

TULARE 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, City, College, and Department Representatives:

The State Controller's Office (SCO) audited the propriety of the court revenues remitted by Tulare County to the State Treasurer for the period of July 1, 2016, through June 30, 2020.

Our audit found that \$1,176,368 in state court revenues was underremitted to the State Treasurer. Specifically, we found that the county underremitted a net of \$1,140,074 in state court revenues to the State Treasurer because it:

- Underremitted the State Trial Court Improvement and Modernization Fund (Government Code [GC] section 77205) by \$1,259,958;
- Overremitted the Immediate and Critical Needs Account of the State Court Facilities Construction Fund (GC section 70372[b]) by \$105,552;
- Overremitted the State Domestic Violence Restraining Order Reimbursement Fund (Penal Code section 1203.097) by \$7,166; and
- Overremitted the State Domestic Violence Training and Education Fund (Penal Code section 1203.097) by \$7,166.

In addition, we found that the College of the Sequoias underremitted \$36,294 in parking surcharges to the State Treasurer via Tulare County. On February 4, 2021, the College of the Sequoias made a payment of \$36,294 to the county. On February 10, 2021, the county remitted \$36,294 to the State Treasurer via the TC-31.

We also found that the court made incorrect distributions related to red-light traffic violator school, fish and game, and health and safety violations. Furthermore, the county's probation department made incorrect distributions related to DUI violations.

The county should remit \$1,140,074 to the State Treasurer via the Report to State Controller of Remittance to State Treasurer (TC-31), and include the Schedule of this audit report. On the TC-31, the county should specify the account name identified on the Schedule of this audit report and state that the amounts are related to the SCO audit period of July 1, 2016, through June 30, 2020.

The county should not combine audit finding remittances with current revenues on the TC-31. A separate TC-31 should be submitted for the underremitted amounts for the audit period. For your convenience, the TC-31 and directions for submission to the State Treasurer's Office are located at https://www.sco.ca.gov/ard_trialcourt_manual_guidelines.html.

The underremitted amounts are due no later than 30 days after receipt of this final audit report. The SCO will add a statutory 1.5% per month penalty on the applicable delinquent amounts if payment is not received within 30 days of issuance of this final audit report.

Once the county has paid the underremitted amounts, the Tax Programs Unit will calculate interest on the underremitted amounts and bill the county and applicable entities in accordance with GC sections 68085, 70353, and 70377.

Please mail a copy of the TC-31 and documentation supporting the corresponding adjustments to the attention of the following individual:

Tax Accounting Unit Supervisor
Bureau of Tax, Administration, and Government Compensation
Local Government Programs and Services Division
State Controller's Office
Post Office Box 942850
Sacramento, CA 94250

If you have questions regarding payments, TC-31s, or interest and penalties, please contact Jennifer Montecinos, Manager, Tax Administration Unit, by telephone at (916) 324-5961, or by email at lgpsdtaxaccounting@sco.ca.gov.

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 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/as

Attachment—Recipient Addresses

cc: Amy Shuklian, Chairman
Tulare 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 Administration Unit
State Controller's Office
Shawn Silva, Chief Counsel
State Controller's Office

Recipient Addresses

Cass Cook, CFIP, Auditor-Controller
Tulare County
221 South Mooney Boulevard, Room 101 E
Visalia, CA 93291

Stephanie Cameron, Court Executive Officer
Superior Court of California, Tulare County
221 South Mooney Boulevard, Room 303
Visalia, CA 93291

Karina Solis, Administrative Services Director
City of Dinuba Finance Department
405 East El Monte Way
Dinuba, CA 93618

John Hall, Chief of Police
City of Exeter
100 North C Street
Exeter, CA 93221

Mario Krstic, Chief of Police
City of Farmersville
909 West Visalia Road
Farmersville, CA 93223

Melinda Rios, Administrative Assistant
Porterville Police Department
350 North D Street
Porterville, CA 93257

Matt Machado, Captain
Tulare Police Department
260 South M Street
Tulare, CA 93274

Renee Nagel, Finance Director
City of Visalia
707 West Acequia Avenue
Visalia, CA 93291

Arlitha Williams-Harmon, Vice President,
Finance and Administrative Services
Porterville College
100 East College Avenue
Porterville, CA 93257

Carmen Alvarez, Office Technician
Porterville Developmental Center
P.O. Box 2000
Porterville, CA 93258

Kevin Mizner, Chief of District Police
College of the Sequoias
915 South Mooney Boulevard
Visalia, CA 93277

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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 Tulare 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 \$1,176,368 in state court revenues was underremitted to the State Treasurer. Specifically, we found that the county underremitted \$1,140,074 in state court revenues to the State Treasurer, and that the College of the Sequoias underremitted \$36,294 in parking surcharges to the State Treasurer via Tulare County.

We also found that the court made incorrect distributions related to red-light traffic violator school (TVS), fish and game, and health and safety violations. Furthermore, the county's probation department made incorrect distributions related to DUI violations.

Background

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

The SCO publishes the *Trial Court Revenue Distribution Guidelines (Distribution Guidelines)* to provide direction on the distribution of fines, fees, forfeitures, penalties, and assessments. The *Distribution Guidelines* group code sections that share similar exceptions, conditions, or distributions into a series of nine tables.

Audit Authority

We conducted this audit under the authority of GC section 68103, which requires the SCO to review the county and the court'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 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 reviewing the distribution priority of payments programmed into the accounting system.
- We scheduled parking surcharge revenues collected from entities that issue parking citations within the county to ensure that revenues were correct, complete, and remitted in accordance with state statutory requirements.
- We performed a risk evaluation of the county and court and identified violation types that are prone to errors due to either their complexity or statutory changes during the audit period. Based on the risk evaluation, we haphazardly selected a non-statistical sample of 62 cases for 13 violation types.¹ Then, we:
 - Recomputed the sample case distributions and compared them to the actual distributions; and

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.

- Calculated the total dollar amount of significant underremittances and overremittances to the State and county.

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

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

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

Conclusion

As a result of performing the audit procedures, we found instances of noncompliance with the requirements described in our audit objective. Specifically, we found that a net of \$1,176,368 in state court revenues was underremitted to the State Treasurer as follows:

- Underremitted the State Trial Court Improvement and Modernization Fund (GC section 77205) by \$1,259,958;
- Overremitted the Immediate and Critical Needs Account of the State Court Facilities Construction Fund (GC section 70372[b]) by \$105,552;
- Overremitted the State Domestic Violence Restraining Order Reimbursement Fund (Penal Code [PC] section 1203.097) by \$7,166;
- Overremitted the State Domestic Violence Training and Education Fund (PC section 1203.097) by \$7,166; and
- Underremitted the State Trial Court Trust Fund (GC section 76000.3) by \$36,294 in state parking surcharges from the College of the Sequoias to the State Treasurer via Tulare 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 court made incorrect distributions related to red-light TVS, fish and game, and health and safety violations. Furthermore, the county's probation department made incorrect distributions related to DUI violations. These instances of noncompliance are non-monetary and described in the Findings and Recommendations section of this audit report.

On February 4, 2021, the College of the Sequoias made a payment of \$36,294 to the county. On February 10, 2021, the county remitted \$36,294

to the State Treasurer via the TC-31. The county should remit the remaining balance of \$1,140,074 to the State Treasurer.

**Follow-up on Prior
Audit Findings**

The county has satisfactorily resolved the findings noted in our prior audit report, for the period of July 1, 2005, through June 30, 2012, issued March 12, 2014.

**Views of
Responsible
Officials**

We issued a draft audit report on November 3, 2021. Cass Cook, Auditor-Controller, responded by letter dated November 9, 2021 (Attachment A), agreeing with the audit results with the exception of Finding 1. In addition, Stephanie Cameron, Court Executive Officer, responded by letter dated November 5, 2021 (Attachment B), agreeing with the audit results. The College of the Sequoias did not provide a response to Finding 4, but did make a payment of \$36,294.

Restricted Use

This audit report is solely for the information and use of Tulare County; Superior Court of California, Tulare County; City of Dinuba; City of Exeter; City of Farmersville; City of Porterville; City of Tulare; City of Visalia; Porterville College; Porterville Developmental Center; College of the Sequoias; the Judicial Council of California (JCC); 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		
Underremitted 50% excess of qualified revenues State Trial Court Improvement and Modernization Fund – GC §77205	\$ 375,083	\$ 303,732	\$ 293,811	\$ 287,332	\$ 1,259,958	Finding 1
Incorrect remittance of county parking surcharges State Court Facilities Construction Fund – Immediate and Critical Needs Account – GC §70372(b)	(9,268)	(9,659)	(8,658)	(77,967)	(105,552)	Finding 2
Incorrect distribution of domestic violence fees State Domestic Violence Restraining Order Reimbursement Fund – PC §1203.097 State Domestic Violence Training and Education Fund – PC §1203.097	(1,610) (1,610)	(1,131) (1,131)	(1,965) (1,965)	(2,460) (2,460)	(7,166) (7,166)	
Total	(3,220)	(2,262)	(3,930)	(4,920)	(14,332)	Finding 3
Underremitted parking surcharges State Trial Court Trust Fund – GC §76000.3	9,705	9,225	10,506	6,858	36,294	Finding 4
Net amount underremitted to the State Treasurer	\$ 372,300	\$ 301,036	\$ 291,729	\$ 211,303	\$ 1,176,368	

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— Underremitted the 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 \$1,259,958 during 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 calculation of the 50% excess of qualified revenues. We reviewed the county's calculation and reconciled the qualified revenues to revenue collection reports provided by the court. We noted that the county incorrectly excluded the revenues collected for the city base fines (Vehicle Code [VC] section 42007[c]), Emergency Medical Services Fund (GC section 76104), Maddy Emergency Medical Services Fund (GC section 76000.5), County Courthouse Construction Fund (GC section 76100 – \$1 per TVS case), and County Criminal Justice Facilities Construction Fund (GC section 76101 – \$1 per TVS case) from the 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 of the audit period. After our recalculation, we found that the county had understated qualified revenues by a net of \$2,519,916 for the audit period. The incorrect qualified revenues resulted in the county underremitting the 50% excess of qualified revenues by \$1,259,958 for the audit period.

Qualified revenues were understated because:

- The court understated qualified revenues by \$1,920,461 for the audit period because the county incorrectly excluded the revenues collected for the city base fines (VC section 42007[c]) from the calculation of the TVS fees (VC section 42007);
- The court understated qualified revenues by \$564,537 for the audit period because the county incorrectly excluded the revenues collected for the Emergency Medical Services Fund (GC section 76104) and Maddy Emergency Medical Services Fund (GC section 76000.5) from the calculation of the TVS fees (VC section 42007); and
- The court understated qualified revenues by \$34,918 for the audit period because the county incorrectly excluded the revenues collected for the County Courthouse Construction Fund (GC section 76100 – \$1 per TVS case) and County Criminal Justice Facilities Construction Fund (GC section 76101 – \$1 per TVS case) from the calculation of the TVS fees (VC section 42007).

The following table shows the audit adjustments to qualified revenues:

	Fiscal Year				Totals
	2016-17	2017-18	2018-19	2019-20	
Qualified revenues reported	\$ 3,372,440	\$ 3,157,256	\$ 2,843,637	\$ 3,099,757	\$ 12,473,090
Audit adjustments:					
VC 42007(c) adjustment	587,201	449,008	441,732	442,520	1,920,461
GC 76104, GC 76000.5 adjustment	148,889	150,846	138,964	125,838	564,537
GC 76100, GC 76101 adjustment	14,077	7,610	6,924	6,307	34,918
Total	<u>750,167</u>	<u>607,464</u>	<u>587,620</u>	<u>574,665</u>	<u>2,519,916</u>
Adjusted qualified revenues	<u>\$ 4,122,607</u>	<u>\$ 3,764,720</u>	<u>\$ 3,431,257</u>	<u>\$ 3,674,422</u>	<u>\$ 14,993,006</u>

The incorrect qualified revenues resulted in the county underremitting the 50% excess of qualified revenues by \$1,259,958 for the audit period.

The following table shows:

- The excess qualified revenues amount above the base; and
- The county’s underremittance to the State Treasurer, by comparing 50% of the excess qualified revenues amount above the base to actual county remittances:

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	\$ 4,122,607	\$ 1,840,422	\$2,282,185	\$1,141,092	\$ 766,009	\$ 375,083
2017-18	3,764,720	1,840,422	1,924,298	962,149	658,417	303,732
2018-19	3,431,257	1,840,422	1,590,835	795,418	501,607	293,811
2019-20	3,674,422	1,840,422	1,834,000	917,000	629,668	287,332
Total						<u>\$ 1,259,958</u>

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

In its annual memorandum, the JCC provides instructions for counties to calculate the amount of excess revenues that is required to be remitted to the State Treasurer. 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.

Recommendation

We recommend that the county remit \$1,259,958 to the State Treasurer and report on the TC-31 an increase to the State Trial Court Improvement and Modernization Fund. We also recommend that the county ensure that it includes all of the qualified revenues for the calculation in accordance with JCC's forms and instructions.

County's Response

The County disagrees with the State Controller's Office (SCO) finding. The SCO indicates that the County under-remitted the 50% excess of qualified revenues because the County understated qualified revenues related to Traffic Violator School (TVS) court cases. However, the SCO did not take into consideration the fact that these funds are transferred from the County to the Maddy Emergency Medical Services (EMS) Funds per Government Code 76104 and 76000.5, and from the Court to the cities per Vehicle Code 42007(c), and thus [are] not available for sharing with the State. The County does not have a dedicated revenue source to remit payment. Therefore, we are forced to use unrestricted locally generated funds to pay the State Treasurer in order to comply with the SCO's finding. The State should address this by reviewing Vehicle Code 42007(c), allowing funds to pass through the county's general fund before allocating to the cities. The State could also address this with a change in the legislation or an amendment to the MOE Base amount.

Although the County disagrees with Finding 1, the County will pay the California State Treasurer the amount of \$1,259,958 as listed in the audit finding via TC-31.

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(a) also specifies that the qualified revenues are based on what 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 is 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 remittance
of county parking
surcharges**

During our analysis of parking surcharges remitted to the county, we found that the following entities incorrectly remitted county parking surcharges for the period of February 28, 2017, through June 30, 2020:

- City of Dinuba;
- City of Exeter;
- City of Farmersville;
- City of Porterville;
- City of Tulare;
- City of Visalia;
- Porterville College; and
- Porterville Developmental Center.

We also found that the county incorrectly remitted the revenues collected for the County Courthouse Construction Fund (GC section 76100) to the State Court Facilities Construction Fund – Immediate and Critical Needs Account (GC section 70372[b]), resulting in a net overremittance to the State of \$105,552. The error occurred because the aforementioned entities were unaware of the board of supervisors’ resolution adopted by the county related to parking surcharges.

External parking agencies are required to collect revenues for parking violations and remit the revenues to the county. Revenues are remitted to the county on a monthly basis and collection reports are included to support the remitted revenues. During our analysis of the collection reports, we found that the aforementioned entities incorrectly remitted \$12.50 in state and county parking surcharges on every parking violation instead of the required \$10.00 for the period of February 28, 2017, through June 30, 2020.

On February 28, 2017, the Tulare County Board of Supervisors adopted a resolution that closed the County Courthouse Construction Fund, reduced the county penalty on each parking citation to a total of \$2.50, and allocated the \$2.50 to the County Criminal Justice Facilities Construction Fund. Thus, parking entities in Tulare County should be collecting a total of \$10.00 only for state and county parking surcharges.

The overremitted parking surcharges are as follows:

Account Title	Underremitted/ (Overremitted)
State Court Facilities Construction Fund — Immediate and Critical Needs Account — GC §70732(b)	<u>\$ (105,552)</u>
County General Fund	<u>\$ 105,552</u>

The aforementioned entities should not have remitted \$2.50 to the County Courthouse Construction Fund (GC section 76100) for every parking violation for the period of February 28, 2017, through June 30, 2020, in accordance with the resolution adopted by the Tulare County Board of Supervisors on February 28, 2017.

Subsequently, the county incorrectly remitted the \$2.50 collected for the County Courthouse Construction Fund (GC section 76100) to the State Court Facilities Construction Fund – Immediate and Critical Needs Account (GC section 70372[b]). Instead of remitting the revenues collected for the County Courthouse Construction Fund (GC section 76100) to the State, the county should have returned the revenues to each entity, as the \$2.50 for the County Courthouse Construction Fund (GC section 76100) should not have been imposed by the entities on each parking violation.

GC section 76000(c) requires the county to deposit a \$2.50 parking surcharge in both the County Courthouse Construction Fund and the Criminal Justice Facilities Fund from each parking fine collected.

GC section 70372(b) requires issuing agencies to distribute a state surcharge of \$4.50 to the State Court Facilities Construction Fund and State Court Facilities Construction Fund – Immediate and Critical Needs Account for every parking fine or forfeiture beginning in January 2009.

GC section 76000.3 requires issuing agencies to distribute to the State Trial Court Trust Fund an additional state surcharge of \$3 for every parking fine or forfeiture beginning in December 2010.

Recommendation

We recommend that the county offset subsequent remittances to the State Treasurer by \$105,552 and report on the TC-31 a decrease to the State Court Facilities Construction Fund – Immediate and Critical Needs Account (GC section 70372[b]).

We also recommend that the county collaborate with the parking entities to determine the amount of revenues collected for the County Courthouse Construction Fund (GC section 76100) that the county should return to each parking entity.

In addition, we recommend that the parking entities impose, collect, and remit the correct county parking surcharges.

County's Response

The County agrees with this recommendation. The County will offset remittance as mentioned above in Finding 1 to the State Treasurer by \$105,552 and report on the TC-31.

**FINDING 3—
Incorrect distribution
of domestic violence
fees**

During our testing of domestic violence cases, we found that the county’s Probation Department incorrectly distributed revenues to the State Domestic Violence Restraining Order Reimbursement Fund (PC section 1203.097) and State Domestic Violence Training and Education Fund, resulting in a net overremittance to the State of \$14,332. The error occurred because the department misinterpreted the *Distribution Guidelines*.

We verified, on a sample basis, distributions made by the department using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During our testing, we found that the county’s probation department incorrectly distributed two-thirds of the domestic violence fee to the State instead of distributing the required one-third to the State.

The incorrect distributions had the following effect:

Account Title	Underremitted/ (Overremitted)
State Domestic Violence Restraining Order Reimbursement Fund – PC §1203.097	\$ (7,166)
State Domestic Violence Training and Education Fund – PC §1203.097	(7,166)
Total	\$ (14,332)
County Domestic Violence Programs Special Fund – PC §1203.097	\$ 14,332

PC section 1203.097(a)(5) requires that two-thirds of the Domestic Violence Fee collected be posted to the county’s Domestic Violence Fund and the remaining one-third remitted to the State Treasurer. Furthermore, the remaining one-third should be split evenly between the State Domestic Violence Restraining Order Reimbursement Fund and the State Domestic Violence Training and Education Fund.

Recommendation

We recommend that the county offset subsequent remittances to the State Treasurer by \$14,332 and report on the TC-31 a decrease to the following accounts:

- State Domestic Violence Restraining Order Reimbursement Fund: \$(7,166); and
- State Domestic Violence Training and Education Fund: \$(7,166)

We also recommend that the county’s probation department correct its case management system to ensure that revenues are distributed in accordance with statutory requirements and periodically verify the accuracy of its distributions using the JCC’s testing sheets.

County’s Response

The County agrees with this recommendation. The County will offset subsequent remittances to the State Treasurer by \$14,332 and report on the TC-31.

**FINDING 4—
Underremitted
parking surcharges**

During our analysis of parking surcharges remitted to the county, we found that the College of the Sequoias did not collect and remit state and county parking surcharges for the audit period. This error resulted in a net underremittance to the State of \$36,294. The error occurred because the college was unaware of the statutory requirements relating to parking surcharges.

External parking agencies are required to collect revenues for parking violations and remit the revenues to the county. Revenues are remitted to the county on a monthly basis and collection reports are included to support the remitted revenues. During our analysis of the collection reports, we found that the college did not collect or remit state and county parking surcharges for the audit period.

On February 28, 2017, the Tulare County Board of Supervisors adopted a resolution that closed the County Courthouse Construction Fund, reduced the county penalty on each parking citation to a total of \$2.50, and allocated the \$2.50 to the County Criminal Justice Facilities Construction Fund. Thus, parking entities in Tulare County should only be collecting a total of \$10.00 in state and county parking surcharges.

The College of the Sequoias should have collected a total of \$10.00 in state and county parking surcharges for each parking violation. As the college did not collect any state and county parking surcharges for the period, it was required to remit only \$3.00 for each parking violation to the State Treasurer in accordance with GC section 76000.3. Unlike the other parking surcharge statutes, GC section 76000.3 requires the remittance of \$3.00 per parking violation regardless of collection.

On February 4, 2021, the county received a remittance of \$36,294 from the college. On February 10, 2021, the county remitted \$36,294 to the State Treasurer via the TC-31.

The underremitted parking surcharges are as follows:

<u>Account Title</u>	<u>Underremitted/ (Overremitted)</u>
State Trial Court Trust Fund — GC §76000.3	\$ 36,294
College of the Sequoias	\$ (36,294)

GC section 76000(b) requires each parking agency to pay the county treasurer \$2.50 for each fund established in accordance with GC section 76100 or 76101 for each parking violation.

GC section 76000(c) requires the county treasurer to deposit \$1.00 of every \$2.50 collected for the County Courthouse Construction Fund and County Criminal Justice Facilities Construction Fund into the county general fund.

GC section 70372(b) requires the issuing agencies to collect a state surcharge of \$4.50 in the State Court Facilities Construction Fund for every parking fine or forfeiture.

GC section 70372(f) requires that one-third of the \$4.50 be deposited in the State Court Facilities Construction Fund and two-thirds be deposited in the State Court Facilities Construction Fund – Immediate and Critical Needs Account.

GC section 76000.3 requires that parking agencies pay to the State Treasurer a state surcharge of \$3.00 in the State Trial Court Trust Fund on each parking violation.

Recommendation

We recommend that the College of the Sequoias collect and remit the required state and county parking surcharges to the county, totaling \$10 per infraction.

SCO Comment

The College of the Sequoias did not provide a response to this finding, but did make a payment of \$36,294 on February 4, 2021, to the county (which the county remitted to the State Treasurer on February 10, 2021, via the TC-31).

FINDING 5— Incorrect distribution of red-light TVS cases

During our testing of red-light TVS cases, we found that the court incorrectly distributed 77% of base fines to the City of Porterville instead of the required 74% in accordance with PC section 1463.002. The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During testing, we found that the court incorrectly distributed 77% of base fines to the City of Porterville instead of the required 74% in accordance with PC section 1463.002.

PC section 1463.001(b) requires base fines resulting from city arrests to be transferred to the county in accordance with the percentages set forth in PC section 1463.002, as modified by Section 1463.28.

We performed an analysis of red-light allocation fund (VC section 42007.3) revenues to determine the fiscal effect of this distribution error. Upon completion of our analysis, we found that the error did not have a material impact on the revenues remitted to the State.

Recommendation

We recommend that the court correct its case management system to ensure that revenues are distributed in accordance with statutory requirements.

We also recommend that the court periodically verify the accuracy of its distributions using the JCC's testing sheets.

Court's Response

The Court agrees with the SCO recommendation and has already updated its case management system to the correct distribution in accordance with statutory requirements. The Court shall establish a process to review its distribution on an annual basis.

FINDING 6— Overremitted secret witness penalty

During our testing of fish and game cases, we found that the court incorrectly assessed a \$35 Secret Witness Penalty instead of the required \$15. The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During testing, we found that the court incorrectly assessed a \$35 Secret Witness Penalty instead of the required \$15. The court should have proportionally allocated the \$20 excess to the state and county penalties.

Fish and Game Code section 12021 states that the courts shall impose an additional penalty of \$15 for a violation of the Fish and Game Code to be deposited into the Fish and Game Preservation Fund.

We performed an analysis of fish and game revenues to determine the fiscal effect of the distribution error. Upon completion of our analysis, we found that the error did not have a material impact on the revenues remitted to the State.

Recommendation

We recommend that the court correct its case management system to ensure that revenues are distributed in accordance with statutory requirements.

We also recommend that the court periodically verify the accuracy of its distributions using the JCC's testing sheets.

Court's Response

The Court agrees with the SCO recommendation and has already updated its case management system to the correct distribution in accordance with statutory requirements. The Court shall establish a process to review its distribution on an annual basis.

**FINDING 7—
Incorrect distribution
of health and safety
violations**

During our testing of health and safety violation cases, we found that the court did not consistently assess the criminal laboratory analysis fee (Health and Safety Code [HSC] section 11372.5) and proportionally allocate the total fine ordered by the judge. The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During our testing, we found that the court did not consistently assess the criminal laboratory analysis fee (HSC section 11372.5). In addition, we found that the court also did not proportionally allocate the total fine ordered by the judge, resulting in understated County Criminal Justice Facilities Construction Fund (GC section 76101) revenues.

HSC section 11372.5 requires defendants convicted of violating specific Health and Safety Code sections regulating controlled substances to pay a \$50 criminal laboratory analysis for each separate offense, and requires the court to increase the total fine as necessary to include the increment.

PC section 1463.004(a) states that if a judge specifies only the total fine or forfeiture, percentage calculations may be used to determine the components of total fines or forfeitures if the aggregate monthly distributions resulting from the calculations are the same as would be produced by strict observance of the statutory distributions.

We performed an analysis of health and safety revenues to determine the fiscal effect of the distribution error. Upon completion of our analysis, we found that the error did not have a material impact on the revenues remitted to the State.

Recommendation

We recommend that the court correct its case management system to ensure that revenues are distributed in accordance with statutory requirements.

We also recommend that the court periodically verify the accuracy of its distributions using the JCC's testing sheets.

Court's Response

The Court agrees with the SCO recommendation and has already updated its case management system to the correct distribution in

accordance with statutory requirements. The Court shall establish a process to review its distribution on an annual basis.

**FINDING 8—
Incorrect distribution
of DUI violations**

During our testing of DUI violation cases, we found that the county's probation department did not properly distribute revenues to the State Trial Court Improvement and Modernization Fund (GC section 68090.8 – 2% Automation). The error occurred because the county's probation department misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

We verified, on a sample basis, distributions made by the county's probation department using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During our testing, we found that the county's probation department did not properly distribute 2% of the Alcohol Abuse and Prevention Fund (PC section 1463.25) revenues to the State Trial Court Improvement and Modernization Fund (GC section 68090.8 – 2% Automation).

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

We performed an analysis of the Alcohol Abuse and Prevention Fund (PC section 1463.25) revenues collected by the county's probation department to determine the fiscal effect of the distribution errors. Upon completion of our analysis, we found that the errors did not have a material impact on the revenues remitted to the State.

Recommendation

We recommend that the county's probation department correct its case management system to ensure that revenues are distributed in accordance with statutory requirements.

We also recommend that the county's probation department periodically verify the accuracy of its distributions using the JCC's testing sheets.

SCO Comment

The county did not provide a response to this finding.

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



County of Tulare

Cass Cook · Auditor-Controller
Justin Avila · Assistant Auditor-Controller

221 S. Mooney Blvd, Room 301-E
Visalia, CA 93291

Telephone: (559) 636-5200
Fax: (559) 730-2547

November 9, 2021

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

Attn: Lisa Kurokawa
Audit Bureau Chief

County of Tulare Response to Draft Audit Report for Court Revenue FY2017-2020

We have reviewed the Tulare County Court Revenue Draft Audit Report for the period of July 1, 2017 through June 30, 2020. Below are our responses to the audit findings and recommendations directed to the County:

Finding 1 – Underremitted the 50% excess of qualified revenues:

State's Recommendation 1

We recommend that the county remit \$1,259,958 to the State Treasurer and report on the TC-31 an increase to the State Trial Court Improvement and Modernization Fund. We also recommend that the county take care to include all of the qualified revenues for the calculation in accordance with Judicial Council of California's forms and instructions.

County's Response

The County disagrees with the State Controller's Office (SCO) finding. The SCO indicates that the County under-remitted the 50% excess of qualified revenues because the County understated qualified revenues related to Traffic Violator School (TVS) court cases. However, the SCO did not take into consideration the fact that these funds are transferred from the County to the Maddy Emergency Medical Services (EMS) Funds per Government Code 76104 and 76000.5, and from the Court to the cities per Vehicle Code 42007(c), and thus not available for sharing with the State. The County does not have a dedicated revenue source to remit payment. Therefore, we are forced to use unrestricted locally generated funds to pay the State Treasurer in order to comply with the SCO's finding. The State should address this by reviewing Vehicle Code 42007(c), allowing funds to pass through the county's general fund before allocating to the cities. The State could also address this with a change in the legislation or an amendment to the MOE Base amount.

Although the County disagrees with Finding 1, the County will pay the California State Treasurer the amount of \$1,259,958 as listed in the audit finding via TC-31.

Finding 2 – Incorrect remittance of county parking surcharges

State's Recommendation 2

We recommend that the county offset subsequent remittances to the State Treasurer by \$105,552 and report on the TC-31 a decrease to the State Court Facilities Construction Fund – Immediate and Critical Needs Account (GC section 70372[b]).

We also recommend that the county collaborate with the parking entities to determine the amount of revenues collected for the County Courthouse Construction Fund (GC section 76100) that the county should return to each parking entity.

In addition, we recommend that the parking entities impose, collect, and remit the correct county parking surcharges.

County's Response

The County agrees with this recommendation. The County will offset remittance as mentioned above in Finding 1 to the State Treasurer by \$105,552 and report on the TC-31.

Finding 3 - Incorrect distribution of domestic violence fees

State's Recommendation 3

We recommend that the county offset subsequent remittances to the State Treasurer by \$14,332 and report on the TC-31 a decrease to the following accounts:

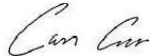
1. State Domestic Violence Restraining Order Reimbursement Fund: \$(7,166)
2. State Domestic Violence Training and Education Fund: \$(7,166)

We also recommend that the county's probation department correct its accounting system to ensure that revenues are distributed in accordance with statutory requirements and periodically verify the accuracy of its distributions using the Judicial Council of California's testing sheets.

County's Response

The County agrees with this recommendation. The County will offset subsequent remittances to the State Treasurer by \$14,332 and report on the TC-31.

Respectfully,



Cass Cook
Auditor-Controller

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



Superior Court of the State of California

COUNTY OF TULARE

ADMINISTRATION

221 S. Mooney Blvd., Room 303

Visalia, California 93291

Telephone: (559) 730-5000

Facsimile: (559) 737-4290

Stephanie Cameron
Court Executive
Officer/Jury Commissioner

November 5, 2021

VIA EMAIL TO:

lkurokawa@sco.ca.gov

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

Re: Tulare County - Court Revenue Program
Audit Report S21-CRV-0003
July 1, 2016, through June 30, 2020
Court Audit Findings

Dear Ms. Kurokawa,

In response to the recent audit as mentioned above, provided below is the response from Tulare County Superior Court:

FINDING 5 (Court Finding 1) - Incorrect distribution of red-light TVS cases

During our testing of red-light TVS cases, we found that the court incorrectly distributed 77% of base fines to the City of Porterville instead of the required 74% in accordance with PC section 1463.002. The error occurred because the court misinterpreted the distribution guidelines and incorrectly configured its accounting system.

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 incorrectly distributed 77% of base fines to the City of Porterville instead of the required 74% in accordance with PC section 1463.002.

PC section 1463.001(b) requires base fines resulting from city arrests to be transferred to the county in accordance with the percentages set forth in PC section 1463.002.

We performed an analysis of rcd-light allocation fund (VC section 42007.3) revenues to determine the fiscal effect of this distribution error. Upon completion of our analysis, we found that the error did not have a material impact on the revenues remitted to the State.

Recommendation

We recommend that the court correct its accounting system to ensure that revenues are distributed in accordance with statutory requirements.

We also recommend that the court periodically verify the accuracy of its distributions using the Judicial Council of California's testing sheets.

COURT RESPONSE: The Court agrees with the SCO recommendation and has already updated its case management system to the correct distribution in accordance with statutory requirements. The Court shall establish a process to review its distribution on an annual basis.

FINDING 6 (Court Finding 2) - Over remitted secret witness penalty

During our testing of fish and game cases, we found that the court incorrectly assessed a \$35 Secret Witness Penalty instead of the required \$15. The error occurred because the court misinterpreted the distribution guidelines and incorrectly configured its accounting system.

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 incorrectly assessed a \$35 Secret Witness Penalty instead of the required \$15. The court should have proportionally allocated the \$20 excess to the State and county penalties.

FGC section 12021 states that the courts shall impose an additional penalty of \$15 for a violation of the Fish and Game code to be deposited into the Fish and Game Preservation Fund.

We performed an analysis of fish and game revenues to determine the fiscal effect of the distribution error. Upon completion of our analysis, we found that the error did not have a material impact on the revenues remitted to the State.

Recommendation

We recommend that the court correct its accounting system to ensure that revenues are distributed in accordance with statutory requirements.

We also recommend that the court periodically verify the accuracy of its distributions using the Judicial Council of California's testing sheets.

COURT RESPONSE: The Court agrees with the SCO recommendation and has already updated its case management system to the correct distribution in accordance with statutory requirements. The Court shall establish a process to review its distribution on an annual basis.

FINDING 7 (Court Finding 3) - Incorrect distribution of health and safety violations

During our testing of health and safety violation cases, we found that the court did not consistently assess the criminal laboratory analysis fee (HSC section 11372.5) and proportionally allocate the total fine ordered by the judge. The error occurred because the court misinterpreted the distribution guidelines and incorrectly configured its accounting system.

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 our testing, we found that the court did not consistently assess the criminal laboratory analysis fee (HSC section 11372.5). In addition, we found that the court also did not proportionally allocate the total fine ordered by the judge, resulting in understated County Criminal Justice Facilities Construction Fund (GC section 76101) revenues.

HSC section 11372.5 requires defendants convicted of violating specific Health and Safety Code sections regulating controlled substances to pay a \$50 criminal laboratory analysis for each separate offense and the court to increase the total fine as necessary to include the increment.

PC section 1463.004(a) states that if a judge specifies only the total fine, percentage calculations may be used to determine the components of total fines if the aggregate monthly distributions resulting from the calculations are the same as would be produced by strict observance of the statutory distributions.

We performed an analysis of health and safety revenues to determine the fiscal effect of the distribution error. Upon completion of our analysis, we found that the error did not have a material impact on the revenues remitted to the State.

Recommendation

We recommend that the court correct its accounting system to ensure that revenues are distributed in accordance with statutory requirements.

We also recommend that the court periodically verify the accuracy of its distributions using the Judicial Council of California's testing sheets.

COURT RESPONSE: The Court agrees with the SCO recommendation and has already updated its case management system to the correct distribution in accordance with statutory requirements. The Court shall establish a process to review its distribution on an annual basis.

If you should have any questions, please feel free to contact Court Administration, Sophia Almanza, Court Financial Officer.

Thank you in advance for your time and attention to this matter.

Sincerely,


Stephanie Cameron
Court Executive Officer

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

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