

KINGS COUNTY

Audit Report

COURT REVENUES

July 1, 2016, through June 30, 2020



BETTY T. YEE
California State Controller

March 2022



BETTY T. YEE
California State Controller

March 24, 2022

Dear County, Court, City, and College Representatives:

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

Our audit found that \$509,271 in state court revenues was underremitted to the State Treasurer. Specifically, we found that the county underremitted a net of \$506,055 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 \$379,078;
- Underremitted the State Penalty Fund (Penal Code section 1464) by \$59,488;
- Underremitted the State Trial Court Improvement and Modernization Fund (GC section 68090.8) by \$28,759;
- Overremitted the State Restitution Fund (Penal Code section 1202.44) by \$6,228;
- Underremitted the State General Fund (Health and Safety Code section 11502) by \$28,014;
- Overremitted the Immediate and Critical Needs Account of the State Court Facilities Construction Fund (GC section 70372[b]) by \$18,814;
- Overremitted the State Court Facilities Construction Fund (GC section 70372[b]) by \$9,407;
- Underremitted the State Trial Court Trust Fund (GC section 76000.3) by \$10,860;
- Underremitted the State General Fund (Vehicle Code [VC] section 40225[d]) by \$33,999;
- Overremitted the Immediate and Critical Needs Account (VC section 40611) by \$10,120; and
- Underremitted the State Penalty Fund (VC section 40611) by \$10,426.

In addition, we found that the College of the Sequoias underremitted \$3,216 in parking surcharges to the State Treasurer via Kings County. On August 16, 2021, the College of the Sequoias made a payment of \$3,216 to the county. On September 30, 2021, the county remitted \$3,216 to the State Treasurer via the Report to State Controller of Remittance to State Treasurer (TC-31).

We also found that the court made incorrect distributions related to child seat violations with traffic violator school, railroad bail forfeitures, and railroad traffic violator school violations. Furthermore, the county's probation department made incorrect distributions related to DUI and health and safety violations.

We also identified a deficiency that is not significant to our audit objective, but warrants the attention of management. Specifically, we found that the cities of Avenal, Corcoran, Hanford, and Lemoore imposed and collected incorrect parking surcharges for the audit period.

The county should remit \$506,055 to the State Treasurer via the 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.

If you have questions regarding the audit findings, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at (916) 327-3138, or by email at lkurokawa@sco.ca.gov.

Sincerely,

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

KT/ac

Attachment—Recipient Addresses

cc: Craig Pedersen, Chair
Kings 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

Recipient Addresses

James P. Erb, CPA, Director of Finance
Kings County
1400 W. Lacey Boulevard
Hanford, CA 93230

Gary Cramer, Deputy Chief
Corcoran Police Department
832 Whitley Avenue
Corcoran, CA 93212

Nocona Soboleski, Court Executive Officer
Superior Court of California, Kings County
1640 Kings County Drive
Hanford, CA 93230

Parker Sever, Chief
Hanford Police Department
425 North Irwin Street
Hanford, CA 93230

Russell Stivers, Chief
Avenal Police Department
317 Alpine Street
Avenal, CA 93204

Linda Beyersdorf, Finance Manager
City of Lemoore
711 West Cinnamon Drive
Lemoore, CA 93245

Donald Charles, Chief of District Police
College of the Sequoias
915 S. Mooney Boulevard
Visalia, CA 93277

Contents

Audit Report

Summary	1
Background	1
Audit Authority.....	1
Objective, Scope, and Methodology	2
Conclusion	3
Follow-up on Prior Audit Findings.....	4
Views of Responsible Officials.....	4
Restricted Use	5
Schedule—Summary of Audit Findings Affecting Remittances to the State Treasurer	6
Findings and Recommendations.....	7
Observation and Recommendation	23
Appendix—Summary Schedule of Prior Audit Findings.....	A1
Attachment A—County’s Response to Draft Audit Report	
Attachment B—Superior Court’s Response to Draft Audit Report	

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 Kings 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 \$509,271 in state court revenues was underremitted to the State Treasurer. Specifically, we found that the county underremitted a net of \$506,055 in state court revenues to the State Treasurer, and that the College of the Sequoias underremitted \$3,216 in parking surcharges to the State Treasurer via Kings County.

We also found that the court made incorrect distributions related to child seat traffic violator school (TVS), railroad bail forfeiture, and railroad TVS violations. Furthermore, the county's probation department made incorrect distributions related to DUI and health and safety violations.

We also identified a deficiency that is not significant to our audit objective, but warrants the attention of management. Specifically, we found that the cities of Avenal, Corcoran, Hanford, and Lemoore imposed and collected incorrect parking surcharges for the audit period.

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, 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 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.

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% excess of qualified revenues remitted to the State.

Distribution Testing

- We assessed the priority of installment payments by haphazardly selecting a non-statistical sample of four installment payments to verify priority. Errors found were not projected to the intended (total) population.
- We 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 60 cases for 13 violation types.¹ Then, we:

- Recomputed the sample case distributions and compared them to the actual distributions; and
- Calculated the total dollar amount of significant underremittances and overremittances to the State and county.

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

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 \$509,271 in state court revenues was underremitted to the State Treasurer because the county:

- Underremitted the State Trial Court Improvement and Modernization Fund (GC section 77205) by \$379,078;
- Underremitted the State Penalty Fund (Penal Code [PC] section 1464) by \$59,488;
- Underremitted the State Trial Court Improvement and Modernization Fund (GC section 68090.8) by \$28,759;
- Overremitted the State Restitution Fund (PC section 1202.44) by \$6,228;
- Underremitted the State General Fund (Health and Safety Code [HSC] section 11502) by \$28,014;
- Overremitted the Immediate and Critical Needs Account of the State Court Facilities Construction Fund (GC section 70372[b]) by \$18,814;
- Overremitted the State Court Facilities Construction Fund (GC section 70372[b]) by \$9,407;
- Underremitted the State Trial Court Trust Fund (GC section 76000.3) by \$10,860;

¹ 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.

- Underremitted the State General Fund (Vehicle Code [VC] section 40225[d]) by \$33,999;
- Overremitted the Immediate and Critical Needs Account (VC section 40611) by \$10,120;
- Underremitted the State Penalty Fund (VC section 40611) by \$10,426; and
- Underremitted the State Trial Court Trust Fund (GC section 76000.3) by \$3,216 in state parking surcharges from the College of the Sequoias.

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 child seat violations with TVS, railroad bail forfeitures, and railroad TVS violations. Furthermore, the county's probation department made incorrect distributions related to DUI and health and safety violations. These instances of noncompliance are non-monetary and described in the Findings and Recommendations section of this audit report.

We also identified a deficiency that is not significant to our audit objective, but warrants the attention of management. Specifically, we found that the cities of Avenal, Corcoran, Hanford, and Lemoore imposed and collected incorrect parking surcharges for the audit period. This deficiency is described in the Observation and Recommendation section of this audit report.

On August 16, 2021, the College of the Sequoias made a payment of \$3,216 to the county. On September 30, 2021, the county remitted \$3,216 to the State Treasurer via the TC-31. The county should remit the remaining balance of \$506,055 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, 2006, through June 30, 2012, issued September 17, 2015, with the exception of current Findings 1 and 4.

Views of Responsible Officials

We issued a draft audit report on January 5, 2022. James P. Erb, Director of Finance, responded by letter dated February 4, 2022 (Attachment A), agreeing with the audit results. In addition, Nocona Soboleski, Court Executive Officer, responded by letter dated January 18, 2022 (Attachment B), agreeing with the audit results. The College of the Sequoias did not respond to Finding 5, but did make a payment of \$3,216.

Restricted Use

This audit report is solely for the information and use of Kings County; Superior Court of California, Kings County; the City of Avenal; the City of Corcoran; the City of Hanford; the City of Lemoore; the College of the Sequoias; the JCC; and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this audit report, which is a matter of public record and is available on the SCO website at www.sco.ca.gov.

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

March 24, 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	\$59,954	\$121,125	\$108,356	\$89,643	\$379,078	Finding 1
Incorrect remittances to the State State Penalty Fund – PC §1464	15,471	16,363	14,679	12,975	59,488	
State Trial Court Improvement and Modernization Fund – GC §68090.8	6,972	7,812	7,280	6,695	28,759	
State Restitution Fund – PC §1202.44	(2,304)	(1,723)	(1,161)	(1,040)	(6,228)	
Total	20,139	22,452	20,798	18,630	82,019	Finding 2
Incorrect distribution of base fines on health and safety violations State General Fund – HSC §11502	7,032	9,160	6,795	5,027	28,014	Finding 3
Incorrect distribution of parking surcharges, and equipment and registration violation penalties State Court Facilities Construction Fund – Immediate and Critical Needs Account – GC §70372(b)	(4,578)	(4,993)	(4,302)	(4,941)	(18,814)	
State Court Facilities Construction Fund – GC §70372(b)	(2,289)	(2,496)	(2,151)	(2,471)	(9,407)	
State Trial Court Trust Fund – GC §76000.3	2,520	2,706	2,595	3,039	10,860	
State General Fund – VC §40225(d)	8,441	9,265	7,639	8,654	33,999	
Total	4,094	4,482	3,781	4,281	16,638	Finding 4
Underremitted parking surcharges – College of the Sequoias State Trial Court Trust Fund – GC §76000.3	1,038	543	1,062	573	3,216	Finding 5
Incorrect distribution of proof of correction violations State Court Facilities Construction Fund – Immediate and Critical Needs Account – VC §40611	(2,448)	(2,474)	(3,265)	(1,933)	(10,120)	
State Penalty Fund – VC §40611	2,522	2,549	3,364	1,991	10,426	
Total	74	75	99	58	306	Finding 6
Net amount underremitted to the State Treasurer	\$92,331	\$157,837	\$140,891	\$118,212	\$509,271	

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
(repeat finding)**

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 \$379,078 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 and county's probation department. We noted that the county incorrectly excluded the revenues collected for the city base fines (VC section 42007[c]) and County Criminal Justice Facilities Construction Fund (\$1 per TVS case; GC section 76101) from the calculation of the TVS fees (VC section 42007) during the audit period.

Furthermore, the county erroneously computed the qualified revenues by including 100% of the TVS fees (VC section 42007) in the calculation instead of including 77% of the TVS fees (VC section 42007). In addition, the county did not include all county base fine (PC section 1463.001) and County State Penalty Fund (PC section 1464) revenues in the calculation. The county also reported incorrect amounts for the county general fund (GC section 76000[c]) line item on the calculation.

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 \$767,797 for the audit period. The incorrect qualified revenues resulted in the county underremitting the 50% excess of qualified revenues by \$379,078 for the audit period.

Qualified revenues were understated because:

- The court understated qualified revenues by \$60,868 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 \$10,126 for the audit period because the county incorrectly excluded the revenues collected (\$1 per TVS case) for the County Criminal Justice Facilities Construction Fund (GC section 76101) from its calculation of the TVS fees (VC section 42007);
- The county overstated qualified revenues by \$543,289 for the audit period because it incorrectly included 100% of the TVS fees (VC section 42007) in the calculation instead of 77% of the TVS fees (VC section 42007);

- The county understated qualified revenues by \$1,222,921 for the audit period because it did not include all county base fine (PC section 1463.001) revenues in the calculation;
- The county understated qualified revenues by \$22,941 for the audit period because it did not include all County State Penalty Fund (PC section 1464) revenues in the calculation; and
- The county overstated qualified revenues by \$5,770 for the audit period because it used incorrect amounts for the county general fund (GC section 76000[c]) line item on the calculation.

The following table shows the audit adjustments to qualified revenues:

	Fiscal Year				Totals
	2016-17	2017-18	2018-19	2019-20	
Qualified revenues reported	\$ 1,170,472	\$ 1,118,729	\$ 1,160,338	\$ 972,565	\$ 4,422,104
Audit adjustments:					
VC §42007(c) adjustment	16,887	13,577	13,422	16,982	60,868
GC §76101 adjustment	2,320	2,687	2,761	2,358	10,126
VC §42007 adjustment	(132,293)	(134,806)	(141,050)	(135,140)	(543,289)
PC §1463.001 adjustment	227,795	353,516	339,683	301,927	1,222,921
PC §1464 adjustment	6,963	9,612	3,592	2,774	22,941
GC §76000(c) adjustment	(1,765)	(2,335)	(1,697)	27	(5,770)
Total	119,907	242,251	216,711	188,928	767,797
Adjusted qualified revenues	<u>\$ 1,290,379</u>	<u>\$ 1,360,980</u>	<u>\$ 1,377,049</u>	<u>\$ 1,161,493</u>	<u>\$ 5,189,901</u>

The incorrect qualified revenues resulted in the county underremitting the 50% excess of qualified revenues by \$379,078 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	\$ 1,290,379	\$982,208	\$ 308,171	\$ 154,086	\$ 94,132	\$ 59,954
2017-18	1,360,980	982,208	378,772	189,386	68,261	121,125
2018-19	1,377,049	982,208	394,841	197,421	89,065	108,356
2019-20	1,161,493	982,208	179,285	89,643	-	89,643
Total						<u>\$ 379,078</u>

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

As discussed in Finding 1 of our prior audit report dated September 17, 2015, the county underremitted 50% excess of qualified revenues. This is a repeat finding, as the county did not correct the distribution errors noted in our prior audit report.

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 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 are 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, the Courthouse Construction Fund, the Criminal Justice Facilities Construction Fund, or to the cities.

Recommendation

We recommend that the county:

- Remit \$379,078 to the State Treasurer and report on the TC-31 an increase to the State Trial Court Improvement and Modernization Fund; and
- Take care to include all of the qualified revenues for the calculation in accordance with the JCC's forms and instructions.

County's Response

The County agrees with this finding. This finding is the responsibility of the Department of Finance who conducts the excess revenue calculation at the end of each fiscal year. Staff has updated the year-end process to appropriately categorize court fines and fees. In addition we will have a senior staff member review the calculation prior to submission to the state.

FINDING 2— Incorrect remittances to the State

During our reconciliation of TC-31 revenues, we found that the county underremitted State Penalty Fund (PC section 1464) revenues to the State, resulting in an underremittance of \$59,488. In addition, the county underremitted State Trial Court Improvement and Modernization Fund (GC section 68090.8) 2% Automation Fee revenues to the State, resulting in an underremittance of \$28,759.

Furthermore, the county incorrectly remitted County Collection Fee (PC section 1202.4[1]) revenues to the State, resulting in an overremittance of \$6,228. The error occurred because collected revenues reported by the county were incorrect.

We compared the actual revenues collected by the court to the revenues reported by the county on the TC-31s. During our reconciliation of the TC-31 revenues and revenues collected by the county's probation department, we found that the county incorrectly distributed only 70% of the State's portion of State Penalty Fund (PC section 1464) revenues to

the State for the audit period. The county should have distributed 100% of the State’s portion of State Penalty Fund (PC section 1464) revenues.

County staff members mistakenly thought that the account titled “State Penalty Assessment” (Account Number 51050123) included both the State and county’s portion of State Penalty Fund (PC section 1464) revenues. In actuality, Account Number 51050123 includes only the State’s portion of State Penalty Fund (PC section 1464) revenues. The county’s probation department distributed the county’s portion of State Penalty Fund (PC section 1464) revenues to the account titled “Fines – County” (Account Number 81300000), which also includes county base fine (PC section 1463.001) revenues.

We also found that the county did not remit the State Trial Court Improvement and Modernization Fund (GC section 68090.8) 2% Automation Fee revenues collected by the probation department to the State during the audit period.

Furthermore, we found that the county incorrectly remitted County Collection Fee (PC section 1202.4[1]) revenues to the State Restitution Fund (PC section 1202.44) instead of depositing the revenues in the county general fund during the audit period.

The incorrect distributions had the following effect:

Account Title	Underremitted/ (Overremitted)
State Penalty Fund – PC §1464	\$ 59,488
State Trial Court Improvement and Modernization Fund (2% Automation) – GC §68090.8	28,759
State Restitution Fund – PC §1202.44	<u>(6,228)</u>
Total	<u>\$ 82,019</u>
 County General Fund	 <u>\$ (82,019)</u>

PC section 1464(a)(1) requires the courts to levy a \$10 penalty for every \$10, or part of \$10, upon every fine, penalty, or forfeiture imposed. PC section 1464(e) requires 70% of the penalty to be transmitted to the State Treasury.

GC section 68090.8(b) requires the county treasurer 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.

PC section 1202.4(1) states that the board of supervisors of a county may impose a fee to cover the administrative cost of collecting the restitution fine, with the proceeds deposited in the county general fund.

Recommendation

We recommend that the county:

- Remit \$82,019 to the State Treasurer and report on the TC-31 an increase/(decrease) to the following accounts:
 - State Penalty Fund (PC section 1464): \$59,488;
 - State Trial Court Improvement and Modernization Fund (GC section 68090.8; 2% Automation Fee): \$28,759;
 - State Restitution Fund (PC section 1202.44): \$(6,228); and
- Correct its accounting system to ensure that revenues are distributed in accordance with statutory requirements.

We also recommend that the county's probation department establish a separate account for the county's portion of State Penalty Fund (PC section 1464) revenues in its case management system.

County's Response

The County agrees with this finding. The Department of Finance has worked with the Probation Department to ensure the correct distributions are made to the State Penalty Fund, the 2% Automation Fund, and the State Restitution Fund. The Probation Department updated their communication to the Department of Finance so the distribution/split is not done twice.

**FINDING 3—
Incorrect distribution
of base fines on health
and safety violations**

During our testing of health and safety cases, we found that the county's probation department did not properly distribute base fines to the State General Fund (HSC section 11502), resulting in a net underremittance to the State of \$28,014. The error occurred because the 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 of county cases, we found that the department incorrectly distributed 100% of base fines to the county general fund (HSC section 11502) instead of distributing 75% of base fines to the State General Fund (HSC section 11502) and 25% of base fines to the county general fund (HSC section 11502).

In addition, during our testing of city cases, we found that the county's probation department incorrectly distributed 75% of base fines to the city general fund (HSC section 11502) and 25% of base fines to the county general fund (HSC section 11502) instead of distributing 75% of base fines to the State General Fund (HSC section 11502) and 25% of base fines to the city general fund (HSC section 11502).

The incorrect distributions had the following effect:

Account Title	Underremitted/ (Overremitted)
State General Fund – HSC § 11502	\$ 28,014
County General Fund – HSC § 11502	\$ (18,941)
City General Fund – HSC § 11502 (City of Avenal)	(1,162)
City General Fund – HSC § 11502 (City of Corcoran)	(1,559)
City General Fund – HSC § 11502 (City of Hanford)	(4,379)
City General Fund – HSC § 11502 (City of Lemoore)	(1,973)
	<u>\$ (28,014)</u>

HSC section 11502(a) requires fines received by the court under Division 10 of the Health and Safety Code to be distributed in the following manner: 75% to the State Treasurer and 25% to the county or city, depending on where the offense occurred.

Recommendation

We recommend that the county remit \$28,014 to the State Treasurer and report on the TC-31 an increase of \$28,014 to the State General Fund (HSC section 11502).

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 finding. The Probation Department has updated their case management system to correctly distribute base fines to the State, County, and Cities.

FINDING 4— Incorrect distribution of parking surcharges, and equipment and registration violation penalties (repeat finding)

During our analysis of parking surcharges remitted by the county, we found that the county did not properly distribute parking surcharges and equipment and registration violation penalties to the State, resulting in a net underremittance of \$16,638. The error occurred because the county misinterpreted 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 county staff members incorrectly added parking surcharges and equipment and registration violation penalties together, and then distributed the sum to the county general fund (GC section 76000[c]), County Criminal Justice Facilities Construction Fund

(GC section 76101), State Court Facilities Construction Fund (GC section 70372[b]), and Immediate and Critical Needs Account (GC section 70372[b]).

The county should have distributed the equipment and registration violation penalties to the State General Fund (VC section 40225[d]). In addition, the department should have distributed the parking surcharges to the following funds:

- County general fund (GC section 76000[c]);
- County Courthouse Construction Fund (GC section 76100);
- County Criminal Justice Facilities Construction Fund (GC section 76101);
- State Court Facilities Construction Fund (GC section 70372[b]);
- Immediate and Critical Needs Account (GC section 70372[b]); and
- State Trial Court Trust Fund (GC section 76000.3).

The incorrect distributions had the following effect:

Account Title	Underremitted/ (Overremitted)
State Court Facilities Construction Fund – Immediate and Critical Needs Account – GC §70372(b)	\$ (18,814)
State Court Facilities Construction Fund – GC §70372(b)	(9,407)
State Trial Court Trust Fund – GC §76000.3	10,860
State General Fund – VC §40225(d)	33,999
Total	<u>\$ 16,638</u>
County General Fund – GC §76000(c)	\$ (6,726)
County Courthouse Construction Fund – GC §76100	5,431
County Criminal Justice Facilities Construction Fund – GC §76101	(15,343)
Total	<u>\$ (16,638)</u>

As discussed in Finding 3 of our prior audit report dated September 17, 2015, the county did not properly distribute parking surcharges. This is a repeat finding, as the county did not correct the distribution errors noted in our prior audit report.

GC section 76000(c) requires the county to deposit a \$2.50 parking surcharge in both the County Courthouse Construction Fund and 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 the Immediate and Critical Needs Account for every parking fine or forfeiture beginning January 2009.

GC section 76000.3 requires issuing agencies to distribute to the State Trial Court Trust Fund an additional state surcharge of \$3.00 for every parking fine or forfeiture beginning December 2010.

VC section 40225(d) requires 50% of any penalty collected on registration or equipment violations to be paid to the county for remittance to the State Treasurer.

Recommendation

We recommend that the county remit \$16,638 to the State Treasurer and report on the TC-31 an increase/(decrease) to the following accounts:

- Immediate and Critical Needs Account of the State Court Facilities Construction Fund (GC section 70372[b]): \$(18,814);
- State Court Facilities Construction Fund (GC section 70372[b]): \$(9,407);
- State Trial Court Trust Fund (GC section 76000.3): \$10,860; and
- State General Fund (VC section 40225[d]): \$33,999.

In addition, we recommend that the county correct its accounting system to ensure that revenues are distributed in accordance with statutory requirements.

County's Response

The County agrees with this finding. The Department of Finance has updated its worksheet to ensure proper distribution of parking surcharges and equipment and registration violations penalties.

FINDING 5— Underremitted parking surcharges – College of the Sequoias

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 during the audit period, resulting in a net underremittance to the State of \$3,216. 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. The college should have collected a total of \$11.00 in state and county parking surcharges for each parking violation.

Although the college did not collect any state or county parking surcharges for the period, it was required to remit \$3.00 only 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.

Kings County has paid in full the bonded indebtedness for its court facilities. Therefore, entities in Kings County should not be collecting

\$2.50 for the Courthouse Construction Fund (GC section 76100). Instead, entities should be collecting only \$1.00 for the Courthouse Construction Fund. The \$1.00 should then be deposited in the county’s General Fund in accordance with GC section 76000(c). Thus, parking entities in Kings County should be collecting a total of \$11.00 in state and county parking surcharges.

On August 16, 2021, the county received a remittance of \$3,216 from the College of the Sequoias. On September 30, 2021, the county remitted \$3,216 to the State Treasurer via the TC-31.

The underremitted parking surcharges are as follows:

Account Title	Underremitted/ (Overremitted)
State Trial Court Trust Fund — GC §76000.3	\$ 3,216
College of the Sequoias	\$ (3,216)

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 76000(d) states that the \$2.50 penalty authorized by GC section 76000(b) should be reduced to \$1.00 as of the date of transfer of responsibility for facilities, except as money is needed to pay for construction provided for in GC section 76100.

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 Immediate and Critical Needs Account of the State Court Facilities Construction Fund.

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 \$11 per infraction.

County’s Response

The County agrees with this finding. The College of the Sequoias has taken corrective action and has already remitted the \$3,216 owed to the State as a result of this finding.

**FINDING 6—
Incorrect distribution
of proof of correction
violations**

During our testing of proof of correction cases, we found that the court did not properly distribute Proof of Correction Fee revenues to the Immediate and Critical Needs Account (VC section 40611) and State Penalty Fund (VC section 40611), resulting in a net underremittance to the State of \$306. 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 33% of the first \$10 of the Proof of Correction Fee (VC section 40611) to the Immediate and Critical Needs Account (VC section 40611). The court should have distributed 34% of the first \$10.00 of the Proof of Correction Fee (VC section 40611) to the State Penalty Fund (VC section 40611).

The incorrect distributions had the following effect:

<u>Account Title</u>	<u>Underremitted/ (Overremitted)</u>
State Penalty Fund – Proof of Correction – VC §40611	\$ 10,426
State Court Facilities Construction Fund – Immediate and Critical Needs Account – Proof of Correction – VC §40611	(10,120)
Total	<u>\$ 306</u>
County General Fund	<u>\$ (306)</u>

VC section 40611 requires a \$25 transaction fee upon proof of correction of an alleged violation of VC section 12500, VC section 12951, VC section 40610, or upon submission of evidence of financial responsibility pursuant to VC section 16028(e). For each citation, the first \$10 should be allocated as follows: 1) 33% to the county or city general fund; 2) 34% to the State Treasury for deposit in the State Penalty Fund; and 3) 33% to the county general fund. The remainder of the fees on each citation are required to be deposited in the Immediate and Critical Needs Account of the State Court Facilities Construction Fund.

Recommendation

We recommend that the county remit \$306 to the State Treasurer and report on the TC-31 an increase of \$10,426 to the State Penalty Fund (Proof of Correction; VC section 40611) and a decrease of \$10,120 to the Immediate and Critical Needs Account of the State Court Facilities Construction Fund (Proof of Correction; VC section 40611).

We also recommend that the court:

- 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.

Court's Response

The Court agrees with this finding and corrected the distributions in the case management system on July 23, 2021, as recommended. The Court will also be periodically verifying its distributions as suggested.

FINDING 7— Incorrect distribution of revenues from child seat TVS violations

During our testing of county child seat TVS cases, we found that the court did not properly distribute 2% Automation Fee revenues to the State Trial Court Improvement and Modernization Fund (GC section 68090.8). 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 distribute 2% of the base fines allocated to child passenger restraint low-cost purchase or loaner programs (VC section 27360.6[c]) to the State Trial Court Improvement and Modernization Fund (2% Automation Fee; GC section 68090.8).

We performed an analysis of the base fines allocated to the child passenger restraint low-cost purchase or loaner programs (VC section 27360.6[c]) collected by the court to determine the fiscal effect of the distribution errors. Upon completion of our analysis, we found that the errors did not have a material effect on the revenues remitted to the State.

GC section 68090.8(b) requires the county treasurer 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.

Recommendation

We recommend that the court:

- 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.

Court's Response

The Court agrees with this finding and corrected the distributions in the case management system on July 23, 2021, as recommended. The Court will also be periodically verifying its distributions as suggested.

**FINDING 8—
Incorrect distribution
of revenues from
railroad bail
forfeiture violations**

During our testing of railroad bail forfeiture cases, we found that the court did not properly distribute revenues to the Railroad Allocation Fund (PC section 1463.12). 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 did not distribute the first 30% of the amount collected to the Railroad Allocation Fund (PC section 1463.12).

We performed an analysis of the volume of railroad bail forfeiture cases processed by the court to determine the fiscal effect of the distribution errors. Upon completion of our analysis, we found that the errors did not have a material effect on the revenues remitted to the State.

PC section 1463.12 requires that the first 30% of the amount collected to be distributed to the general fund of the transit district, transportation commission, or county in which the offense occurred, to be used only for public safety and public education purposes relating to railroad grade crossings.

Recommendation

We recommend that the court:

- 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.

Court's Response

The Court agrees with this finding and corrected the distributions in the case management system on July 23, 2021 as recommended. The Court will also be periodically verifying its distributions as suggested.

**FINDING 9—
Incorrect distribution
of revenues from
railroad TVS
violations**

During our testing of railroad TVS cases, we found that the court did not properly distribute revenues to the Railroad Allocation Fund (VC section 42007.4). 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 did not distribute the first 30% of the amount collected to the Railroad Allocation Fund (VC section 42007.4).

In addition, the court did not distribute the balance of the amount to the following state, county, and city funds:

- County base fines (PC section 1463.001);
- City base fines (PC section 1463.002);
- State Penalty Fund (PC section 1464);
- State DNA Identification Fund (GC section 76104.6);
- State DNA Identification Fund (GC section 76104.7);
- County Criminal Justice Facilities Construction Fund (GC section 76101);
- Automated Fingerprint Identification and Digital Image Photographic Suspect Booking Identification System Fund (GC section 76102); and
- Emergency Medical Air Transportation and Children's Coverage Fund (GC section 76000.10[c]).

We performed an analysis of the volume of railroad TVS cases processed by the court to determine the fiscal effect of the distribution errors. Upon completion of our analysis, we found that the errors did not have a material effect on the revenues remitted to the State.

VC section 42007.4 requires that the first 30% of the amount collected to be distributed to the general fund of the transit district, transportation commission, or the county in which the offense occurred, to be used only for public safety and public education purposes relating to railroad grade crossings. The balance of the amount should be distributed in accordance with PC section 1463.

Recommendation

We recommend that the court:

- 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.

Court's Response

The Court agrees with this finding and corrected the distributions in the case management system on July 23, 2021, as recommended. The Court will also be periodically verifying its distributions as suggested.

FINDING 10— Incorrect priority of installment payments

During our testing of superior court cases, we found that the court did not properly distribute revenues in accordance with the order of priority stated in PC section 1203.1d. 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 of cases, we found that the court incorrectly programmed other reimbursable costs as priority-three distributions instead of programming them as priority-four distributions.

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 requires the distribution of installment payments be made in the following order of priority:

1. Restitution orders to victims (PC section 1202.4[f]);
2. 20% State Surcharge (PC section 1465.7);
3. Fines, penalty assessments, restitution fines (PC section 1202.4[b]); and
4. Other reimbursable costs.

Recommendation

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

Court's Response

The Court agrees with this finding and corrected the installment revenue priorities in the case management system based on statutory priority requirements on July 8, 2021, as recommended.

FINDING 11— Incorrect distribution of revenues from DUI violations – County probation department

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

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 department did not properly distribute 2% of the Emergency Medical Air Transportation and Children's Coverage Fund (GC section 76000.10[c]) revenues to the State Trial Court Improvement and Modernization Fund (GC section 68090.8).

In addition, the department did not properly distribute 2% of the special account (PC section 1463.14[a]) and State Restitution Fund (PC section 1463.18) revenues to the State Trial Court Improvement and Modernization Fund (GC section 68090.8). Instead, the amounts that should have been deducted from the special account (PC

section 1463.14[a]) and the State Restitution Fund (PC section 1463.18) were deducted from the county base fines (PC section 1463.001) and city base fines (PC section 1463.002).

We performed an analysis of the Emergency Medical Air Transportation and Children's Coverage Fund (GC section 76000.10[c]) and State Restitution Fund (PC section 1463.18) 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 effect on the revenues remitted to the State.

GC section 68090.8(b) requires the county treasurer 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.

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

County's Response

The County agrees with this finding. The Probation Department has updated their case management system to properly distribute the 2% Automation Fees.

FINDING 12— Inconsistent assessment of criminal laboratory analysis fee

During our testing of health and safety violation cases, we found that the county's probation department did not consistently assess the criminal laboratory analysis fee (HSC section 11372.5). The error occurred because the court did not consistently order the fee.

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 department did not consistently assess the criminal laboratory analysis fee (HSC section 11372.5). Upon further review, we found that the court did not consistently order the fee.

We did not determine the effect of the error because it cannot be reversed, as the county's probation department cannot retroactively pursue collection from defendants.

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 fee for each separate offense, and requires the court to increase the total fine as necessary to include the increment.

Recommendation

We recommend that the county's probation department and the court work together to ensure that the criminal laboratory analysis fee (HSC section 11372.5) is assessed on applicable health and safety violation cases.

County's Response

The County agrees with this finding. The Probation Department will assess the criminal laboratory analysis fee (HSC section 11372.5) when it is ordered by the judge of the Superior Court of Kings County. The Probation Department will bring to the judge's attention if he/she does not order this fee.

Observation and Recommendation

OBSERVATION— Incorrect remittance of county parking surcharges

During our analysis of parking surcharges remitted to the county, we found that the cities of Avenal, Corcoran, Hanford, and Lemoore imposed and collected incorrect parking surcharges during the audit period. The error occurred because the cities of Avenal, Corcoran, Hanford, and Lemoore were 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 cities of Avenal, Corcoran, Hanford, and Lemoore incorrectly remitted \$12.50 in state and county parking surcharges on every parking violation instead of the required \$11.00 for the audit period. The county has paid in full the bonded indebtedness for court facilities.

Therefore, entities in Kings County should not have collected \$2.50 for the County Courthouse Construction Fund (GC section 76100). Instead, entities should have collected only \$1.00 for the County Courthouse Construction Fund (GC section 76100). The \$1.00 should have then been deposited in the county's general fund in accordance with GC section 76000(c). In addition, the county should have returned the excess \$1.50 collected for the County Courthouse Construction Fund (GC section 76100) to the parking entities.

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 76000(d) states that the \$2.50 penalty authorized by GC section 76000(b) should be reduced to \$1.00 as of the date of transfer of responsibility for facilities, except as money is needed to pay for construction provided for in GC section 76100.

Recommendation

We recommend that the parking entities impose, collect, and remit the correct county parking surcharges. We also recommend that the county work with the parking entities to determine the portion of revenues collected for the County Courthouse Construction Fund (GC section 76100) that the county should return to each parking entity.

Appendix— Summary Schedule of Prior Audit Findings

The following table shows the implementation status of Kings County's corrective actions related to the findings contained in the county's prior audit report dated September 17, 2015.

Prior Audit Finding Number	Prior Audit Finding Title	Implementation Status
1	Underremitted excess of qualified fines, fees, and penalties	Not implemented – see current Finding 1
2	Inadequate distribution of traffic violator school cases	Fully implemented
3	Recording of parking fines	Not implemented – see current Finding 4
4	Inappropriate distribution of EMAT penalties	Fully implemented

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



**COUNTY OF KINGS
DEPARTMENT OF FINANCE**

JAMES P. ERB, CPA • DIRECTOR OF FINANCE
1400 W. LACEY BLVD • HANFORD, CA 93230

ACCOUNTING DIVISION
(559) 852-2712 • FAX: (559) 587-9935

TAX COLLECTOR • TREASURER DIVISION
TAX: (559) 852-2479 • TREASURER (559) 852-2477
FAX: (559) 582-1236

February 4, 2022

California State Controller
Division of Audits
ATTN: Lisa Kurokawa
P.O. Box 942850
Sacramento, CA 94250

RE: Response to the Draft Audit Report issued on January 5, 2022

Ms. Kurokawa:

Thank you for helping Kings County sort out the complicated distribution requirements of Court ordered fines and fees. Please find below the responses from Kings County, Department of Finance and Probation Department. We have already made changes to our processes that will correct the deficiencies identified in the draft audit report.

Finding 1 – The County agrees with this finding. This finding is the responsibility of the Department of Finance who conducts the excess revenue calculation at the end of each fiscal year. Staff has updated the year-end process to appropriately categorize court fines and fees. In addition we will have a senior staff member review the calculation prior to submission to the state.

Finding 2 – The County agrees with this finding. The Department of Finance has worked with the Probation Department to ensure the correct distributions are made to the State Penalty Fund, the 2% Automation Fund, and the State Restitution Fund. The Probation Department updated their communication to the Department of Finance so the distribution/split is not done twice.

Finding 3 – The County agrees with this finding. The Probation Department has updated their case management system to correctly distribute base fines to the State, County, and Cities.

Finding 4 - The County agrees with this finding. The Department of Finance has updated its worksheet to ensure proper distribution of parking surcharges and equipment and registration violations penalties.

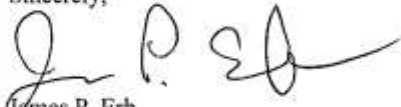
Finding 5 – The County agrees with this finding. The College of the Sequoias has taken corrective action and has already remitted the \$3,216 owed to the State as a result of this finding.

Finding 6 through Finding 10 – See January 18, 2022, response from the Superior Court of California, County of Kings.

Finding 11 - The County agrees with this finding. The Probation Department has updated their case management system to properly distribute the 2% Automation Fees.

Finding 12 – The County agrees with this finding. The Probation Department will assess the criminal laboratory analysis fee (HSC section 11372.5) when it is ordered by the judge of the Superior Court of Kings County. The Probation Department will bring to the judge's attention if he/she does not order this fee.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. P. Erb', with a long horizontal flourish extending to the right.

James P. Erb
Director of Finance
County of Kings

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



Superior Court of the State of California
County of Kings

Nocona Soboleski
Court Executive Officer
and
Clerk of the Court

January 18, 2022

California State Controller
Division of Audits
ATTN: Lisa Kurokawa
P.O. Box 942850
Sacramento, CA 94250

RE: Response to Draft Audit Report Issued on January 5, 2022

Please find below the responses from Superior Court of California, County of Kings in regards to the audit completed by the California State Controller for the period of July 1, 2016 through June 30, 2020.

FINDING 6 – The Court agrees with this finding and corrected the distributions in the case management system on July 23, 2021 as recommended. The Court will also be periodically verifying its distributions as suggested.

FINDING 7 – The Court agrees with this finding and corrected the distributions in the case management system on July 23, 2021 as recommended. The Court will also be periodically verifying its distributions as suggested.

FINDING 8 – The Court agrees with this finding and corrected the distributions in the case management system on July 23, 2021 as recommended. The Court will also be periodically verifying its distributions as suggested.

FINDING 9 – The Court agrees with this finding and corrected the distributions in the case management system on July 23, 2021 as recommended. The Court will also be periodically verifying its distributions as suggested.

FINDING 10 – The Court agrees with this finding and corrected the installment revenue priorities in the case management system based on statutory priority requirements on July 8, 2021 as recommended.

Thank you,


Nocona Soboleski
Court Executive Officer

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

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