

ALAMEDA COUNTY

Audit Report

COURT REVENUES

July 1, 2018, through June 30, 2022



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

October 2024



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

October 25, 2024

The Honorable Melissa Wilk,
Auditor-Controller
Alameda County
1221 Oak Street, Suite 249
Oakland, CA 94612

Mr. Chad Finke, Court Executive Officer
Superior Court of California,
Alameda County
1225 Fallon Street, Room 209
Oakland, CA 94612

Dear Auditor-Controller Wilk and Mr. Finke:

The State Controller's Office audited Alameda County's (the county's) court revenues for the period of July 1, 2018, through June 30, 2022.

Our audit found that the county underremitted \$581,790 in state court revenues to the State Treasurer because it:

- Underremitted the State Trial Court Improvement and Modernization Fund (Government Code section 77205) by \$564,466; and
- Underremitted the State's Restitution Fund (Penal Code section 1463.18) by \$17,324.

In addition, we found that the county and the Superior Court of California, Alameda County made incorrect distributions related to red light traffic violator school violations and the priority of installment payments.

We also identified an instance of noncompliance that is not significant to our audit objective, but warrants the attention of management. Specifically, we found that the Superior Court of California, Alameda County made incorrect base fine distributions in cases where the City of Livermore was the arresting agency.

The county made a payment of \$581,790 in June 2024.

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

Ms. Melissa Wilk
Mr. Chad Finke
October 25, 2024
Page 2 of 2

If you have any questions regarding this report, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at 916-327-3138. Thank you.

Sincerely,

Original signed by

Kimberly A. Tarvin, CPA
Chief, Division of Audits

KAT/ac

Attachment

Copy: The Honorable Nate Miley, President
Alameda County Board of Supervisors
Dawn Tomita, Audit Manager
Internal Audit Services
Judicial Council of California
Lynda Gledhill, Executive Officer
California Victim Compensation Board
Anita Lee, Senior Fiscal and Policy Analyst
Legislative Analyst's Office
Sandeep Singh, Manager
Local Government Policy Unit
State Controller's Office
Jennifer Montecinos, Manager
Tax Administration Section
State Controller's Office

Contents

Audit Report

Summary	1
Background	1
Audit Authority.....	2
Objective, Scope, and Methodology	2
Conclusion	3
Follow-up on Prior Audit Findings.....	4
Views of Responsible Officials.....	4
Restricted Use	4
Schedule—Summary of Audit Findings Affecting Remittances to the State Treasurer	5
Findings and Recommendations.....	6
Observation and Recommendation	13
Attachment—County and 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 Alameda County (the county) on the Report to State Controller of Remittance to State Treasurer (TC-31) for the period of July 1, 2018, through June 30, 2022.

Our audit found that the county underremitted \$581,790 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 \$564,466; and
- Underremitted the State's Restitution Fund (Penal Code [PC] section 1463.18) by \$17,324.

In addition, we found that the county and the Superior Court of California, Alameda County (the court) made incorrect distributions related to red light traffic violator school (TVS) violations and the priority of installment payments.

We also identified an instance of noncompliance that is not significant to our audit objective, but warrants the attention of management. Specifically, we found that the court made incorrect base fine distributions in cases where the City of Livermore was the arresting agency.

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.

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, 2018, through June 30, 2022.

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 criteria that were significant to our audit objective.
- We interviewed county personnel regarding the monthly TC-31 remittance process and 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 the 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 court.
- We assessed the reliability of data from the case management systems based on interviews and our review of documents supporting the transaction flow. We determined that the data was sufficiently reliable for purposes of this report.

Cash Collections

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

Distribution Testing

- We assessed the priority of installment payments by haphazardly selecting a non-statistical sample of eight installment payments to

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

- We scheduled parking surcharge revenues collected from entities that issue parking citations within the county to ensure that revenues were correct, complete, and remitted in accordance with state statutory requirements. No errors were found.
- We performed a risk evaluation of the county and the court, and identified violation types that are prone to errors due to either their complexity or statutory changes during the audit period. Based on the risk evaluation, we haphazardly selected a non-statistical sample of 55 cases for 11 violation types.

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

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

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

We did not review any court revenue remittances that the county and court may be required to make under GC sections 70353 and 77201.1(b), included in the TC-31.

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

Conclusion

As a result of performing the audit procedures, we found instances of noncompliance with the requirements described in our audit objective. Specifically, we found that \$581,790 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 \$564,466; and
- Underremitted the State's Restitution Fund (PC section 1463.18) by \$17,324.

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 and court made incorrect distributions of red light TVS violations and the priority of installment payments. These instances of noncompliance are non-monetary and described in the Findings and Recommendations section.

We also identified an instance of noncompliance that is not significant to our audit objective, but warrants the attention of management. Specifically, we found that the court made incorrect base fine distributions in cases in which the City of Livermore was the arresting agency. This instance of noncompliance is described in the Observation and Recommendation section.

The county made a payment of \$581,790 in June 2024.

Follow-up on Prior Audit Findings

The county has satisfactorily resolved the findings noted in our prior audit report, for the period of July 1, 2010, through June 30, 2016, issued June 28, 2019.

Views of Responsible Officials

We issued a draft audit report on July 23, 2024. The county and court's representative provided a joint response by letter dated August 2, 2024, agreeing with the audit results. This final audit report includes the county and court's response as an attachment.

Restricted Use

This audit report is solely for the information and use of the county; the court, 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 A. Tarvin, CPA
Chief, Division of Audits

October 25, 2024

Schedule—
Summary of Audit Findings Affecting Remittances to the State Treasurer
July 1, 2018, through June 30, 2022

Finding ¹	Fiscal Year				Total	Reference ²
	2018-19	2019-20	2020-21	2021-22		
Underremitted 50% excess of qualified revenues State Trial Court Improvement and Modernization Fund — GC §77205	\$ 356,984	\$ -	\$ -	\$ 207,482	\$ 564,466	Finding 1
Incorrect distribution of DUI cases State Restitution Fund — PC §1463.18	8,133	7,447	235	1,509	17,324	Finding 2
Total amount underremitted to the State Treasurer	<u>\$ 365,117</u>	<u>\$ 7,447</u>	<u>\$ 235</u>	<u>\$ 208,991</u>	<u>\$ 581,790</u>	

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

²See Findings and Recommendations.

Findings and Recommendations

FINDING 1— Underremitted the 50% excess of qualified revenues

During our recalculation of the 50% excess of qualified revenues, we found that the county had used an incorrect qualified revenue amount in its calculation for each fiscal year. As a result of these errors, the county underremitted the 50% excess of qualified revenues by a net of \$564,466 for the audit period. The 50% excess of qualified revenues was incorrectly calculated because the county misinterpreted the required calculations.

For the audit period, the county provided support for its calculations of the 50% excess of qualified revenues. We reviewed the county's calculations and reconciled the qualified revenues to revenue collection reports provided by the court and county. We noted that qualified revenues in the calculations reconciled to the collection reports in each fiscal year.

As noted in Finding 2, the county's central collections department failed to distribute the three DUI base fine reduction penalties from county base fines, resulting in a net overremittance of PC section 1463.001 revenues. This incorrect distribution resulted in a net overstatement of PC section 1463.001 qualified revenues in each fiscal year.

Furthermore, we noted that the county had incorrectly excluded revenues collected for the Courthouse Construction Fund (GC section 76100), the Criminal Justice Facilities Construction Fund (GC section 76101), the Emergency Medical Services Fund (GC section 76104), the Maddy Emergency Medical Services Fund (GC section 76000.5), and city base fines (Vehicle Code [VC] section 42007[c]) from its calculation of the TVS fee (VC section 42007) during the audit period.

We recalculated the county's qualified revenues based on actual court revenues collected for each fiscal year. After our recalculation, we found that the county had understated qualified revenues by \$6,568,971 for the audit period.

Qualified revenues were understated as follows:

- The county overstated qualified revenues by \$21,027 for the audit period because the central collections department failed to distribute DUI penalty reductions from the county base fines.
- The county incorrectly excluded the following revenues from its calculation of the TVS fee (VC section 42007):
 - Courthouse Construction Fund (GC section 76100) – \$99,553;
 - Criminal Justice Facilities Construction Fund (GC section 76101) – \$99,553;
 - Emergency Medical Services Fund (GC section 76104) – \$995,533;
 - Maddy Emergency Medical Services Fund (GC section 76000.5) – \$995,533; and
 - City base fines (VC section 42007[c]) – \$4,399,826.

The following table shows the audit adjustments to qualified revenues:

	Fiscal Year				Totals
	2018-19	2019-20	2020-21	2021-22	
Qualified revenues reported	\$ 8,741,279	\$ 8,146,942	\$ 8,421,153	\$ 8,615,807	\$ 33,925,181
Audit adjustments:					
PC § 1463.001 overstatements	(9,260)	(8,675)	(557)	(2,535)	(21,027)
GC § 76100 understatements	29,400	24,820	20,952	24,381	99,553
GC § 76101 understatements	29,400	24,820	20,952	24,381	99,553
GC § 76104 understatements	294,001	248,202	209,518	243,812	995,533
GC § 76000.5 understatements	294,001	248,202	209,518	243,812	995,533
VC § 42007(c) understatements	1,247,303	1,081,806	893,255	1,177,462	4,399,826
Total	1,884,845	1,619,175	1,353,638	1,711,313	6,568,971
Adjusted qualified revenues	\$ 10,626,124	\$ 9,766,117	\$ 9,774,791	\$ 10,327,120	\$ 40,494,152

As a result of miscalculating the qualified revenues, the county underremitted the 50% excess of qualified revenues by \$564,466 for the audit period.

The following table shows the excess qualified revenues, and—by comparing the 50% excess amount due to the State to the county’s actual remittance—the county’s underremittance to the State Treasurer:

Fiscal Year	Qualifying Revenues	Base Amount	Excess Amount Above the Base	50% Excess Amount Due the State	County Remittance to the State Treasurer	County Underremittance to the State Treasurer ¹
2018-19	\$ 10,626,124	\$ 9,912,156	\$ 713,968	\$ 356,984	\$ -	\$ 356,984
2019-20	9,766,117	9,912,156	(146,039)	-	-	-
2020-21	9,774,791	9,912,156	(137,365)	-	-	-
2021-22	10,327,120	9,912,156	414,964	207,482	-	207,482
Total						\$ 564,466

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

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

Recommendation

We recommend that the county remit \$564,466 to the State Treasurer and report on the TC-31 an increase to the State Trial Court Improvement and Modernization Fund.

We also recommend that the county ensure that the proper accounts are included in the calculation of each line item on the 50-50 Excess Split Revenue Computation Form.

County's Response

The County agrees with the State Controller's Office finding. On June 13, 2024, the County remitted \$564,466 for the State Trial Court Improvement and Modernization Fund to the State Treasurer, as reported on the TC-31 form. It was identified that the current Court accounting system lacks the functionality to report items necessary for the calculation of the 50% excess of qualified revenues from traffic violator school fee revenues. The Courts are actively upgrading their accounting system, with plans to incorporate the ability to separate traffic violator school fee revenues. This will enable the County to accurately calculate the 50% excess of qualified revenues. In the interim, the County will estimate these revenues using the methodology employed by the State Controller's Office during the audit period.

**FINDING 2—
Incorrect distribution
of DUI violations**

During testing of DUI violations, we found that the county's central collections department did not properly distribute the three DUI base fine reduction penalties, including the DUI indemnity allocation (PC section 1463.18), from the county and city base fines. The error resulted in a net underremittance to the State of \$17,324. This error occurred because violations were not properly identified as DUI violations when referred to the department.

We verified, on a sample basis, distributions made by the department using its case distribution system. For each sample case, we recomputed the distributions and compared them to the actual distributions. We tested a total of four DUI cases distributed by the department.

Of the four cases tested, we found that in three cases the department did not properly distribute the three DUI base fine reductions from county and city base fines. In each of the three cases, the department failed to reduce base fine revenues for the county's DUI lab special account (PC section 1463.14[a]), the county's DUI program special account (PC section 1463.16), and the State's DUI indemnity allocation (PC section 1463.18). The error resulted in net underremittances to the State and county, and overremittances to the cities.

We discussed this issue with department staff members and determined that the error started in fiscal year 2018-19 and was not identified by staff until May 2022. The department was able to correct the distribution error in active cases, but was not able to make changes to cases that had been fully paid and closed.

We performed a revenue analysis using DUI case reports generated by the department's case management system to redistribute the DUI base fine reduction penalties according to statute. After performing our review, we determined that the error resulted in a net underremittance to the State of \$17,324.

The incorrect distribution had the following effect:

Account Title	Underremitted / (Overremitted)
State Restitution Fund – PC §1463.18	\$ 17,324
County General Fund – PC §1463.14(a)	\$ 43,316
County General Fund – PC §1463.16	43,316
County General Fund – PC §1463.001	(28,035)
Total	<u>\$ 58,597</u>
City of Livermore General Fund – PC §1463.002	\$ (20,123)
City of Fremont General Fund – PC §1463.002	(17,280)
City of Hayward General Fund – PC §1463.002	(9,102)
City of Pleasanton General Fund – PC §1463.002	(8,491)
City of San Leandro General Fund – PC §1463.002	(5,778)
City of Dublin General Fund – PC §1463.002	(5,667)
City of Union City General Fund – PC §1463.002	(4,459)
City of Newark General Fund – PC §1463.002	(3,624)
City of Oakland General Fund – PC §1463.002	(917)
City of Alameda General Fund – PC §1463.002	(289)
City of Berkeley General Fund – PC §1463.002	(191)
Total	<u>\$ (75,921)</u>

The department's incorrect distribution of county base fines also caused an overstatement of \$21,027 ($\$28,035 \times 75\%$) in qualified revenues (PC section 1463.001) for the 50% excess of qualified revenue calculation.

PC section 1463.18 requires that the first \$20 of any amount collected from a DUI conviction be transferred to the State's Restitution Fund.

PC section 1463.14(a) requires that a \$50 fine be collected from money deposited with the county treasurer pursuant to PC section 1463 for each DUI conviction and deposited into a special account to pay for the cost of performing analysis for alcohol content or for the presence of drugs.

PC section 1463.16 requires that a \$50 fine be collected from money deposited with the county treasurer pursuant to PC section 1463 for each DUI conviction and deposited into a special account for the county's alcoholism program.

Recommendation

We recommend that the county remit \$17,324 to the State Treasurer and report on the TC-31 an increase to the State's Restitution Fund.

We also recommend that the county's central collections department:

- Update its distribution system to ensure that all surcharges, fines, penalties, and fees are distributed in accordance with the statutory requirements; and
- Periodically verify the accuracy of its distributions using the JCC's testing sheets.

County's Response

The County agrees with the State Controller's Office finding. On June 13, 2024, the County remitted \$17,324 to the State Treasurer, as reported on the TC-31 form. It was identified that some accounts did not have the correct DUI violation distribution. The County is collaborating with the Alameda County Superior Court to resolve this issue.

**FINDING 3—
Incorrect distribution
of red light TVS
violations**

During testing of red light TVS violations, we found that the court did not properly distribute state and county fines, penalties, and assessments. This error occurred because the court misinterpreted the *Distribution Guidelines* and failed to properly follow an approved top-down distribution method.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions. We tested four red light TVS cases and found that court did not properly distribute one case. In the one case, the judge reduced the total fine requiring the court to perform a top-down distribution.

The JCC provides guidance to courts regarding top-down distributions, and allows two different methodologies:

1. Reduce all components proportionately, including those with a specified dollar amount; or
2. Allocate the full amount to those components with a specified dollar amount, then pro-rate the remaining balance among the rest of the total fine's components.

Our testing found that the county did not follow one of the two top-down distribution methods approved by the JCC. The court allocated 100% to components with a specified dollar amount but failed to prorate the remaining funds evenly amongst the fines and penalty assessments.

We did not perform a revenue analysis of this error, as it did not appear to be systemic and underremittances were limited to one red light TVS case.

PC section 1463.004 states that percentage calculations may be employed to establish the components of total fines or forfeitures, provided that the aggregate monthly distributions resulting from the calculations are the same as would be produced by strict observance of the statutory distributions.

Recommendation

We recommend that the court:

- Correct its case management system to ensure that the court follows JCC guidelines for top-down distributions; and
- Periodically verify the accuracy of its distributions using the JCC's testing sheets.

Court's Response

The Court agrees with the State Controller's Office finding. However, the Court does not have the resources currently available to make the recommended changes to its existing traffic case management system. The Court is in the beginning phases of implementing a new traffic case management. This new system will incorporate changes to correct the distribution of red light TVS violations.

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

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

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

We tested four cases and found that the court did not distribute payments of all four cases according to PC section 1203.1d, subparagraph (b). The court incorrectly distributed the priority-three Emergency Medical Air Transportation penalty as a priority-four distribution.

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

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

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

Recommendation

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

Court's Response

The Court agrees with the State Controller's Office finding. The Court eliminated collection of the Emergency Medical Air Transportation (EMAT) fee, effective January 1, 2024. The Court will conduct periodic reviews to ensure that all surcharges, fines, penalties, and fees are distributed in accordance with the statutory priority requirements of PC section 1203.1d, subparagraph (b).

**FINDING 5—
Incorrect
prioritization of
installment payments
(central collections)**

During testing of the county’s central collections department cases, we found that the department had incorrectly prioritized distributions of installment payments. The errors occurred because the department misinterpreted the *Distribution Guidelines*.

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

We tested four cases and found that the department did not distribute payments in three of the cases according to PC section 1203.1d, subparagraph (b). In the three cases, the department prorated all surcharges, fines, penalties, and fees with no respect to the priority set forth in PC section 1203.1d, subparagraph (b).

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

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

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

Recommendation

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

County’s Response

The County agrees with the State Controller’s Office finding. Central Collections will review existing programmed prioritizations to ensure all guidelines are met for the prioritization of installment payments in accordance with PC 1203.1d.

Observation and Recommendation

OBSERVATION – Incorrect distribution percentage for base fines

During testing of court cases, we found that the court used an incorrect distribution percentage for base fines in cases in which the City of Livermore was the arresting agency. This error occurred because the court misinterpreted the *Distribution Guidelines*.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions. We tested two cases in which the City of Livermore was the arresting agency and found that the court incorrectly distributed county and city base fines in each case. The court distributed 21% of total base fines collected in the two cases to the county general fund (PC section 1463.001) and 79% to the City of Livermore's general fund (PC section 1463.002). However, the county distribution percentage listed in PC section 1463.002 for the City of Livermore is 7%. This error resulted in an underremittance to the City of Livermore's general fund.

We did not perform a revenue analysis of this error, as it does not have a direct impact on State remittances.

PC section 1463.001(b)(3) requires base fines resulting from city arrests should be distributed according to the applicable county percentages set forth in PC section 1463.002.

PC section 1463.002 requires that the county distribution percentage for City of Livermore arrests should be 7%, with a 93% distribution to the city.

Recommendation

We recommend that the court:

- Update its distribution system to ensure that all surcharges, fines, penalties, and fees are distributed in accordance with statutory requirements; and
- Periodically verify the accuracy of its distributions using the JCC's testing sheets.

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

August 2, 2024

SENT VIA EMAIL TO @lkurokawa@sco.ca.gov

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

SUBJECT: Audit Response – Alameda County Court Revenues for the period of July 1, 2018, through June 30, 2022.

Alameda County (the County) and the Superior Court of California are in receipt of the draft Audit Report of court revenues for the period of July 1, 2018, through June 30, 2022.

FINDING 1: Underremitted the 50% excess of qualified revenues.

RESPONSE: The County agrees with the State Controller's Office finding. On June 13, 2024, the County remitted \$564,466 for the State Trial Court Improvement and Modernization Fund to the State Treasurer, as reported on the TC-31 form. It was identified that the current Court accounting system lacks the functionality to report items necessary for the calculation of the 50% excess of qualified revenues from traffic violator school fee revenues. The Courts are actively upgrading their accounting system, with plans to incorporate the ability to separate traffic violator school fee revenues. This will enable the County to accurately calculate the 50% excess of qualified revenues. In the interim, the County will estimate these revenues using the methodology employed by the State Controller's Office during the audit period.

FINDING 2: Incorrect distribution of DUI violations.

RESPONSE: The County agrees with the State Controller's Office finding. On June 13, 2024, the County remitted \$17,324 to the State Treasurer, as reported on the TC-31 form. It was identified that some accounts did not have the correct DUI violation distribution. The County is collaborating with the Alameda County Superior Court to resolve this issue.

FINDING 3: Incorrect distribution of red light TVS violations.

RESPONSE: The Court agrees with the State Controller's Office finding. However, the Court does not have the resources currently available to make the recommended changes to its existing traffic case management system. The Court is in the beginning phases of implementing a new traffic case management. This new system will incorporate changes to correct the distribution of red light TVS violations.

Until the new system is fully implemented, the Court will periodically review the accuracy of the distribution of red light TVS violations using the Judicial Council of California's testing sheets and will make any necessary manual adjustments to the distributions.

FINDING 4: Incorrect prioritization of installment payments (Courts).

RESPONSE: The Court agrees with the State Controller's Office finding. The Court eliminated collection of the Emergency Medical Air Transportation (EMAT) fee, effective January 1, 2024. The Court will conduct periodic reviews to ensure that all surcharges, fines, penalties, and fees are distributed in accordance with the statutory priority requirements of PC section 1203.1d, subparagraph (b).

FINDING 5: Incorrect prioritization of installment payments (Central Collections)

RESPONSE: The County agrees with the State Controller's Office finding. Central Collections will review existing programmed prioritizations to ensure all guidelines are met for the prioritization of installment payments in accordance with PC 1203.1d.

Please contact me at melissa.wilk@acgov.org for questions regarding responses to Findings #1, #2, and #5. The Superior Court of California provided responses to Findings #3 and #4, and Chad Finke can be contacted at cfinke@alameda.courts.ca.gov with related questions.

Respectfully submitted,

A handwritten signature in blue ink that reads "Melissa Wilk".

Melissa Wilk
Auditor-Controller/Clerk-Recorder

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

www.sco.ca.gov