

SAN MATEO COUNTY

Audit Report

COURT REVENUES

July 1, 2014, through June 30, 2018



BETTY T. YEE
California State Controller

June 2020



BETTY T. YEE
California State Controller

June 9, 2020

The Honorable Juan Raigoza, Controller
San Mateo County
555 County Center, 4th Floor
Redwood City, CA 94063

Neal I. Taniguchi, Court Executive Officer
Superior Court of California, San Mateo
County
400 County Center
Redwood City, CA 94063

Dear Mr. Raigoza and Mr. Taniguchi:

The State Controller's Office audited San Mateo County's court revenues for the period of July 1, 2014, through June 30, 2018.

Our audit found that the county underremitted \$1,839,949 in state court revenues to the State Treasurer because it:

- Underremitted the State Trial Court Improvement and Modernization Fund (Government Code [GC] section 77205) by \$1,790,146;
- Underremitted the State Court Facilities Construction Fund – Immediate and Critical Needs Account (Vehicle Code section 42007.1) by \$31,084;
- Underremitted the State DNA Identification Fund (GC section 76104.6) by \$1,101; and
- Underremitted the State DNA Identification Fund (GC section 76104.7) by \$17,618.

In addition, we found that the county incorrectly calculated its 50% excess of qualified revenues and incorrectly remitted state parking surcharges.

Our audit also found that the court made incorrect distributions related to driving-under-the-influence, red-light traffic violator school, and speeding traffic violator school cases.

The county should remit \$1,839,949 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, 2014, through June 30, 2018.

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://sco.ca.gov/ard_trialcourt_manual_guidelines.html.

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

JIM L. SPANO, CPA
Chief, Division of Audits

JLS/as

The Honorable Juan Raigoza, Controller
Neal I. Taniguchi, Court Executive Officer

-2-

June 9, 2020

cc: The Honorable Warren Slocum, President
San Mateo 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 Section
State Controller's Office
Jennifer Montecinos, Manager
Tax Administration Section
State Controller's Office
Lacey Baysinger, Supervisor
Tax Administration Section
State Controller's Office

Contents

Audit Report

Summary	1
Background	1
Objective, Scope, and Methodology	1
Conclusion	3
Follow-up on Prior Audit Findings	3
Views of Responsible Officials.....	3
Restricted Use	4
Schedule—Summary of Audit Findings Affecting Remittances to the State Treasurer	5
Findings and Recommendations.....	6

Audit Report

Summary

The State Controller's Office (SCO) performed an audit to determine the propriety of court revenues remitted to the State of California by San Mateo County on the Report to State Controller of Remittance to State Treasurer (TC-31) for the period of July 1, 2014, through June 30, 2018.

Our audit found that the county underremitted \$1,839,949 in state court revenues to the State Treasurer because it:

- Underremitted the State Trial Court Improvement and Modernization Fund (Government Code [GC] section 77205) by \$1,790,146;
- Underremitted the State Court Facilities Construction Fund – Immediate and Critical Needs Account (Vehicle Code [VC] section 42007.1) by \$31,084;
- Underremitted the State DNA Identification Fund (GC section 76104.6) by \$1,101; and
- Underremitted the State DNA Identification Fund (GC section 76104.7) by \$17,618.

In addition, we found that the county incorrectly calculated its 50% excess of qualified revenues and incorrectly remitted state parking surcharges.

Our audit also found that the court made incorrect distributions related to driving-under-the-influence (DUI), red-light traffic violator school (TVS), and speeding TVS cases.

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 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.

GC section 68103 requires the SCO to review the reports and records to ensure that all fines and forfeitures have been transmitted. 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 audit the disbursement of state money for correctness, legality, and sufficient provisions of law for payment.

Objective, Scope, and Methodology

Our audit objective was to determine whether the county and court remitted all court revenues to the State Treasurer pursuant to the TC-31 process.

The audit period was July 1, 2014, through June 30, 2018.

To achieve our objective, we performed the following procedures:

General

- Gained an understanding of the county and court's revenue collection and reporting processes by interviewing key personnel, and reviewing documentation supporting the transaction flow;
- Scheduled monthly TC-31 remittances prepared by the county and the court showing court revenue distributions to the State; and
- Performed a review of the complete TC-31 remittance process for revenues collected and distributed by the county and the court.

Cash Collections

- 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;
- Performed analytical procedures using ratio analysis for state and county revenues to assess the reasonableness of the revenue distributions based on statutory requirements; and
- Recomputed the annual maintenance-of-effort (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

- Assessed the priority of installment payments. Haphazardly selected a non-statistical sample of four installment payments to verify priority. No errors were identified;
- 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. No errors were identified;
- Performed a risk evaluation of the county and court and identified violation types that are prone to errors due to either their complexity and/or statutory changes during the audit period. Based on the risk evaluation, haphazardly selected a non-statistical sample of 81 cases for 11 violation types. Then, we:
 - Recomputed the sample case distributions and compared them to the actual distributions; and
 - Calculated the total dollar amount of significant underremittances to the State.

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 county and the court's financial statements. We considered the county and court's internal controls only to the extent necessary to plan the audit. 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 \$1,839,949 in state court revenues was underremitted to the State Treasurer as follows:

- State Trial Court Improvement and Modernization Fund (GC section 77205) underremitted by \$1,790,146;
- State Court Facilities Construction Fund – Immediate and Critical Needs Account (VC section 42007.1) underremitted by \$31,084;
- State DNA Identification Fund (GC section 76104.6) underremitted by \$1,101; and
- State DNA Identification Fund (GC section 76104.7) underremitted by \$17,618.

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

In addition, we found that the county incorrectly calculated its 50% excess of qualified revenues and incorrectly remitted state parking surcharges. We also found that the court made incorrect distributions related to DUI, red-light TVS, and speeding TVS cases. These non-monetary instances of noncompliance are also described in the Findings and Recommendations section.

The county should remit \$1,839,949 to the State Treasurer.

Follow-up on Prior Audit Findings

The county has satisfactorily resolved the findings noted in our prior audit report, for the period of July 1, 2005, through June 30, 2011, issued March 7, 2012, with the exception of Finding 1 and 4 of this audit report.

Views of Responsible Officials

We issued a draft report on May 4, 2020. Kim-Anh Le, Deputy Controller, San Mateo County, responded on behalf of both the county and court in an email dated May 15, 2020, stating that the county and court agreed with the audit results.

Restricted Use

This audit report is solely for the information and use of San Mateo County; Superior Court of California, San Mateo County; the Judicial Council of California; and SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this audit report, which is a matter of public record and is available on the SCO website at www.sco.ca.gov.

Original signed by

JIM L. SPANO, CPA
Chief, Division of Audits

June 9, 2020

Schedule—
Summary of Audit Findings Affecting Remittances to the State Treasurer
July 1, 2014, through June 30, 2018

Finding ¹	Fiscal Year				Total	Reference ²
	2014-15	2015-16	2016-17	2017-18		
Underremitted 50% excess of qualified revenues						
State Trial Court Improvement and Modernization Fund — GC §77205	\$ 918,307	\$ 657,505	\$ (16,862)	\$ 231,196	\$ 1,790,146	
Total	918,307	657,505	(16,862)	231,196	1,790,146	Finding 1
Underremitted traffic violator school fees						
State Court Facilities Construction Fund - Immediate and Critical Needs Account — VC §42007.1	10,085	9,930	5,346	5,723	31,084	
Total	10,085	9,930	5,346	5,723	31,084	Finding 2
Underremitted State DNA penalties						
State DNA Identification Fund (Proposition 69) — GC §76104.6	-	-	1,101	-	1,101	
State DNA Identification Fund — GC §76104.7	-	-	17,618	-	17,618	
Total	-	-	18,719	-	18,719	Finding 3
Total amount underremitted to the State Treasurer	<u>\$ 928,392</u>	<u>\$ 667,435</u>	<u>\$ 7,203</u>	<u>\$ 236,919</u>	<u>\$ 1,839,949</u>	

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

²See the Findings and Recommendations section.

Findings and Recommendations

**FINDING 1—
Underremitted 50%
excess of qualified
revenues
(Repeat Finding)**

During our recalculation of the 50% excess of qualified revenues calculation, we found that the county underremitted the 50% excess of qualified revenues by a net of \$1,790,146 to the State Treasurer for the audit period.

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

The following table shows:

- The excess amount of qualified revenues above the base; and
- The county’s overremittance and underremittances to the State Treasurer by comparing 50% of the excess amount of qualified revenues 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 (Over) / Underremittance to the State Treasurer ¹
2014-15	\$ 8,661,539	\$ 5,304,995	\$ 3,356,544	\$ 1,678,272	\$ (759,965)	\$ 918,307
2015-16	7,677,719	5,304,995	2,372,724	1,186,362	(528,857)	657,505
2016-17	6,451,933	5,304,995	1,146,938	573,469	(590,331)	(16,862)
2017-18	6,825,592	5,304,995	1,520,597	760,299	(529,103)	231,196
Total						<u>\$ 1,790,146</u>

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

The error occurred because the county understated qualified revenues by \$3,580,292 for the MOE calculation. The actual adjustment is \$1,790,146, representing 50% of the understated qualified revenues in excess of the base amount. The \$3,580,292 is calculated as follows:

- Overstatement of \$31,084 because the county’s Probation Department did not remit 51% of the \$49 TVS fee (VC section 42007.1) to the State Treasurer, as discussed in Finding 2;
- Overstatement of \$6,683 due to the court’s incorrect distribution of red-light violation revenues, as discussed in Finding 3;
- Overstatement of \$104,195 because the county incorrectly included the revenues collected for the County Courthouse Construction Fund (GC section 76100) and the County Criminal Justice Facilities Construction Fund (GC section 76101) in its calculation of the TVS fee (VC section 42007.1), as discussed in Finding 4;
- Understatement of \$3,577,527 because the county incorrectly excluded revenues collected for the County Courthouse Construction Fund (GC section 76100), the County Criminal Justice Facilities

Construction Fund (GC section 76101), the Maddy Emergency Medical Services Fund (GC section 76000.5), the Emergency Medical Services Fund (GC section 76104), and City Base Fines (VC section 42007[c]) from its calculation of the TVS fee, as discussed in Finding 4; and

- Understatement of \$144,727 due to the court's incorrect distribution of county base fines to the Health and Safety Code section 11502 account instead of the Penal Code (PC) section 1463.001 account, as discussed in Finding 5.

As discussed in Finding 1 of our prior audit report dated March 7, 2012, the county did not properly identify all qualified revenues. This is a repeat finding; however, the qualified revenues discussed in this report were misreported for different reasons.

Recommendation

We recommend that the county:

- Remit \$1,790,146 to the State Treasurer and report on the TC-31 an increase to the State Trial Court Improvement and Modernization Fund; and
- Ensure that all applicable qualified revenues are reported properly for the MOE calculation.

County and Court's Response

We agree with this finding and will remit \$1,790,146 to the State Treasurer and report on the TC-31 an increase to the State Trial Court Improvement and Modernization Fund. We will [ensure that] all of the applicable qualified revenues are reported properly for the MOE calculation.

FINDING 2— Underremitted TVS fees

During our testing of juvenile TVS cases, we found that the county's Probation Department underremitted TVS fees to the State Treasurer by \$31,084. The department incorrectly distributed 51% of the \$49 TVS fee to the county instead of to the State. The error occurred because the department misinterpreted the required distributions.

VC section 42007.1(b) requires that 51% of the \$49 TVS fee be deposited in the State Court Facilities Construction Fund – Immediate and Critical Needs Account.

The department’s underremittance of the TVS fee (VC section 42007.1) also caused an overstatement of \$31,084 in qualified revenues for the MOE calculation. The incorrect distribution had the following effect:

Account Title	Underremitted/ (Overremitted)
State Court Facilities Construction Fund — Immediate and Critical Needs Account — VC §42007.1	\$ 31,084
County Traffic Violator School Fee — VC §42007.1	\$ (31,084)

Recommendation

We recommend that the county remit \$31,084 to the State Treasurer and report on the TC-31 an increase to the State Court Facilities Construction Fund – Immediate and Critical Needs Account.

We also recommend that the Probation Department correct its accounting system to ensure that TVS fees are allocated in accordance with statutory requirements.

County and Court’s Response

We agree with this finding and have made corrections in the accounting system as recommended to mitigate the impact, effective July 2019. [We] will remit the underremitted amount of \$31,084.

**FINDING 3—
Underremitted State
DNA penalties**

During the testing of city red-light violation cases, we found that the court underremitted State DNA penalties to the State Treasurer by \$18,719. The court incorrectly distributed the amounts collected for the 30% red-light allocation (PC section 1463.11) to county base fines (PC section 1463.001). We also found that the court made incorrect distributions to the 30% Red-Light Allocation Fund (PC section 1463.11) from the following three funds: Maddy Emergency Medical Services Fund (GC section 76000.5), State DNA Identification Fund (GC section 76104.6), and State DNA Identification Fund (GC section 76104.7) between June 16, 2016, and October 31, 2016.

During the testing of county red-light violation cases, we found that the court overremitted to the Emergency Medical Air Transportation Act Fund and underremitted to the 30% Red-Light Allocation Fund (PC section 1463.11) between July 1, 2014, and October 31, 2016. The error occurred because the court misinterpreted the required distributions.

PC section 1463.11 requires that the first 30% of red-light violation base fines, state penalties, and county penalties (PC sections 1463 and 1464, and GC section 76100, respectively) collected be distributed to the general fund of the county or city where the violation occurred.

The county’s incorrect distribution of red-light revenues caused an overstatement of \$6,683 (\$8,911 × 75%) in county base fines (PC

section 1463.001), which affects the MOE calculation. The incorrect distribution had the following effect:

Account Title	Underremitted/ (Overremitted)
State DNA Identification Fund (Proposition 69) — GC §76104.6	\$ 1,101
State DNA Identification Fund — GC §76104.7	17,618
Total	<u>\$ 18,719</u>
County Base Fines — PC §1463.001	\$ (8,911)
County DNA Identification Fund — GC §76104.6	3,304
County Maddy Emergency Medical Services Fund — GC §76000.5	8,809
Daly City — Red-Light Allocation — PC §1463.11	(2,735)
City of Menlo Park — Red-Light Allocation — PC §1463.11	(4,783)
City of Millbrae — Red-Light Allocation — PC §1463.11	(12,553)
City of San Mateo — Red-Light Allocation — PC §1463.11	(1,850)
Total	<u>\$ (18,719)</u>

We did not measure the fiscal effect of the Emergency Medical Air Transportation Act Fund distribution error on county cases because it was not material due to the low number of affected cases.

Recommendation

We recommend that the county remit \$18,719 to the State Treasurer and report on the TC-31 form increases of \$17,618 to the State DNA Identification Fund – GC section 76104.7 and \$1,101 to the State DNA Identification Fund (Proposition 69) – GC section 76104.6.

We also recommend that the court correct its accounting system to ensure that State DNA penalties are allocated in accordance with statutory requirements.

County and Court’s Response

We agree with this finding and have taken steps to correct the accounting system to comply with statutory requirements. We will remit \$18,719 to the State Treasurer and report on the TC-31 form increases of \$17,618 to the State DNA Identification Fund – GC section 76104.7 and increases of \$1,101 to the State DNA Identification Fund (Proposition 69) – GC section 76104.6

**FINDING 4—
Incorrect calculation
of 50% excess of
qualified revenues
(Repeat Finding)**

During the testing of the 50% excess of qualified revenues, we found that the county incorrectly included the revenues collected for the County Courthouse Construction Fund (GC section 76100) and the County Criminal Justice Facilities Construction Fund (GC section 76101) in its calculation of the TVS fee (VC section 42007.1) from July 1, 2014, through June 30, 2016.

We also found that the county incorrectly excluded the revenues collected for the County Courthouse Construction Fund (GC section 76100), County Criminal Justice Facilities Construction Fund (GC section 76101), Maddy

Emergency Medical Services Fund (GC section 76000.5), Emergency Medical Services Fund (GC section 76104), and City Base Fines (VC section 42007[c]) from its calculation of the TVS fee (VC section 42007) between July 1, 2014, and June 30, 2016. In addition, the county incorrectly excluded City Base Fines (VC section 42007[c]) from the calculation of the TVS fee (VC section 42007) between July 1, 2016, and June 30, 2018. The error occurred because the county misinterpreted the required distributions.

The Judicial Council of California's qualified revenues calculation form instructions require that the TVS-related portion of emergency medical services penalties, distributions to cities, and local construction penalties be included as part of the qualified revenues.

The county's incorrect calculation of the county's share of the TVS fee (VC section 42007.1) caused an overstatement of \$104,195 in qualified revenues for the MOE calculation.

The county's incorrect calculation of the TVS fee (VC section 42007) caused an understatement of \$3,577,527 in qualified revenues for the MOE calculation.

As discussed in Finding 1 of our prior audit report dated March 7, 2012, the county did not properly identify all qualified revenues. This is a repeat finding; however, the qualified revenues discussed in this report were misreported for different reasons.

Recommendation

We recommend that the county ensure that all applicable qualified revenues are reported properly for the MOE calculation.

County and Court's Response

We agree with this finding and will ensure [that] all of the applicable qualified revenues are reported properly for the MOE calculation.

FINDING 5— Incorrect distribution of base fines on DUI cases

During the testing of DUI cases, we found that the court incorrectly distributed \$192,969 in county base fines to the Health and Safety Code section 11502 account instead of the PC section 1463.001 account between November 1, 2015, and June 30, 2018. The error occurred because the court misinterpreted the required distributions.

PC section 1463.001 requires that base fines resulting from county arrests be transferred into the proper funds of the county.

The court's incorrect distribution of county base fines caused an understatement of \$144,727 ($\$192,969 \times 75\%$) in qualified revenues for the MOE calculation.

Recommendation

We recommend that the court correct its accounting system to ensure that county base fines are allocated in accordance with statutory requirements.

County and Court’s Response

We agree with this finding and have taken steps to correct the accounting system to comply with statutory requirements.

**FINDING 6—
Incorrect distribution
of red-light TVS
violations**

During the testing of City of Millbrae red-light TVS cases, we found that the court underremitted the TVS fee (VC section 42007) and incorrectly distributed city base fines (VC section 42007[c]) to the 30% Red-Light Allocation Fund (VC section 42007.3) between July 1, 2014, and June 15, 2016. The error occurred because the court misinterpreted the required distributions.

VC section 42007(a) requires the clerk of the court to collect a fee from every person who is ordered or permitted to attend traffic violator school. The fee collected must be equal to total bail for the offense shown on the uniform countrywide bail schedule.

VC section 42007(c) requires the amount of base fines that would have been deposited in the city’s treasury pursuant to PC section 1463.001 to be deposited in the city’s treasury.

The court’s incorrect distribution of red-light TVS fees caused understatements of \$94,957 in TVS fees (VC section 42007) and \$442,133 in city base fines (VC section 42007[c]), which affect the MOE calculation. These amounts were included in the calculation of the \$3,577,527 understatement described in Finding 1. The incorrect distribution had the following effect:

Account Title	Underremitted/ (Overremitted)
County Traffic Violator School Fee — VC §42007	\$ 94,957
City of Millbrae — Red Light Allocation — VC §42007.3	(537,090)
City of Millbrae — Base Fines — VC §42007(c)	442,133
Total	<u>\$ (94,957)</u>

Recommendation

We recommend that the court correct its accounting system to ensure that red-light TVS fees are allocated in accordance with statutory requirements.

County and Court’s Response

We agree with this finding and have taken steps to correct the accounting system to comply with statutory requirements.

**FINDING 7—
Incorrect distribution
of fines in TVS cases
involving speeding**

During the testing of TVS cases involving speeding, we found that the court incorrectly distributed county base fines to city base fines (VC section 42007[c]) instead of converting county base fines to the TVS fee (VC section 42007) between July 1, 2014, and June 15, 2016.

We also found that the court incorrectly converted penalties for deposit into the Maddy Emergency Medical Services Fund (GC section 76000.5) to the TVS fee (VC section 42007) between June 16, 2016, and October 31, 2016. The error occurred because the court misinterpreted the required distributions.

VC section 42007(a) requires the clerk of the court to collect a fee from every person who is ordered or permitted to attend traffic violator school. The fee collected must be equal to total bail for the offense shown on the uniform countrywide bail schedule.

VC section 42007(b), requires counties with an established Maddy Emergency Medical Services Fund to collect \$2 for every \$7 pursuant to GC section 76000, and to collect \$2 for every \$10 pursuant to GC section 76000.5 for deposit in the fund. In addition, the portion of the fee collected pursuant to GC section 70372 must be transferred pursuant to GC section 70372(f)

There was no effect on the MOE calculation, as the underremittances to the TVS fee (VC section 42007) offset the overremittances to city base fines (VC section 42007[c]).

We did not measure the fiscal effect of the Maddy Emergency Medical Services Fund (GC section 76000.5) distribution error on county cases because it was not material due to the low number of affected cases.

Recommendation

We recommend that the court correct its accounting system to ensure that county base fines are allocated for speeding TVS fees in accordance with statutory requirements.

County and Court's Response

We agree with this finding and have taken steps to correct the accounting system to comply with statutory requirements.

**FINDING 8—
Incorrect remittance
of parking penalties**

During the testing of parking surcharges, we found that the county incorrectly remitted the entire \$4.50 collected for the state court construction penalty on parking violations to the State Court Facilities Construction Fund – Immediate and Critical Needs Account (GC section 70372[b]) during the audit period. The county should have deposited one-third of the \$4.50 state court construction penalty in the State Court Facilities Construction Fund (GC section 70372[b]) and two-thirds in the State Court Facilities Construction Fund – Immediate and Critical Needs Account (GC section 70372[b]). The error occurred because the county misinterpreted the required distributions.

GC section 70372(f)(2) requires the county to deposit one-third of the \$4.50 state court construction penalty in the State Court Facilities Construction Fund and two-thirds in the State Court Facilities Construction Fund – Immediate and Critical Needs Account.

We did not measure the fiscal effect of this error, as it involves only the distribution of revenues between state accounts.

Recommendation

We recommend that the county correct its accounting system to ensure the proper allocation of parking surcharges between the State Court Facilities Construction Fund accounts to comply with statutory requirements.

County and Court's Response

We agree with this finding and have taken steps to correct the accounting system to comply with statutory requirements.

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

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