

# **SANTA BARBARA COUNTY**

Audit Report

## **COURT REVENUES**

*July 1, 2017, through June 30, 2021*



**MALIA M. COHEN**  
California State Controller

January 2024



MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

January 5, 2024

The Honorable Betsy M. Schaffer, CPA, CPFO,  
Auditor-Controller  
Santa Barbara County  
105 East Anapamu Street, Room 303  
Santa Barbara, CA 93101

Darrel E. Parker, Court Executive Officer  
Superior Court of California,  
Santa Barbara County  
312 East Cook Street  
Santa Maria, CA 93454

Dear Ms. Schaffer and Mr. Parker:

The State Controller's Office (SCO) audited Santa Barbara County's court revenues for the period of July 1, 2017, through June 30, 2021.

Our audit found that the county underremitted a net of \$140,419 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 \$165,461;
- Underremitted the State County Facilities Construction Fund (GC section 70732[b]) by \$22,543; and
- Overremitted the State Trial Court Improvement Fund (GC section 68090.8) by \$47,585.

In addition, we found that the county probation department and the Superior Court of California, Santa Barbara County, made incorrect distributions related to the state automation fee and the priority of installment payments.

The county should remit \$140,419 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, 2017, through June 30, 2021.

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](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.

Ms. Betsy M. Schaffer  
Mr. Darrel E. Parker  
January 5, 2024  
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Once the county has paid the underremitted amounts, the Tax Programs Unit will calculate interest on the underremitted amounts and bill the county 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 Programs 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 Section, by telephone at (916) 324-5961, or by email at [lgpsdtaxaccounting@sco.ca.gov](mailto: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 Harpreet Nakhwal, Acting 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, State Controller's Office, 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](mailto:lkurokawa@sco.ca.gov).

Sincerely,

*Original signed by*

KIMBERLY TARVIN, CPA  
Chief, Division of Audits

KT/ac

Ms. Betsy M. Schaffer  
Mr. Darrel E. Parker  
January 5, 2024  
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cc: The Honorable Das Williams, Chair  
Santa Barbara County Board of Supervisors  
Matt Espenshade, Manager  
Internal Audit Services  
Judicial Council of California  
Lynda Gledhill, Executive Officer  
California Victim Compensation Board  
Anita Lee, Senior Fiscal and Policy Analyst  
Legislative Analyst's Office  
Sandeep Singh, Manager  
Local Government Policy Unit  
State Controller's Office  
Jennifer Montecinos, Manager  
Tax Administration Section  
State Controller's Office  
Harpreet Nakhwal, Acting Chief Counsel  
State Controller's Office

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# Audit Report

## Summary

The State Controller's Office (SCO) performed an audit to determine the propriety of court revenues remitted to the State of California by Santa Barbara County on the Report to State Controller of Remittance to State Treasurer (TC-31) for the period of July 1, 2017, through June 30, 2021.

Our audit found that the county underremitted a net of \$140,419 in state court revenues to the State Treasurer. In addition, we found that the county's probation department and the Superior Court of California, Santa Barbara County made incorrect distributions related to the state automation fee 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.

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

The Judicial Council of California (JCC) provides forms and worksheets to ensure the proper calculation and distribution of fines, fees, forfeitures, penalties, and assessments. The guidance includes forms used to compute the annual maintenance-of-effort (MOE) calculation and worksheets to verify the more complex revenue distributions.

## Audit Authority

We conducted this audit under the authority of GC section 68103, which requires the SCO to review the county's reports and records to ensure that all fines and forfeitures have been transmitted. In addition, GC section 68104 authorizes the SCO to examine records maintained by the court. Furthermore, GC section 12410 provides the SCO with general audit authority to superintend the fiscal concerns of the State.

## Objective, Scope, and Methodology

Our audit objective was to determine the propriety of the court revenues remitted to the State Treasurer pursuant to the TC-31 process.

The audit period was July 1, 2017, through June 30, 2021.

To achieve our objective, we performed the following procedures.

#### General

- We gained an understanding of the county and the court's revenue collection and reporting processes, and of the criteria that were significant to our audit objective.
- We interviewed county personnel regarding the monthly TC-31 remittance process and the MOE calculation.
- We interviewed court personnel regarding the revenue distribution process and the case management system.
- We reviewed documents supporting the transaction flow.
- We scheduled monthly TC-31 remittances prepared by the county and the court showing court revenue distributions to the State.
- We performed a review of the complete TC-31 remittance process for revenues collected and distributed by the county and the court.
- We assessed the reliability of data from the case management systems based on interviews and our review of documents supporting the transaction flow. We determined that the data was sufficiently reliable for purposes of this report.

#### Cash Collections

- We scheduled monthly cash disbursements prepared by the county and the court showing court revenue distributions to the State, county, and cities for all fiscal years in the audit period.
- We performed analytical procedures using ratio analysis for state and county revenues to assess the reasonableness of the revenue distributions based on statutory requirements.
- We recomputed the annual MOE calculation for all fiscal years in the audit period to verify the accuracy and completeness of the 50% of qualified revenues remitted to the State.

#### Distribution Testing

- We assessed the priority of installment payments by haphazardly selecting a non-statistical sample of 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 performed a risk evaluation of the county and the court, and identified violation types that are prone to errors due to either their complexity or statutory changes during the audit period. Based on the

risk evaluation, we haphazardly selected a non-statistical sample of 54 cases for 11 violation types.

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

- We recomputed the sample case distributions and compared them to the actual distributions.
- We calculated the total dollar amount of significant underremittances and overremittances to the State and county.

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

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

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

## Conclusion

As a result of performing the audit procedures, we found instances of noncompliance with the requirements described in our audit objective. Specifically, we found that a net of \$140,419 in state court revenues was underremitted to the State Treasurer because the county:

- Underremitted the State Court Improvement and Modernization Fund (GC section 77205) by \$165,461;
- Underremitted the State Court Facilities Construction Fund (GC section 70372[b]) by \$22,543; and
- Overremitted the State Trial Court Improvement Fund (GC section 68090.8) by \$47,585.

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

In addition, we found that the county probation department and the court made incorrect distributions related to the state automation fee and the priority of installment payments. These instances of noncompliance are non-monetary; they are described in the Findings and Recommendations section.

The county should remit \$140,419 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, 2010, through June 30, 2015, issued June 30, 2017.

**Views of  
Responsible  
Officials**

We issued a draft report on October 18, 2023. The county and court's representative responded by letter dated October 27, 2023. The county and court agreed with the audit results except for Finding 1. This final audit report includes the county and court's response as an attachment.

**Restricted Use**

This audit report is solely for the information and use of Santa Barbara County; Superior Court of California, Santa Barbara County; the JCC; and the SCO; it is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit distribution of this audit report, which is a matter of public record and is available on the SCO website at [www.sco.ca.gov](http://www.sco.ca.gov).

*Original signed by*

KIMBERLY TARVIN, CPA  
Chief, Division of Audits

January 5, 2024

## Schedule— Summary of Audit Findings Affecting Remittances to the State Treasurer July 1, 2017, through June 30, 2021

| Finding <sup>1</sup>   | Fiscal Year      |                  |                 |                   | Total             | Reference <sup>2</sup> |
|--|------------------|------------------|-----------------|-------------------|-------------------|------------------------|
|  | 2017-18          | 2018-19          | 2019-20         | 2020-21           |                   |                        |
| Underremitted 50% excess of qualified revenues<br>State Trial Court Improvement and Modernization Fund — GC §77205                             | \$ 98,079        | \$ 56,561        | \$ 10,821       | \$ -              | \$ 165,461        | Finding 1              |
| Incorrect distribution of parking surcharges<br>State Court Facilities Construction Fund — Immediate and Critical Needs Account — GC §70372(b) | 8,028            | 7,224            | 5,534           | 1,757             | 22,543            | Finding 2              |
| State Trial Court Improvement Fund — GC §68090.8   | (16,941)         | (15,245)         | (11,687)        | (3,712)           | (47,585)          |                        |
| Total  | (8,913)          | (8,021)          | (6,153)         | (1,955)           | (25,042)          |                        |
| Net amount underremitted to the State Treasurer  | <u>\$ 89,166</u> | <u>\$ 48,540</u> | <u>\$ 4,668</u> | <u>\$ (1,955)</u> | <u>\$ 140,419</u> |                        |

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

<sup>2</sup>See the Findings and Recommendations section.

# Findings and Recommendations

## **FINDING 1— Underremitted 50% excess of qualified revenues**

During our recalculation of the 50% excess of qualified revenues, we found that the county had used an incorrect qualified revenue amount in its calculation for each fiscal year. As a result of these errors, the county underremitted the 50% excess of qualified revenues by a net of \$165,461 for the audit period. The 50% excess of qualified revenues was incorrectly calculated because the county misinterpreted the required calculations.

For the audit period, the county provided support for its calculations of the 50% excess of qualified revenues. We reviewed the county's calculations and reconciled the qualified revenues to revenue collection reports provided by the court and the county. We noted that qualified revenues in the calculations did not reconcile to the county's collection reports because the county excluded parking revenues collected by the County Sheriff's Department and erroneously applied the qualified revenue percentages twice for some revenue.

As noted in Finding 2, the court incorrectly distributed 2% from the GC section 76000(c) parking surcharges to the state automation fee (GC section 68090.8). This incorrect distribution resulted in an understatement of GC section 76000(c) qualified revenues in each fiscal year.

Furthermore, we noted that the county had incorrectly excluded revenues collected for the Courthouse Construction Fund (GC section 76100), the Criminal Justice Facilities Construction Fund (GC section 76101), 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 \$2,493,279 for the audit period.

Qualified revenues were understated as follows:

- The county understated qualified revenues by \$3,542 for the audit period because it did not include GC section 76000(c) parking revenues collected by the County Sheriff's Department.
- The county understated qualified revenues by \$10,012 for the audit period because the court incorrectly distributed 2% from the GC section 76000(c) parking surcharges to the State Trial Court Improvement Fund (GC section 68090.8).
- The county understated qualified revenues by \$1,697,433 for the audit period because it erroneously applied the qualified revenue percentages twice for Penal Code (PC) sections 1463.001 and 1464, and VC sections 42007 and 42007.1 revenue funds.

- The county incorrectly excluded the following revenues from its calculation of the TVS fee (VC section 42007):
  - Courthouse Construction Fund (GC section 76100) – \$35,042;
  - Criminal Justice Facilities Construction Fund (GC section 76101) – \$35,042;
  - Maddy Emergency Medical Services Fund (GC section 76000.5) – \$350,420;
  - City base fines (VC section 42007[c]) – \$361,788.

The following table shows the audit adjustments to qualified revenues:

|   | Fiscal Year         |                     |                     |                     | Totals               |
|---|---------------------|---------------------|---------------------|---------------------|----------------------|
|   | 2017-18             | 2018-19             | 2019-20             | 2020-21             |                      |
| Qualified revenues reported             | \$ 3,240,029        | \$ 3,158,634        | \$ 2,108,566        | \$ 1,858,330        | \$ 10,365,559        |
| Audit adjustments:                      |                     |                     |                     |                     |                      |
| GC section 76000(c) understatements     | 1,916               | 1,626               | -                   | -                   | 3,542                |
| GC section 76000(c) distribution errors | 3,559               | 3,209               | 2,461               | 783                 | 10,012               |
| Calculation errors                      | -                   | -                   | 1,010,597           | 686,836             | 1,697,433            |
| GC section 76100 understatements        | 10,025              | 9,612               | 8,440               | 6,965               | 35,042               |
| GC section 76101 understatements        | 10,025              | 9,612               | 8,440               | 6,965               | 35,042               |
| GC section 76000.5 understatements      | 100,254             | 96,119              | 84,400              | 69,647              | 350,420              |
| VC section 42007(c) understatements     | 107,959             | 111,919             | 76,347              | 65,563              | 361,788              |
| Total                                   | 233,738             | 232,097             | 1,190,685           | 836,759             | 2,493,279            |
| Adjusted qualified revenues             | <u>\$ 3,473,767</u> | <u>\$ 3,390,731</u> | <u>\$ 3,299,251</u> | <u>\$ 2,695,089</u> | <u>\$ 12,858,838</u> |

As a result of miscalculating the qualified revenues, the county underremitted the 50% excess of qualified revenues by \$165,461 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 remittance—the county’s underremittance to the State Treasurer:

| Fiscal Year | Qualifying Revenues | Base Amount  | Excess Amount Above the Base | 50% Excess Amount Due the State | County Remittance to the State Treasurer | County Underremittance to the State Treasurer <sup>1</sup> |
|-------------|---------------------|--------------|------------------------------|---------------------------------|--|--|
| 2017-18     | \$ 3,473,767        | \$ 3,277,610 | \$ 196,157                   | \$ 98,079                       | \$ -                                     | \$ 98,079  |
| 2018-19     | 3,390,731           | 3,277,610    | 113,121                      | 56,561                          | -  | 56,561   |
| 2019-20     | 3,299,251           | 3,277,610    | 21,641                       | 10,821                          | -  | 10,821   |
| 2020-21     | 2,695,089           | 3,277,610    | (582,521)                    | -                               | -  | -  |
| Total       |                     |              |                              |                                 |  | <u>\$ 165,461</u>  |

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

GC section 77205(a) requires the county to remit 50% of the qualified revenues that exceed the amount specified in GC section 77201.1(b)(2) for

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

#### Recommendation

We recommend that the county:

- Remit \$165,461 to the State Treasurer and report on the TC-31 an increase to the State Trial Court Improvement and Modernization Fund; and
- Ensure that the proper accounts are included in the calculation of each line item on the 50-50 Excess Split Revenue Computation Form.

#### County and Court's Response

The County and the Court do not agree with the SCO's finding and recommendation. The 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 Santa Barbara's interpretation of the statutes is that funds transferred to other funds and jurisdictions, including the Maddy [Emergency Medical Services] and Emergency Medical Services funds (GC 76104 and 76000.5) and funds transferred to the cities (VC 42007[c]) are not available for sharing with the State. In addition, [Senate Bill] 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.

Although we disagree with the finding, the County will process a remittance for \$140,419 with form TC-31 remittance advice number CO42-2579 to the State Treasurer.

#### SCO Comment

Our finding and recommendation remain unchanged.

As stated in Finding 1, 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. GC section 77205(a) 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 revenue that must 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, the county's Courthouse Construction Fund, the county's Criminal Justice Facilities Construction Fund, or to cities.

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

**FINDING 2—  
Incorrect distribution  
of revenues from  
parking surcharges**

During our analysis of parking and equipment violations, we found that the court had not properly distributed parking surcharge revenues, resulting in a net overremittance to the State of \$25,042. As a result of the error, the county understated qualified revenues by \$10,012 on the county’s parking surcharges (GC section 76000[c]) line item. This error occurred because the court misinterpreted the *Distribution Guidelines*.

We reviewed the county’s parking documentation to verify the accuracy of the court’s collection and distribution of revenues from parking surcharges and equipment violations. We reconciled the revenues remitted to the State to the actual parking reports from the external parking agencies.

During our review, we found that the county parking agencies had correctly collected total surcharges of \$12.50. However, once the parking surcharges were remitted to the court, the court incorrectly distributed 2% from the \$5.00 in county surcharges and the \$4.50 State Court Facilities Construction Fund surcharge to the state automation fee (GC section 68090.8). This error resulted in a net overremittance to the State and an underremittance to the county’s general fund. The distribution errors also resulted in an understatement of \$10,012 in qualified revenues on the county’s parking surcharges (GC section 76000[c]) line item.

The incorrect distribution had the following effect:

| Account Title  | Underremitted /<br>(Overremitted) |
|--|-----------------------------------|
| State Court Facilities Construction Fund – Immediate and Critical Needs Account – GC §70372(b) | \$ 22,543                         |
| State Trial Court Improvement Fund – GC §68090.8   | (47,585)                          |
| <b>Total</b>   | <b>\$ (25,042)</b>                |
| County General Fund – GC §76000(c)   | \$ 10,012                         |
| County Courthouse Construction Fund – GC §76100  | 7,515                             |
| County Criminal Justice Facilities Construction Fund – GC §76101                               | 7,515                             |
|  | <b>\$ 25,042</b>                  |

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

Recommendation

We recommend that the court:

- Offset subsequent remittances to the State Treasurer by \$25,042 and report on the TC-31 a decrease of \$47,585 to the State’s Trial Court

Improvement Fund (GC section 68090.8) and an increase of \$22,543 to the State's Court Facilities Construction Fund – Immediate and Critical Needs Account (GC section 70372[b]).

- Correct its distribution process to ensure that state and county parking surcharge revenues are distributed in accordance with statutory requirements.

#### Court's Response

The court agrees with this finding. The court is no longer distributing 2% from the county surcharges and the State Court Facilities Construction Fund surcharge to the state automation fee (GC section 68090.8).

### **FINDING 3— Incorrect distribution of revenues from the 2% State Automation Fee**

During our testing of superior court cases, we found that the court had not properly distributed revenues for the 2% State Automation Fee (GC section 68090.8). This error occurred because the court misinterpreted the *Distribution Guidelines*.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions. We tested 15 cases for criminal violations (DUI, health and safety, domestic violence, and fish and game) and found that in 14 cases, the court did not properly distribute revenues to the state automation fee (GC section 68090.8). For each criminal case tested, we found that the court did not distribute 2% of the state restitution fine (PC section 1202.4[b]) to the state automation fee (GC section 68090.8).

We performed a revenue analysis and found that the errors did not result in material underremittances to the State, as the affected funds are both state funds.

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

#### Recommendation

We recommend that the court:

- Correct its case management system to comply with statutory requirements;
- Ensure that the 2% state automation fee is properly assessed and applied; and
- Periodically verify the accuracy of its distributions using the JCC's testing sheets.

Court's Response

The court agrees. The court has established a process to distribute 2% of the state restitution fine (PC section 1202.4[b]) to the state automation fee (GC section 68090.8).

**FINDING 4—  
Incorrect  
prioritization of  
installment payments  
(court)**

During testing of court cases, we found that the court had incorrectly prioritized distributions of installment payments. The errors occurred because the court misinterpreted the *Distribution Guidelines*.

We verified, on a sample basis, distributions made by the court using its case management system for installment payments. For each sample case, we reviewed the distributions to determine whether the court had correctly prioritized the distributions of installment payments according to PC section 1203.1d, subparagraph (b).

We tested four court cases, and found that in all four cases the court had not properly distributed installment payments according to PC section 1203.1d, subparagraph (b). The court incorrectly distributed the court operations assessment (PC section 1465.8) and the county installment fee (PC section 1204[e]) as priority-one revenues rather than as priority-four revenues. The court also incorrectly distributed the criminal conviction assessment (GC section 70373), the DUI lab test penalty (PC section 1463.14), and the TVS fee components (VC section 42007) as priority-three revenues rather than as priority-four revenues. Lastly, we found that the court had not fully distributed revenues to the State's DUI indemnity allocation (PC section 1463.18) before making distributions to other priority-three revenues, as required by the *Distribution Guidelines*.

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

PC section 1203.1d, subparagraph (b) requires that installment payments be disbursed in the following order of priority:

1. Restitution ordered to victims (PC section 1202.4[f]);
2. State surcharge (PC section 1465.7);
3. Fines, penalty assessments, and restitution fines (PC section 1202.4[b]); and
4. Other reimbursable costs.

Recommendation

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



Court's Response

The court agrees. The court has established a process to distribute 2% of the state restitution fine (PC section 1202.4[b]) to the state automation fee (GC section 68090.8).

**FINDING 5—  
Incorrect  
prioritization of  
installment payments  
(county probation  
department)**

During testing of the county's probation department cases, we found that the department had incorrectly prioritized distributions of installment payments. The errors 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 installment payments. For each sample case, we reviewed the distributions to determine whether the department had correctly prioritized the distributions of installment payments according to PC section 1203.1d, subparagraph (b).

We tested four cases, and found that in two cases the department had not distributed installment payments according to PC section 1203.1d, subparagraph (b). The department incorrectly distributed DUI penalties (PC sections 1463.14[a], 1463.16, and 1463.25; priority-three) as priority-four distributions. Furthermore, we found that the department had distributed the night court assessment (VC section 42006, priority-four) as a priority-three distribution.

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

PC section 1203.1d, subparagraph (b) requires that installment payments be disbursed in the following order of priority:

1. Restitution ordered to victims (PC section 1202.4[f]);
2. State surcharge (PC section 1465.7);
3. Fines, penalty assessments, and restitution fines (PC section 1202.4[b]); and
4. Other reimbursable costs.

Recommendation

We recommend that the county's probation department ensure that all surcharges, fines, penalties, and fees are distributed in accordance with the statutory priority requirements of PC section 1203.1d, subparagraph (b).

County's Response

The Probation Department agrees with the finding. The tables governing payment priorities are managed by the software vendor. The Probation Department has contacted the vendor and has requested that they confirm the priorities and update the tables.

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

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## Office of the Auditor-Controller

County of Santa Barbara

*One Office. One County. One Future.*

Betsy M. Schaffer, CPA  
Auditor-Controller

C. Edwin Price, Jr., CPA  
Assistant Auditor-Controller

October 27, 2023

Lisa Kurowaka  
Chief, Compliance Audits Bureau  
State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, CA 94250-5874

RE: Response to Draft Audit Report of Court Revenues, July, 1 2017 through June 30, 2021

On October 18th, 2023, we received the State Controller's Office (SCO) draft of the audit report of Santa Barbara County's Court Revenues for the period of July 1, 2017 through June 30, 2021. The SCO requested that we submit a response to the findings within 10 calendar days from the date of receipt.

Please find our responses to the findings below:

### **FINDING 1 – Under remitted 50% excess of qualified revenues**

#### **County and Court Response**

The County and the Court do not agree with the SCO's finding and recommendation. The 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 Santa Barbara'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 76000.5) 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.

Although we disagree with the finding, the County will process a remittance for \$140,419 with form TC-31 remittance advice number CO42-2579 to the State Treasurer.

**FINDING 2 - Incorrect distribution of revenues from parking surcharges**

**Court Response**

The court agrees with this finding. The court is no longer distributing 2% from the county surcharges and the State Court Facilities Construction Fund surcharge to the state automation fee (GC section 68090.8).

**FINDING 3 - Incorrect distribution of revenues from the 2% State Automation Fee**

**Court Response**

The court agrees. The court has established a process to distribute 2% of the state restitution fine (PC section 1202.4[b]) to the state automation fee (GC section 68090.8).

**FINDING 4 - Incorrect prioritization of installment payments (court)**

**Court Response**

The court agrees. The court has established a process to distribute 2% of the state restitution fine (PC section 1202.4[b]) to the state automation fee (GC section 68090.8).

**FINDING 5 - Incorrect prioritization of installment payments (County Probation Department)**

**County Probation Department Response**

The Probation Department agrees with the finding. The tables governing payment priorities are managed by the software vendor. The Probation Department has contacted the vendor and has requested that they confirm the priorities and update the tables.

This concludes our response to the findings and the draft report. Please feel to contact me if you have any questions regarding our response.

Sincerely,



Betsy Schaffer, CPA, CPFO  
Auditor-Controller

Cc: Darrel E. Parker, Court Executive Officer

**State Controller's Office  
Division of Audits  
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