricted Use

This audit report is solely for the information and use of San Diego County; Superior Court of California, San Diego County; City of El Cajon; the Judicial Council of California; and 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

January 5, 2022

Schedule—
Summary of Audit Findings Affecting Remittances to the State Treasurer
July 1, 2016, through June 30, 2020

Finding ¹	Fiscal Year				Total	Reference ²
	2016-17	2017-18	2018-19	2019-20		
Incorrect calculation of 50% excess of qualified revenues State Trial Court Improvement and Modernization Fund — GC §77205	\$ 1,430,772	\$ 878,997	\$ 15,405	\$ -	\$ 2,325,174	Finding 1
Incorrect distribution of parking surcharges State Court Facilities Construction Fund — GC §70372(b)	1,582	1,671	1,097	1,458	5,808	Finding 2
Total amount underremitted to the State Treasurer	<u>\$ 1,432,354</u>	<u>\$ 880,668</u>	<u>\$ 16,502</u>	<u>\$ 1,458</u>	<u>\$ 2,330,982</u>	

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

²See the Findings and Recommendations section.

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 incorrect qualified revenue amounts in its calculation for each fiscal year. These errors resulted in the county underremitting the 50% excess of qualified revenues by a net of \$2,325,174 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 calculation and reconciled the qualified revenues to revenue collection reports provided by the court and county. During the reconciliation, we noted that the reported qualified revenues did not reconcile to the revenue collection reports. The revenues did not reconcile because the county included amounts from incorrect revenue accounts in the calculation, excluded State Penalty Assessment (Penal Code [PC] section 1464) revenues collected by the County Office of Revenue and Recovery, and used incorrect revenue percentages in the fiscal year (FY) 2019-20 calculation.

Furthermore, we noted that the county incorrectly excluded revenues collected for the Courthouse Construction Fund (GC section 76100), the Criminal Justice Facilities Construction Fund (GC section 76101), the Emergency Medical Services Fund (GC section 76104), the Maddy Emergency Medical Services Fund (GC section 76000.5), and city base fines (Vehicle Code [VC] section 42007[c]) from its calculation of the traffic violator school (TVS) fee (VC section 42007) 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 understated qualified revenues by \$14,768,353 for the audit period.

The county understated qualified revenues because it:

- Incorrectly excluded State Penalty Assessment (PC section 1464) revenues collected by the County Office of Revenue and Recovery from its calculation, resulting in an understatement of \$302,477;
- Included amounts from incorrect revenue accounts in its calculation, resulting in an understatement of \$368,913;
- Used incorrect revenue percentages in its FY 2019-20 calculation, resulting in an understatement of \$3,455,582;
- Incorrectly excluded revenues collected for the Courthouse Construction Fund (GC section 76100) from its calculation, resulting in an understatement of \$194,499;
- Incorrectly excluded revenues collected for the Criminal Justice Facilities Construction Fund (GC section 76101) from its calculation, resulting in an understatement of \$194,408;
- Incorrectly excluded revenues collected for the Emergency Medical Services Fund (GC section 76104) from its calculation, resulting in an understatement of \$2,033,200;

- Incorrectly excluded revenues collected for the Maddy Emergency Medical Services Fund (GC section 76000.5) from its calculation, resulting in an understatement of \$2,033,193; and
- Incorrectly excluded revenues collected for the city base fines (VC section 42007[c]) from its calculation of the TVS fee (VC section 42007), resulting in an understatement of \$6,186,081.

The following table shows the audit adjustments to qualified revenues:

	Fiscal Year				Total
	2016-17	2017-18	2018-19	2019-20	
Qualified revenues reported	\$ 16,389,101	\$ 14,756,491	\$ 12,761,265	\$ 10,501,481	\$ 54,408,338
Audit adjustments:					
PC § 1464 understatement	76,651	76,951	76,253	72,622	302,477
Incorrect funds	(220,629)	(234,661)	1,032,446	(208,243)	368,913
FY 2019-20 calculation errors	-	-	-	3,455,582	3,455,582
GC § 76100 understatement	57,798	63,962	38,924	33,815	194,499
GC § 76101 understatement	57,804	63,881	38,906	33,817	194,408
GC § 76104 understatement	577,984	639,621	435,510	380,085	2,033,200
GC § 76000.5 understatement	577,984	639,621	435,503	380,085	2,033,193
VC § 42007(c) understatement	1,733,951	1,918,862	1,378,738	1,154,530	6,186,081
Total	<u>2,861,543</u>	<u>3,168,237</u>	<u>3,436,280</u>	<u>5,302,293</u>	<u>14,768,353</u>
Adjusted qualified revenues	<u>\$ 19,250,644</u>	<u>\$ 17,924,728</u>	<u>\$ 16,197,545</u>	<u>\$ 15,803,774</u>	<u>\$ 69,176,691</u>

As a result of miscalculating the qualified revenues, the county underremitted the 50% excess of qualified revenues by \$2,325,174 for the audit period.

The following table shows the excess qualified revenues, and—by comparing the 50% excess amount due to the State to the county’s actual remittances—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	\$ 19,250,644	\$ 16,166,735	\$3,083,909	\$1,541,955	\$ (111,183)	\$ 1,430,772
2017-18	17,924,728	16,166,735	1,757,993	878,997	-	878,997
2018-19	16,197,545	16,166,735	30,810	15,405	-	15,405
2019-20	15,803,774	16,166,735	-	-	-	-
Total						<u>\$ 2,325,174</u>

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

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

Recommendation

We recommend that the county:

- Remit \$2,325,174 to the State Treasurer and report on the TC-31 form an increase to the State Trial Court Improvement and Modernization Fund; and
- Ensure that the proper accounts are included in the calculations of each line item on the 50-50 Excess Split Revenue Computation Form.

County's Response

The County does not agree with the SCO's recommendation. SCO noted that the 50% excess of qualified revenues was incorrectly calculated because the county misinterpreted the required calculations. Along with other counties who have received similar findings from the SCO, the County of San Diego's interpretation of the statutes is that funds transferred to other funds and jurisdictions, including the Maddy EMS and Emergency Services funds (GC 76104 and 76005.5) and funds transferred to the cities (VC 42007[c]) are not available for sharing with the State. In addition, SB 1773 permitted counties to levy an additional assessment of \$2 for every \$10. This statute was effective January 1, 2007. Since the statute did not exist in 1997, we do not agree that these revenues should be included in the 50-50 revenue split calculation.

The County, however, processed a remittance for \$2,325,174 with form TC-31 remittance advice number CO37-1261 (warrant released on November 16, 2021) to the State Treasurer. Additionally, the FY 2020-21 50-50 Excess Split Revenue Reporting submitted to the State on August 16, 2021, included all revenue accounts noted in the recommendation.

SCO Response

Our finding and recommendation remain unchanged.

As stated in Finding 1, GC section 77205 requires the county to remit 50% of the qualified revenues that exceed the amount specified in GC section 77201.1(b)(2) for FY 1998-99, and each fiscal year thereafter, to the State Trial Court Improvement and Modernization Fund. GC section 77205 also specifies that the qualified revenues should be based on the amount that would have been deposited in the General Fund pursuant to how the applicable sections read as of December 31, 1997.

In its annual memorandum, the JCC provides instructions for counties to calculate the amount of excess revenues that are required to be remitted to the State. The instructions during the audit period stated that the VC section 42007 TVS fees should not be reduced by distributions to the Maddy Emergency Medical Services Fund, Courthouse Construction Fund, Criminal Justice Facilities Construction Fund, or to the cities.

The JCC clarified the instructions further in its June 15, 2020 memorandum. In this memorandum, the JCC explicitly requires that the total amount collected for TVS fees be included as qualified revenues.

**FINDING 2—
Incorrect Distribution
of Parking
Surcharges**

In our analysis of parking and equipment violations, we found that the City of El Cajon did not remit to the county the full amount of state parking surcharges collected, resulting in an underremittance of \$5,808 to the State Treasurer. The error occurred because the city misinterpreted the distribution guidelines and, as a result, failed to remit the full amount of parking violation revenues to the county.

We reviewed the city’s parking revenue distribution reports to verify the accuracy of the city’s distributions of revenues from parking surcharges and equipment violations. During our review, we found that the city had correctly collected \$7.50 in state parking surcharges for each parking violation. However, the city remitted only \$6.00 to the county for every \$7.50 collected in 43 of the 48 months in the audit period. The city failed to remit the \$1.50 of the state court construction penalty on parking violations, resulting in an underremittance of \$5,808 to the State Court Facilities Construction Fund (GC section 70372[b]).

The incorrect distribution had the following effect:

Account Title	Underremitted/ (Overremitted)
State Court Facilities Construction Fund – GC §70372(b)	\$ 5,808
City of El Cajon General Fund	\$ (5,808)

The error occurred because the city misinterpreted the distribution guidelines.

GC section 70372(b) states that an added state court construction penalty of \$4.50 shall be included for every parking offense where a fine is imposed. Furthermore, it states that each agency that elects to process parking violations shall pay to the county treasurer \$4.50 for each violation. Additionally, GC section 76000.3 requires that parking agencies pay to the State Treasurer a state surcharge of \$3 in the State Trial Court Trust Fund on each parking violation.

Recommendation

We recommend that the City of El Cajon:

- Remit \$5,808 to San Diego County for increases to the State Court Facilities Construction Fund for subsequent remittance by the county to the State Treasurer; and
- Ensure that it remits the proper state parking surcharges to the county in accordance with GC section 70372(b).

We further recommend that the county remit to the State Treasurer any portion of the \$5,808 that it receives from the City of El Cajon.

County's Response

The City of El Cajon remitted \$5,808 to the County of San Diego which was deposited on September 9, 2021. Subsequently, the County remitted these amounts to the State Treasurer as reported on TC-31 remittance advice number CO37-1222 dated September 16, 2021. The County has subsequently received remittances from the City of El Cajon with the recommended state parking surcharges in accordance with GC section 70372(b).

**FINDING 3—
Failure to consistently
impose the emergency
medical air
transportation
penalty**

During our testing of the county's Office of Revenue and Recovery cases, we found that the court did not consistently impose the \$4 Emergency Medical Air Transportation (EMAT) penalty (GC section 76000.10[c]) for DUI violations. This error occurred due to clerical errors made in cases where the court exercised judicial discretion.

We verified, on a sample basis, distributions made by the county using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During testing of DUI violations, we found that the county did not consistently collect the \$4 EMAT penalty. We tested four DUI cases and found that the county did not collect the \$4 EMAT penalty for two cases.

We discussed this issue with county staff members to determine the cause of the error. County staff members stated that the county is responsible only for the collection and distribution of the court revenues and follows the court orders established for each account. As the penalty was not imposed due to clerical errors made in specific cases where the court exercised judicial discretion, the county was unable to collect the required penalty.

GC section 76000.10(c) states that a penalty of \$4 shall be imposed upon every conviction for a violation of the Vehicle Code except for parking offenses.

GC section 76100.10(d) further states that the fines collected shall be deposited into the Emergency Medical Air Transportation and Children's Coverage Fund.

We performed a revenue analysis of the DUI violations and found that the inconsistent imposing of the EMAT penalty did not result in a material underremittance to the State. Furthermore, the errors cannot now be

reversed, as the county cannot retroactively collect the under-collected penalty from defendants.

Recommendation

We recommend that the county and the court work together to:

- Ensure that the required \$4 EMAT penalty is imposed on all vehicle code violations except for parking offenses; and
- Periodically verify the accuracy of distributions using the JCC's testing sheets.

County's Response

The County does not dispute this finding. However, corrective action is dependent on the Superior Court's ability to standardize clerical procedures when the court exercises judicial discretion to explicitly include the imposition of the EMAT fee on the Court order.

Court's Response

The court agreed with the audit finding.

FINDING 4— Incorrect distribution of judge-ordered total fines

During testing of the county's Office of Revenue and Recovery cases, we found that the county did not properly distribute revenues from cases for which the judge ordered a total fine. The error occurred because the county did not follow the JCC's guidelines for top-down distributions.

We verified, on a sample basis, distributions made by the county's Office of Revenue and Recovery using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During testing, we found that the county made incorrect distributions for health and safety and DUI violations when judges ordered total fines for such cases.

For each case for which a judge ordered a total fine, the county distributed revenues using top-down distribution. The JCC provides guidance to courts for top-down distributions, and allows two different methodologies. Courts may either (1) reduce all components proportionately, including those with a specified dollar amount; or (2) allocate the full amount to those components with a specified dollar amount, then pro-rate the remaining balance among the rest of the total fine's components.

For both health and safety and DUI violations, the county correctly allocated the full amounts to the components with a specified dollar amount. However, the county did not pro-rate the remaining fine amount evenly amongst the base fines and penalty assessments. The county stated that the distribution errors were due to an oversight in the calculation of distributions separate from its case management system.

We performed a revenue analysis of the top-down distributions to determine the fiscal effect of the distribution errors. Based on the low number of health and safety and DUI cases, and the relatively minor amount underremitted to the State Treasurer in each case tested, we

determined that the errors did not result in material underremittances to the State Treasurer.

PC section 1463.004 states that percentage calculations may be employed to establish the components of total fines or forfeitures, provided that the aggregate monthly distributions resulting from the calculations are the same as would be produced by strict observance of the statutory distributions.

Recommendation

We recommend that the county's Office of Revenue and Recovery:

- Review its distribution process for judge-ordered total fines to ensure that it follows JCC guidelines for top-down distributions; and
- Periodically verify the accuracy of its distributions using the JCC's testing sheets.

County's Response

The County does not dispute this finding and is evaluating its current computations of top-down distributions. It should be noted that the finding pertains to violations in which the court exercised judicial discretion and ordered total fines that did not compute to the sum of the calculated Penalty Assessment, Court fine and State Surcharge corresponding to the standard base fine for the violation.

FINDING 5— Incorrect prioritization of installment payments (repeat finding)

During testing of the county's Office of Revenue and Recovery cases, we found that the county incorrectly prioritized distributions of installment payments. These errors occurred because the county misinterpreted the distribution guidelines.

We verified, on a sample basis, distributions made by the county using its case management system for installment payments. For each sample case, we reviewed the distributions to determine whether the county correctly prioritized the distributions of installment payments according to PC section 1203.1d. During testing, we found that the county incorrectly distributed the full amount of the \$4 EMAT as a priority-two revenue rather than a priority-three revenue. Furthermore, we found that the county made partial distributions to priority-four revenues before making full distributions to priority-three revenues.

We discussed this issue with the county's Office of Revenue and Recovery staff. During discussions, county representatives stated that the issue had been previously identified by the county and corrected during the audit period.

We did not measure the effect of the error because it would be impractical and difficult to redistribute revenues for every case involving installment payments.

PC section 1203.1d requires a mandatory prioritization in the distribution of installment payments as follows:

1. Restitution Orders to victims;
2. 20% state surcharge;
3. Fines, penalty assessments, and restitution fines; and
4. Other reimbursable costs.

As discussed in Finding 3 of our prior audit report dated September 24, 2014, the county incorrectly prioritized distributions of installment payments. This is a repeat finding because the county's Office of Revenue and Recovery did not correct the distribution errors noted in our prior audit report.

Recommendation

We recommend that the county's Office of Revenue and Recovery take steps to ensure that all surcharges, fines, penalties, and fees are distributed in accordance with the statutory priority requirements of PC section 1203.1d.

County's Response

The County does not dispute this finding. The County has completed its work with the case management system vendor to correct payment application priorities. The new programming will distribute installment payments in accordance with PC section 1203.1d.

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



County of San Diego

TRACY DRAGER
AUDITOR AND CONTROLLER
(619) 594-2175
FAX: (619) 594-2298

AUDITOR AND CONTROLLER
6630 OVERLAND AVE, SUITE 410, SAN DIEGO, CA 92123-1281

November 19, 2021

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

Dear Ms. Kurokawa:

RESPONSE TO DRAFT AUDIT REPORT OF COURT REVENUES

FINDING 1 – Incorrect calculation of 50% excess of qualified revenues

Recommendation

We recommend that the County:

- Remit \$2,325,174 to the State Treasurer and report on the TC-31 form an increase to the State Trial Court Improvement and Modernization Fund; and
- Ensure that the proper accounts are included in the calculations of each line item on the 50-50 Excess Split Revenue Computation Form.

County Response

With regards to finding #1 related to incorrect exclusion of revenues in calculation of the traffic violator school (TVS) fee (VC 42007) from the following funds:

- GC 76104 FMS Fund, resulting in understatement of \$2,033,200
- GC 76000.5 Maddy EMS Fund, resulting in understatement of \$2,033,193
- VC 42007(c) City Base Fines, resulting in understatement of \$6,186,081

The County does not agree with the SCO's recommendation. SCO noted that the 50% excess of qualified revenues was incorrectly calculated because the county misinterpreted the required calculations. Along with other counties who have received similar findings from the SCO, the County of San Diego's interpretation of the statutes is that funds transferred to other funds and jurisdictions, including the Maddy EMS and Emergency Services funds (GC 76104 and 76005.5) and funds transferred to the cities (VC 42007 (c)) are not available for sharing with the

State. In addition, SB 1773 permitted counties to levy an additional assessment of \$2 for every \$10. This statute was effective January 1, 2007. Since the statute did not exist in 1997, we do not agree that these revenues should be included in the 50-50 revenue split calculation.

The County, however, processed a remittance for \$2,325,174 with form TC-31 remittance advice number CO37-1261 (warrant released on November 16, 2021) to the State Treasurer. Additionally, the FY 2020-21 50-50 Excess Split Revenue Reporting submitted to the State on August 16, 2021, included all revenue accounts noted in the recommendation.

FINDING 2 – Incorrect distribution of parking surcharges

Recommendation

We recommend that the City of El Cajon:

- Remit \$5,808 to San Diego County for increases to the State Court Facilities Construction Fund for subsequent remittance by the county to the State Treasurer; and
- Ensure that it remits the proper state parking surcharges to the county in accordance with GC section 70372(b).

We further recommend that the County remit to the State Treasurer any portion of the \$5,808 that it receives from the City of El Cajon.

County Response

The City of El Cajon remitted \$5,808 to the County of San Diego which was deposited on September 9, 2021. Subsequently, the County remitted these amounts to the State Treasurer as reported on TC-31 remittance advice number CO37-1222 dated September 16, 2021. The County has subsequently received remittances from the City of El Cajon with the recommended state parking surcharges in accordance with GC section 70372(b).

FINDING 3 – Failure to consistently impose the emergency medical air transportation penalty

Recommendation

We recommend that the County and the court work together to:

- Ensure that the required \$4 EMAT penalty is imposed on all vehicle code violations except for parking offenses, and
- Periodically verify the accuracy of distributions using the JCC's testing sheets.

County Response

The County does not dispute this finding. However, corrective action is dependent on the Superior Court's ability to standardize clerical procedures when the court exercises judicial discretion to explicitly include the imposition of the EMAT fee on the Court order.

The Superior Court of California, County of San Diego may also respond to these findings and recommendations.

FINDING 4 – Incorrect distribution of judge-ordered total fines

Recommendation

We recommend that the County's Office of Revenue and Recovery:

- Review its distribution process for judge-ordered total fines to ensure that it follows JCC guidelines for top-down distributions; and
- Periodically verify the accuracy of its distributions using the JCC's testing sheets.

County Response

The County does not dispute this finding and is evaluating its current computations of top-down distributions. It should be noted that the finding pertains to violations in which the court exercised judicial discretion and ordered total fines that did not compute to the sum of the calculated Penalty Assessment, Court fine and State Surcharge corresponding to the standard base fine for the violation.

FINDING 5 – Incorrect prioritization of installment payments (repeat finding)

Recommendation

We recommend that the County's Office of Revenue and Recovery take steps to ensure that all surcharges, fines, penalties, and fees are distributed in accordance with the statutory priority requirements of PC section 1203.1(d).

County Response

The County does not dispute this finding. The County has completed its work with the case management system vendor to correct payment application priorities. The new programming will distribute installment payments in accordance with PC section 1203.1(d).

If you have any questions regarding our responses, please contact Diana Eid-Chammas, Auditor and Controller, Manager of Office of Revenue and Recovery, at (858) 637-5836.

Sincerely,



TRACY DRAGER
Auditor and Controller

ADM:TD:tw

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

The Superior Court of California

COUNTY OF SAN DIEGO
EXECUTIVE OFFICE OF THE COURT

MICHAEL M. RODDY
Executive Officer and Clerk
Jury Commissioner

Post Office Box 122724
San Diego, California 92112-2724
(619) 844-2500

November 22, 2021

VIA EMAIL


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

**Re: Response to Report Entitled "San Diego County Audit Report Court Revenues
July 1, 2016 through June 30, 2020 (DRAFT)"**

Dear Ms. Kurokawa:

The Superior Court of California, County of San Diego, has reviewed the above-entitled draft audit report. We agree with the findings in this report regarding the court.

Sincerely,



MICHAEL M. RODDY
Executive Officer

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

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