

EL DORADO COUNTY

Audit Report

COURT REVENUES

July 1, 2009, through June 30, 2016



BETTY T. YEE
California State Controller

June 2019



BETTY T. YEE
California State Controller

June 17, 2019

Dear County, Court, and City Representatives:

The State Controller's Office audited El Dorado County's court revenues for the period of July 1, 2009, through June 30, 2016.

Our audit found that a net of \$236,203 in state court revenues was overremitted to the State Treasurer. Specifically, we found that El Dorado County overremitted a net of \$247,300 in state court revenues to the State Treasurer because it:

- Underremitted the 50% excess of qualified fines, fees, and penalties by \$267,870;
- Overremitted deoxyribonucleic acid (DNA) and emergency medical air transportation penalties by \$586,845; and
- Underremitted transfers to the State Court Facilities Construction Fund by \$71,675.

The county made a payment of \$71,675 in July 2018. Based on the net overremittance of \$247,300 and the payment of \$71,675, the county should reduce subsequent remittances to the State Treasurer by \$318,975.

In addition, we found that the City of Placerville underremitted \$11,097 in state parking surcharges to the State Treasurer via El Dorado County, and underremitted \$19,140 in local parking surcharges to El Dorado County. In April 2018, the City of Placerville remitted \$30,237 in total underremitted parking surcharges to the county. The county should remit \$11,097 to the State Treasurer.

Our audit also found that the Superior Court of California, El Dorado County:

- Imposed an incorrect penalty for the State DNA Identification Fund; and
- Did not deduct the 2% State Automation Fee for Fish and Game cases and non-red-light traffic violator school cases.

If you have any questions regarding the audit findings, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at (916) 327-3138.

If you have any questions regarding payments, TC-31s, or interest and penalties, please contact Jennifer Montecinos, Supervisor, Tax Programs Unit, by telephone at (916) 322-7952.

Sincerely,

Original signed by

JIM L. SPANO, CPA
Chief, Division of Audits

JLS/hf

Attachment—Recipient Addresses

cc: The Honorable Sue Novasel, Chair
 El Dorado County Board of Supervisors
Grant Parks, Manager
 Internal Audit Services
 Judicial Council of California
Julie Nauman, Executive Officer
 Victim Compensation and Government Claims Board
Anita Lee, Senior Fiscal and Policy Analyst
 Legislative Analyst's Office
Don Lowrie, Fiscal Analyst
 Local Government Policy Unit
 Local Government Program and Services Division
 State Controller's Office
Jennifer Montecinos, Supervisor
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Recipient Addresses

Joe Harn, Auditor-Controller
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Contents

Audit Report

Summary	1
Background	1
Objective, Scope, and Methodology	2
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
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 El Dorado County on the Report to State Controller of Remittance to State Treasurer (TC-31) for the period of July 1, 2009, through June 30, 2016.

Our audit found that a net of \$236,203 in state court revenues was overremitted to the State Treasurer. Specifically, we found that El Dorado County overremitted a net of \$247,300 in state court revenues to the State Treasurer because it:

- Underremitted the 50% excess of qualified fines, fees, and penalties by \$267,870;
- Overremitted deoxyribonucleic acid (DNA) and emergency medical air transportation (EMAT) penalties by \$586,845; and
- Underremitted transfers to the State Court Facilities Construction Fund by \$71,675.

In addition, we found that the City of Placerville underremitted \$11,097 in state parking surcharges to the State Treasurer via El Dorado County, and underremitted \$19,140 in local parking surcharges to El Dorado County.

Our audit also found that the Superior Court of California, El Dorado County:

- Imposed an incorrect penalty for the State DNA Identification Fund; and
- Did not deduct the 2% State Automation Fee for Fish and Game cases and non-red-light traffic violator school (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 Government Code (GC) section 68101 to deposit the State's portion of court revenues with the county treasurer as soon as 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, 2009, through June 30, 2016.

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

- 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. Followed up with entities that did not remit the required parking surcharges and reviewed their required distributions; and
- Performed a risk evaluation of the county and the court, and identified violation types susceptible to errors due to statutory changes during the audit period. Based on the risk evaluation, judgmentally selected a non-statistical sample of 54 cases for 11 violation types. Errors found were not projected to the intended population. Then, we:
 - Recomputed the sample case distributions and compared them to the actual distributions; and
 - Calculated the total dollar amount of material underremittances to the State and county.

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 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 that a net of \$236,203 in state court revenues was overremitted to the State Treasurer (El Dorado County overremitted a net of \$247,300 and the City of Placerville underremitted \$11,097). In addition, we found that the Superior Court of California, El Dorado County, did not impose and collect all court revenues to the State; however, we did not quantify the amount. These instances of non-compliance are quantified in the Schedule and described in the Findings and Recommendations section of this audit report.

In July 2018, the county made a payment of \$71,675. Based on the net overremittance of \$247,300 and the payment of \$71,675, the county should reduce subsequent remittances to the State Treasurer by \$318,975.

In April 2018, the City of Placerville remitted \$30,237 in total underremitted parking surcharges to the county. The county should remit \$11,097 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, 2002, through June 30, 2009, issued October 2011.

Views of Responsible Officials

We issued a draft report on March 14, 2019.

Joe Harn, Auditor-Controller, El Dorado County, responded by letter dated March 14, 2019, agreeing with the audit results and disagreeing with the TC-31 repayment remedy. This final report includes the county's response.

Tania Ugrin-Capobianco, Court Executive Officer, Superior Court of California, El Dorado County, responded by letter dated March 21, 2019, agreeing with the audit results. This final report includes the court's response.

Restricted Use

Dave Warren, Director of Finance, City of Placerville, responded by email on April 3, 2019, agreeing with the audit results.

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

JIM L. SPANO, CPA
Chief, Division of Audits

June 17, 2019

Schedule— Summary of Audit Findings Affecting Remittances to the State Treasurer July 1, 2009, through June 30, 2016

Finding ¹	Fiscal Year							Total	Reference ²
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16		
Underremitted 50% Excess of Qualified Revenues State Trial Court Improvement and Modernization Fund – GC §77205	\$ 4,825	\$ 45,448	\$ 41,671	\$ 48,564	\$ 53,097	\$ 39,806	\$ 34,459	\$ 267,870	Finding 1
Underremitted to El Dorado County (Parking Surcharges) <u>City of Placerville</u> State Trial Court Trust Fund – GC §76000.3(a)	2,961	1,170	663	1,449	1,347	1,503	2,004	11,097	Finding 2
Overremitted DNA and EMAT Penalties for TVS cases State DNA Identification Fund – GC §76104.6	(1,208)	(6,656)	(5,621)	(5,395)	(5,913)	(4,410)	(3,790)	(32,993)	
State DNA Identification Fund – GC §76104.7	(4,830)	(79,875)	(67,455)	(86,320)	(94,600)	(70,560)	(60,640)	(464,280)	
State Emergency Medical Air Transportation Act Fund – GC §76000.10	-	(10,512)	(17,720)	(16,984)	(18,496)	(13,892)	(11,968)	(89,572)	
Total	<u>(6,038)</u>	<u>(97,043)</u>	<u>(90,796)</u>	<u>(108,699)</u>	<u>(119,009)</u>	<u>(88,862)</u>	<u>(76,398)</u>	<u>(586,845)</u>	Finding 3
Underremitted State Court Facilities Construction Funds State Court Facilities Construction Fund – GC §70372(a)	-	-	-	33,196	19,153	11,680	7,646	71,675	Finding 4
Net amount underremitted (overremitted) to the State Treasurer	<u>\$ 1,748</u>	<u>\$ (50,425)</u>	<u>\$ (48,462)</u>	<u>\$ (25,490)</u>	<u>\$ (45,412)</u>	<u>\$ (35,873)</u>	<u>\$ (32,289)</u>	<u>\$ (236,203)</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**

During our testing of the 50% excess of qualified revenues calculation, we found that the county underremitted by \$267,870 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 fiscal year (FY) 1998-99, and each fiscal year thereafter, to the State Trial Court Improvement and Modernization Fund. Qualified revenues are reported to the county by other local agencies.

The following table shows:

- The excess qualified revenues amount above the base; and
- The county underremittances 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 ¹	County Remittance to the State Treasurer	County Underremittance to the State Treasurer ²
2009-10	\$1,497,201	\$ 1,028,349	\$ 468,852	\$ 234,426	\$ (229,601)	\$ 4,825
2010-11	1,594,514	1,028,349	566,165	283,083	(237,635)	45,448
2011-12	1,618,728	1,028,349	590,379	295,190	(253,519)	41,671
2012-13	1,540,672	1,028,349	512,323	256,161	(207,597)	48,564
2013-14	1,482,028	1,028,349	453,679	226,840	(173,743)	53,097
2014-15	1,268,864	1,028,349	240,515	120,257	(80,451)	39,806
2015-16	1,107,666	1,028,349	79,317	39,659	(5,200)	34,459
Total						<u>\$ 267,870</u>

¹Differences due to rounding.

²Should be identified on the TC-31 as State Trial Court Improvement and Modernization Fund – GC §77205.

The error occurred because the City of Placerville and the court understated qualified revenues to the county by \$535,740. The actual adjustment is \$267,870, representing 50% of the understated qualified revenues. The \$535,740 is calculated as follows:

- Understatement of \$7,656 by the City of Placerville to the County General Fund, as discussed in Finding 2; and
- Understatement of \$528,084 by the court of TVS fees, as discussed in Finding 3.

Recommendation

We recommend that the county remit \$267,870 to the State Treasurer and report on the TC-31 an increase to the State Trial Court Improvement and Modernization Fund.

County's Response

Agreed that the total under remitted is \$267,870, however the error did not occur because "the county understated qualified revenues by \$535,740." It was the Courts who understated qualified revenues by this amount. The county has no jurisdiction over the accounting processes and procedures of the County and Courts....

EDC [El Dorado County] does not agree with the State's proposed remedy to remit \$267,870 with a TC-31 report due to the significant over remittances in Finding 3 of \$586,845. The County proposes the SCO record a journal entry to offset this under remittance against the over remittance in Finding 3. This is a more appropriate remedy given the significant amount of the overpayment.

SCO Comment

We concur with the county's statement, and agree that the error resulted from the City of Placerville and the court understating qualified revenues.

We recommend that the county adhere to the form TC-31 reporting process to ensure that over/underremittances are processed correctly. If you have any questions, please contact the Tax Accounting Unit by email at LGPSDtaxaccounting@sco.ca.gov.

**FINDING 2—
Underremitted
parking surcharges
from the City of
Placerville**

During our scheduling of parking surcharges, we found that the City of Placerville underremitted state parking surcharges, totaling \$11,097, to the State Treasurer and underremitted the corresponding county parking surcharges, totaling \$19,140, to the county.

For the state parking surcharges, the city:

- Underremitted the \$3 state parking surcharge to the State Trial Court Trust Fund account for every parking fine or forfeiture, totaling \$11,097; and
- Did not impose and collect the state parking surcharge of \$4.50 for every parking fine that should be remitted to the State via the county and deposited in the State Court Facilities Construction Fund.

For the county parking surcharges, the city:

- Underremitted the \$2.50 county parking surcharge to both the County Criminal Justice Facilities Construction Fund and the County Courthouse Construction Fund. \$1 of each distribution should be transferred to the County General Fund to be included as qualified revenues for the 50% excess of qualified revenues calculation. The error resulted in an underremittance of \$19,140 to the county, consisting of a \$7,656 deposit to the County General Fund; a \$5,742 deposit to the County Criminal Justice Facilities Construction Fund; and a \$5,742 deposit to the County Courthouse Construction Fund; and
- Did not reduce the parking surcharge collected for the County Courthouse Construction Fund from \$2.50 to \$1, which is required once the responsibility for the court facilities is transferred from the county to the Judicial Council of California.

Cause

The error occurred because the City of Placerville misinterpreted the required parking distributions.

Criteria

Vehicle Code (VC) section 40200.4 requires the processing agencies to deposit with the County Treasurer all sums due the county from parking violations. GC section 76000(c) requires the county to deposit the \$2.50 parking penalty, from each parking fine or forfeiture collected, in the County Courthouse Construction Fund and the County Criminal Justice Facilities Construction Fund. Furthermore, this section requires \$1 of each \$2.50 parking penalty to be distributed to the County General Fund.

In addition, once responsibility for court facilities transfers from the county to the Judicial Council of California, GC section 76000(d) states that the authority to impose the \$2.50 penalty relative to the County Courthouse Construction Fund shall be reduced to \$1. Furthermore, the \$1 collected shall be deposited in the County General Fund. On February 11, 2010, the responsibility for the county’s court facilities transferred to the Judicial Council of California.

GC section 70372(b) requires the issuing agencies to distribute a state surcharge of \$4.50 in the State Court Facilities Construction Fund for every parking fine or forfeiture starting January 2009. GC section 76000.3 requires issuing agencies to distribute to the State Trial Court Trust Fund an additional state surcharge of \$3 for every parking fine or forfeiture beginning January 2011.

Effect

The incorrect distribution had the following effect on the city’s parking surcharges:

Account Title	Underremitted City of Placerville
<u>Underremitted to El Dorado County (Parking Surcharges)</u>	
State Trial Court Trust Fund – GC §76000.3	\$ 11,097
Total – State Treasurer	11,097
County General Fund	7,656
County Criminal Justice Facilities Construction Fund	5,742
County Courthouse Construction Fund	5,742
Total – County Funds	19,140
Total	\$ 30,237

In April 2018, the City of Placerville remitted \$30,237 in parking surcharges to the county.

Recommendation

We recommend that the county remit \$11,097 to the State Treasurer and report on the TC-31 an increase to the State Trial Court Trust Fund.

We also recommend that the county advise external parking entities:

- To reduce collections for the County Courthouse Construction Fund from \$2.50 to \$1 in accordance with GC section 76000(d), and to deposit the \$1 penalty collected in the County General Fund; and
- To impose and collect the state parking surcharge of \$4.50 for the State Court Facilities Construction Fund in accordance with GC section 70372(b).

County's Response

Agreed the total under remitted by the City of Placerville is \$30,237. This is comprised of \$11,097 (State Funding) and \$19,140 (County General Fund).

EDC received \$30,237 from the City of Placerville (deposited 4/26/18), but has not yet remitted the \$11,097 to the State on a TC-31 due to the significant over remittances in Finding 3 of \$586,845.

EDC does not agree with the State's proposed remedy to remit \$11,097 with a TC-31 report due to the significant over remittances in Finding 3 of \$586,845. The County proposes the SCO record a journal entry to offset this under remittance against the over remittance in Finding 3. This is a more appropriate remedy given the significant amount of the overpayment.

City of Placerville's Response

The City of Placerville agrees with this finding.

SCO Comment

We recommend that the county adhere to the form TC-31 reporting process to ensure that over/underremittances are processed correctly. If you have any questions, please contact the Tax Accounting Unit by email at LGPSDtaxaccounting@sco.ca.gov.

**FINDING 3—
Overremitted DNA
and EMAT penalties
for TVS cases**

During the testing of TVS cases, we found that the court overremitted DNA and EMAT penalties for TVS cases for the audit period. The court did not convert the DNA and EMAT penalties to a TVS fee for traffic violations where the violator elected to attend traffic school. The error occurred because the court misinterpreted the required distributions.

Per VC section 42007(a), the clerk of the court shall collect a fee from every person who is ordered or permitted to attend a TVS pursuant to VC section 41501 or 42005 in an amount equal to the total bail set forth for the eligible offense on the uniform countywide bail schedule. As used in

this subdivision, “total bail” means the amount established pursuant to Penal Code section 1269b in accordance with the Uniform Bail and Penalty Schedule adopted by the Judicial Council, including all assessments, surcharges, and penalty amounts.

The incorrect distributions for TVS cases resulted in the misreporting of revenues for the State Trial Court Improvement and Modernization Fund in the MOE calculation. A net total of \$528,084 (\$685,824 × 0.77) should have been included in the MOE calculation (see Finding 1).

The incorrect distribution had the following effect:

Account Title	Underremitted/ (Overremitted)
State DNA Identification Fund – GC §76104.6	\$ (32,993)
State DNA Identification Fund – GC §76104.7	(464,280)
State Emergency Medical Air Transportation Act Fund	(89,572)
Total	(586,845)
 County General Fund	 685,824
County DNA Identification Fund – GC §76104.6	(98,979)
Total	\$ 586,845

Recommendation

We recommend that the county:

- Offset subsequent remittances by \$586,845 to the State Treasurer and report on the TC-31 decreases of \$32,993 to the State DNA Identification Fund (GC section 76104.6), \$464,280 to the State DNA Identification Fund (GC section 76104.7), and \$89,572 to the State Emergency Medical Air Transportation Act Fund; and
- Make the corresponding account adjustments.

County’s Response

Agreed the total over remitted is (\$586,845).

EDC does not completely agree with the State’s proposed remedy for repayment to the County by way of an offset for subsequent remittances to the State. The proposed remedy would take an estimated 22 years for the County to receive full repayment. A journal entry to offset the overpayments with the under payments is a more appropriate remedy and uses a combined approach for the repayments to the County.

The County proposes the SCO prepare a journal to distribute the \$267,869 in Finding 1 and the \$11,097 in Finding 2 against the overpayment in Finding 3 (\$32,993 State DNA ID GC 76104.6; \$89,572 State Emergency Air Transport GC 76000.10; \$464,280 State DNA ID Fund GC 76104.7). Once recorded there will still be an overpaid balance of \$307,878 in the State DNA ID Fund GC 76104.7. The County will then offset this overpayment with collections for the DNA ID Fund GC 76104.7 until full repayment is made. With this treatment it is estimated the balance will be eliminated within an 18 – 24 month period.

Court’s Response

We have reviewed the audit findings and consider them to be accurate....
 Finding 3 was corrected on June 19, 2017, upon migration to our new case management system.

SCO Comment

We recommend that the county adhere to the form TC-31 reporting process to ensure that over/underremittances are processed correctly. If you have any questions, please contact the Tax Accounting Unit by email at LGPSDtaxaccounting@sco.ca.gov.

**FINDING 4—
 Underremitted State
 Court Facilities
 Construction Funds**

During our analysis of court cash statements, we found that the county did not transfer \$71,675 from its Courthouse Construction Fund to the State Court Facilities Construction Fund for the audit period. The county is required to transfer any funds remaining once the responsibility for court facilities transfers to the Judicial Council of California. The error occurred because county personnel were unaware of the requirement to transfer the funds.

Per GC section 70402(a), any amount in a county’s Courthouse Construction Fund should be transferred to the State Court Facilities Construction Fund following the date of the last transfer of responsibility for court facilities from the county to the Judicial Council of California, if there is no outstanding bonded indebtedness. On February 11, 2010, the responsibility for court facilities transferred to the Judicial Council of California.

The following table shows the effect of the underremittance:

Account Title	Underremitted/ (Overremitted)
State Court Facilities Construction Fund – GC §70372(a)	\$ 71,675
County Courthouse Construction Fund	(71,675)

In July 2018, the county remitted the amount of \$71,675 for the State Court Facilities Construction Fund to the State Treasurer.

Recommendation

We recommend that the county advise external parking entities to reduce the parking surcharge from \$2.50 to \$1 for the County Courthouse Construction Fund, as discussed in Finding 2. We also recommend that the \$1 collected be deposited in the County General Fund in accordance with GC section 76000(d), as the responsibility for county court facilities has already transferred to the Judicial Council of California.

County's Response

Agreed that the total under remitted amount was \$71,675. The \$71,675 is paid in full and verified by the SCO auditors.

**FINDING 5—
Incorrect penalty for
State DNA
Identification Fund**

During our testing of cases, we found that the court incorrectly imposed a \$5 penalty (instead of a \$4 penalty) for assessments related to the State DNA Identification Fund for the period June 27, 2012, through April 2016. The error occurred because the court misinterpreted the required assessments.

Beginning June 27, 2012, GC section 76104.7 requires an additional penalty of \$4 for every \$10, or fraction thereof, upon every fine, penalty, or forfeiture imposed and collected on criminal offenses, including traffic offenses but excluding parking offenses.

We did not measure the error because it is not a distribution error that resulted in overremitted funds to the State Treasurer. Rather, the court overcharged the defendants on each case, meaning that the excess revenues collected are actually owed to the defendants. However, we believe that it would be impractical and difficult for the court to return the overcharged amounts to each defendant.

Recommendation

We recommend that the court correct its accounting system to ensure that it is assessing the additional penalty of \$4 for every \$10 collected for the State DNA Identification Fund, in accordance with statutory requirements.

County's Response

The [court's] accounting system needs correcting for the State DNA Identification Fund. Incorrect penalty resulted in an overcharge to defendants – The courts incorrectly imposed a \$5.00 penalty for DNA Identification Fund. It is agreed that the courts should correct their accounting system per SCO Auditors recommendation.

Court's Response

We have reviewed the audit findings and consider them to be accurate.... Finding 5 was corrected in April 2016. Proof of correction was provided during this audit period.

**FINDING 6—
Underremitted the
2% State Automation
Fee**

During our testing of fish and game cases and non-red-light TVS cases, we found that the court did not deduct the 2% State Automation Fee from the Fish and Game Secret Witness Penalty cases (Fish and Game Code section 12021) or the city base fine for non-red-light TVS cases (VC section 42007[c]). The error occurred because the court failed to correctly program its accounting system to calculate the distribution.

GC section 68090.8 requires that a 2% State Automation Fee is deducted from all fines, penalties, forfeitures and restitutions.

We did not measure the fiscal effect of this error because the amount did not appear significant due to the limited number of affected cases.

Recommendation

We recommend that the court correct its accounting system to ensure that the 2% State Automation Fee is distributed in accordance with statutory requirements.

County's Response

The [court's] accounting system needs correcting for Fish and Game cases – The Courts failed to deduct 2% State Automation from Fish and Game Secret Witness Penalty cases. It is agreed that the courts should correct their accounting system per SCO Auditor recommendation. Amount of this error was not calculated as it appeared to be immaterial.

Court's Response

We have reviewed the audit findings and consider them to be accurate.... Finding 6 was also corrected on June 19, 2017.

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



County of El Dorado
OFFICE OF AUDITOR-CONTROLLER

360 FAIR LANE
PLACERVILLE, CALIFORNIA 95667-4193
Phone: (530) 621-6487 Fax: (530) 295-2535

JOE HARN,
Auditor-Controller

BOB TOSCANO
Assistant Auditor-Controller

March 14, 2019

Mr. Jim L. Spano
Chief, Division of Audits
State Controller's Office, Division of Audits
P.O. 942850
Sacramento, CA 94250

Re: SCO Court Revenue Audit FY 2009 through 2016

To whom it may concern:

The audit findings for the Court Revenue Audit for fiscal years 2009 through 2016 have been reviewed. Below is the County's response related to these findings.

Finding 1 – Under remitted 50% excess of qualified revenues
State Trial Court Improvement and Modernization Fund GC 77205

Agreed that the total under remitted is \$267,870, however the error did not occur because "the county understated qualified revenues by \$535,740." It was the Courts who understated qualified revenues by this amount. The county has no jurisdiction over the accounting processes and procedures of the County Courts.

SCO Recommendation: "...the county remits \$267,870 to the State Treasurer and report on TC-31 an increase to the State Trial Court Improvement and Modernization Fund."

EDC does not agree with the State's proposed remedy to remit \$267,870 with a TC-31 report due to the significant over remittances in Finding 3 of \$586,845. The County proposes the SCO record a journal entry to offset this under remittance against the over remittance in Finding 3. This is a more appropriate remedy given the significant amount of the overpayment.

Finding 2 – Under remitted (City of Placerville)
State Trial Court Trust Fund – GC 76000.3 (a)

Agreed the total under remitted by the City of Placerville is \$30,237. This is comprised of \$11,097 (State Funding) and \$19,140 (County General Fund).

EDC received \$30,237 from the City of Placerville (deposited 4/26/18), but has not yet remitted the \$11,097 to the State on a TC-31 due to the significant over remittances in Finding 3 of \$586,845.

Finding 2 continued-

EDC does not agree with the State's proposed remedy to remit \$11,097 with a TC-31 report due to the significant over remittances in Finding 3 of \$586,845. The County proposes the SCO record a journal entry to offset this under remittance against the over remittance in Finding 3. This is a more appropriate remedy given the significant amount of the overpayment.

Finding 3 – Over remitted DNA and EMAT penalties for TVS cases

State DNA Identification Fund GC 76104.6	(\$ 32,993)
State Emergency Medical Air Transportation Act Fund GC 76000.10	(\$ 89,572)
State DNA Identification Fund GC 76104.7	(\$464,280)

Agreed the total over remitted is (\$586,845)

EDC does not completely agree with the State's proposed remedy for repayment to the County by way of an offset for subsequent remittances to the State. The proposed remedy would take an estimated 22 years for the County to receive full repayment. A journal entry to offset the overpayments with the under payments is a more appropriate remedy and uses a combined approach for the repayments to the County.

The County proposes the SCO prepare a journal to distribute the \$267,869 in Finding 1 and the \$11,097 in Finding 2 against the overpayment in Finding 3 (\$32,993 State DNA ID GC 76104.6; \$89,572 State Emergency Air Transport GC 76000.10; \$464,280 State DNA ID Fund GC 76104.7). Once recorded there will still be an overpaid balance of \$307,878 in the State DNA ID Fund GC 76104.7. The County will then offset this overpayment with collections for the DNA ID Fund GC 76104.7 until full repayment is made. With this treatment it is estimated the balance will be eliminated within an 18 - 24 month period.

Finding 4 - Under remitted State Court Facilities Construction Funds

Agreed that the total under remitted amount was \$71,675
The \$71,675 is paid in full and verified by the SCO auditors.

Finding 5 - Incorrect penalty for State DNA Identification Fund

The courts accounting system needs correcting for the State DNA Identification Fund. Incorrect penalty resulted in an overcharge to defendants –The courts incorrectly imposed a \$5.00 penalty for DNA Identification Fund. It is agreed that the courts should correct their accounting system per SCO Auditors recommendation.

Finding 6 – Under remitted the 2% State Automation Fee

The courts accounting system needs correcting for Fish and Game cases – The Courts failed to deduct 2% State Automation from Fish and Game Secret Witness Penalty cases. It is agreed that the courts should correct their accounting system per SCO Auditor recommendation. Amount of this error was not calculated as it appeared to be immaterial.

Sincerely,

Joe Harn, CPA
El Dorado County Auditor-Controller

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



**SUPERIOR COURT OF CALIFORNIA
COUNTY OF EL DORADO**

2850 Fairlane Court, Suite 110
Placerville, CA 95667

March 21, 2019

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

RE: El Dorado County Court Revenue Audit, July 1, 2009 - June 30, 2016

Dear Ms. Kurokawa:

We have reviewed the audit findings and consider them to be accurate.

Please be advised that our case management system programming has been corrected as recommended:

- Finding #3 was corrected on June 19, 2017, upon migration to our new case management system. Distribution corrections totaling \$69,794 for the remaining period of 07/01/16 – 06/18/17 will be made as follows:
 - o VC 42007 TVS Fee County \$69,794
 - o GC 76104.6 DNA PA 75% County (9,040)
 - o GC 76104.6 DNA PA 25% State (3,014)
 - o GC 76104.7 Addl DNA PA (48,220)
 - o GC 76000.10(c) EMAT (9,520)
- Finding #5 was corrected in April 2016. Proof of correction was provided during this audit period.
- Finding #6 was also corrected on June 19, 2017.

Should you have any questions, please contact Susan Sandoval, Fiscal Services Supervisor at (530)621-5457.

Sincerely,

Tania Ugrin-Capobianco
Court Executive Officer
(530)621-5155

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

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