

# **SOLANO 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 15, 2024

Ms. Sheila O. Turgo, Acting Auditor-Controller  
Solano County  
675 Texas Street, Suite 2800  
Fairfield, CA 94533

Mr. Brian K. Taylor, Court Executive Officer  
Superior Court of California, Solano County  
600 Union Avenue  
Fairfield, CA 94533

Dear Acting Auditor-Controller Turgo and Mr. Taylor:

The State Controller's Office (SCO) audited Solano 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 a net of \$47,816 in state court revenues to the State Treasurer because it:

- Underremitted the State Trial Court Improvement and Modernization Fund (Government Code section 77205) by \$38,838;
- Underremitted the State Court Facilities Construction Fund (Vehicle Code section 42007.1) by \$18,362;
- Overremitted the State's Domestic Violence Restraining Order Reimbursement Fund (Penal Code section 1203.097) by \$4,692; and
- Overremitted the State's Domestic Violence Training and Education Fund (Penal Code section 1203.097) by \$4,692.

In addition, we found that the Superior Court of California, Solano County made incorrect distributions related to health and safety and proof-of-correction violations, and the priority of installment payments. Also, the county's probation department did not maintain collection receipts for the required retention period.

The county should remit \$47,816 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, 2018, through June 30, 2022.

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

Ms. Sheila O. Turgo  
Mr. Brian K. Taylor  
October 15, 2024  
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convenience, the TC-31 and directions for submission to the State Treasurer's Office are located at [https://www.sco.ca.gov/ard\\_trialcourt\\_manual\\_guidelines.html](https://www.sco.ca.gov/ard_trialcourt_manual_guidelines.html).

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

Once the county has paid the underremitted amounts, the Tax Programs Unit will calculate interest on the underremitted amounts and bill the county and applicable entities in accordance with Government Code sections 68085, 70353, and 70377.

Please mail a copy of the TC-31 and documentation supporting the corresponding adjustments to the attention of the following individual:

Tax Programs Unit Supervisor  
Bureau of Tax, Administration, and Government Compensation  
Local Government Programs and Services Division  
State Controller's Office  
Post Office Box 942850  
Sacramento, CA 94250

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

If you have questions regarding this report, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at 916-327-3138, or email at [lkurokawa@sco.ca.gov](mailto:lkurokawa@sco.ca.gov). Thank you.

Sincerely,

*Original signed by*

Kimberly A. Tarvin, CPA  
Chief, Division of Audits

KAT/ac

Ms. Sheila O. Turgo  
Mr. Brian K. Taylor  
October 15, 2024  
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Copy: The Honorable Mitch Mashburn, Chair  
Solano 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

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# Audit Report

## Summary

The State Controller's Office (SCO) performed an audit to determine the propriety of court revenues remitted to the State of California by Solano 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 a net of \$47,816 in state court revenues to the State Treasurer.

In addition, we found that the Superior Court of California, Solano County (the court) made incorrect distributions related to health and safety and proof-of-correction violations, and the priority of installment payments. Also, the county's probation department did not maintain collection receipts for the required retention period.

## Background

State statutes govern the distribution of court revenues, which include fines, penalties, assessments, fees, restitutions, bail forfeitures, and parking surcharges. Whenever the State is entitled to receive a portion of such money, the court is required by Government Code (GC) section 68101 to deposit the State's portion of court revenues with the County Treasurer as soon as is practical and provide the County Auditor with a monthly record of collections. This section further requires that the County Auditor transmit the funds and a record of the money collected to the State Treasurer at least once a month.

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

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

## Audit Authority

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

## Objective, Scope, and Methodology

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

The audit period was July 1, 2018, through June 30, 2022.

To achieve our objective, we performed the following procedures.

### **General**

- We gained an understanding of the county and the court's revenue collection and reporting processes, and of the criteria that were significant to our audit objective.
- We interviewed county personnel regarding the monthly TC-31 remittance process and MOE calculation.
- We interviewed county and court's personnel regarding the revenue distribution process and case management system (CMS).
- We reviewed documents supporting the transaction flow.
- We scheduled monthly TC-31 remittances prepared by the county and the court showing court revenue distributions to the State.
- We performed a review of the complete TC-31 remittance process for revenues collected and distributed by the county and the court.
- We assessed the reliability of data from the CMSs 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 four installment payments to verify priority. Errors found were not projected to the intended (total) population.
- We scheduled parking surcharge revenues collected from entities that issue parking citations within the county to ensure that revenues were correct, complete, and remitted in accordance with state statutory requirements. No errors were identified.

- 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 36 cases for nine 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 the 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 a net of \$47,816 in state court revenues was underremitted to the State Treasurer as follows:

- The State Trial Court Improvement and Modernization Fund (GC section 77205) was underremitted by \$38,838.
- The State Court Facilities Construction Fund (Vehicle Code [VC] section 42007.1) was underremitted by \$18,362.
- The State's Domestic Violence Restraining Order Reimbursement Fund (Penal Code [PC] section 1203.097) was overremitted by \$4,692.
- The State's Domestic Violence Training and Education Fund (PC section 1203.097) was overremitted by \$4,692.

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



We also found that the court made incorrect distributions related to health and safety and proof-of-correction violations, and priority of installment payments. In addition, the county’s probation department did not maintain collection receipts for the required retention period.

The county should remit \$47,816 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, 2009, through June 30, 2016, issued August 10, 2018. The implementation status of corrective actions is described in the Appendix.

**Views of Responsible Officials**

We issued a draft audit report on July 30, 2024. The county’s representative responded by letter dated August 7, 2024, agreeing with the audit results. The court’s representative responded by letter dated July 30, 2024, agreeing with the audit results. This final audit report includes the county’s and the court’s responses as Attachments A and B.

**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](http://www.sco.ca.gov).

*Original signed by*

Kimberly A. Tarvin, CPA  
Chief, Division of Audits

October 15, 2024

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

Finding <sup>1</sup>	Fiscal Year				Total	Reference <sup>2</sup>
	2018-19	2019-20	2020-21	2021-22		
Underremitted 50% excess of qualified revenues State Trial Court Improvement and Modernization Fund – GC §77205	\$ 38,838	\$ -	\$ -	\$ -	\$ 38,838	Finding 1
Incorrect distribution of the traffic violator school fee State Court Facilities Construction Fund – VC §42007.1	4,605	3,310	6,076	4,371	18,362	Finding 2
Incorrect distribution of the domestic violence fee State Domestic Violence Restraining Order Reimbursement Fund – PC §1203.097	(1,633)	(1,126)	(1,255)	(678)	(4,692)	Finding 3
State Domestic Violence Training and Education Fund – PC §1203.097	(1,633)	(1,126)	(1,255)	(678)	(4,692)	
Total	(3,266)	(2,252)	(2,510)	(1,356)	(9,384)	
Net amount underremitted to the State Treasurer	<u>\$ 40,177</u>	<u>\$ 1,058</u>	<u>\$ 3,566</u>	<u>\$ 3,015</u>	<u>\$ 47,816</u>	

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

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

# Findings and Recommendations

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

During our recalculation of the 50% excess of qualified revenues, we found that the county used incorrect qualified revenue amounts in its calculation for each fiscal year. These errors resulted in the county underremitting the 50% excess of qualified revenues by \$38,838 during the audit period. The 50% excess of qualified revenues was incorrectly calculated because the county misinterpreted the required calculations.

The county provided support for its calculation of the 50% excess of qualified revenues during the audit period. We reviewed the county's calculation and reconciled the qualified revenues to revenue collection reports provided by the court.

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 \$656,865 for the audit period.

The county understated qualified revenues because it:

- Incorrectly excluded revenues collected for the city base fines (VC section 42007[c]) from its calculation of the traffic violator school (TVS) fee (VC section 42007) line item, resulting in an understatement of \$398,167;
- Incorrectly excluded revenues collected for the County Courthouse Construction Fund (GC section 76100; \$1 per TVS case) and the County Criminal Justice Facilities Construction Fund (GC section 76101; \$1 per TVS case) from its calculation of the TVS fee (VC section 42007) line item, resulting in an understatement of \$48,446;
- Incorrectly excluded revenues collected for the Emergency Medical Services Fund (GC section 76104) on TVS cases from its calculation of the TVS fee (VC section 42007) line item, resulting in an understatement of \$221,182;
- Incorrectly reported the TVS fee (VC section 42007) amounts collected in its calculation of the TVS fee (VC section 42007) line item, resulting in an overstatement of \$26,842; and
- Incorrectly reported the amounts collected for the TVS fee (VC section 42007.1) in its calculation of the TVS fee (VC section 42007.1) line item, and incorrectly excluded the revenues collected for the TVS fee (VC section 42007.1) by the county's probation department, resulting in an understatement of \$15,912.

The following table shows the audit adjustments to qualified revenues:

	Fiscal Year				Totals
	2018-19	2019-20	2020-21	2021-22	
Qualified revenues reported	\$ 2,579,124	\$ 2,521,680	\$ 2,438,530	\$ 1,988,032	\$ 9,527,366
Audit adjustments:					
VC §42007(c) understatement	127,052	106,140	92,340	72,635	398,167
GC §76100, §76101 understatement	14,522	13,636	11,604	8,684	48,446
GC §76104 understatement	69,172	60,903	51,360	39,747	221,182
VC §42007 overstatement	(5,875)	(5,036)	(9,297)	(6,634)	(26,842)
VC §42007.1 understatement	2,438	3,224	5,971	4,279	15,912
Total	207,309	178,867	151,978	118,711	656,865
Adjusted qualified revenues	\$ 2,786,433	\$ 2,700,547	\$ 2,590,508	\$ 2,106,743	\$ 10,184,231

As a result of miscalculating the qualified revenues, the county underremitted the 50% excess of qualified revenues by \$38,838 for the audit period.

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

Fiscal Year	Qualifying Revenues	Base Amount	Excess Amount Above the Base	50% Excess Amount Due the State	County Remittance to the State Treasurer	County Underremittance to the State Treasurer <sup>1</sup>
2018-19	\$ 2,786,433	\$ 2,708,758	\$ 77,675	\$ 38,838	\$ -	\$ 38,838
2019-20	2,700,547	2,708,758	(8,211)	-	-	-
2020-21	2,590,508	2,708,758	(118,250)	-	-	-
2021-22	2,106,743	2,708,758	(602,015)	-	-	-
Total						\$ 38,838

<sup>1</sup>Should be identified on the TC-31 as State Trial Court Improvement and Modernization Fund – GC section 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 \$38,838 to the State Treasurer and report on the TC-31 form a \$38,838 increase to the State Trial Court Improvement and Modernization Fund; and
- Ensure that the proper accounts are included in the calculations of each line item on the 50-50 Excess Split Revenue Computation Form.

We also recommend that the court establish a separate account for the Emergency Medical Services Fund (GC section 76104) revenues collected on TVS cases.

County’s Response

The audit disclosed that the County understated the calculation of the 50% excess of qualified revenues due to exclusions of revenues connected to the traffic violator school fees (TVS). The revenue information on the TVS cases were not reported separately to the County and has no access to the breakdown of the TVS revenues.

The County agrees with the findings and shall remit the \$38,838 to the State Treasurer and report on TC-31 a \$38,838 increase to the State Trial Court Improvement Fund. Also, the County agrees with the recommendation to ensure that the proper accounts are included in the calculation of each line item on the 50-50 Excess Split Revenue Computation Form, effective for the reporting period of 7/1/2023; and to establish a separate account for the Emergency Medical Services Fund revenues on TVS cases to be implemented before the end of the 1<sup>st</sup> quarter of FY 2024/25.

**FINDING 2—  
Incorrect  
distribution of  
revenues from the  
traffic violator  
school fee**

During our review of the revenue collection reports provided by the county’s probation department, we found that the probation department did not properly distribute the TVS fee. The error occurred because the department misinterpreted the *Distribution Guidelines* and incorrectly configured its CMS.

For the audit period, the department provided its revenue collection reports. During our review of the revenue collection reports, we found that the department incorrectly distributed 25% of the \$49 TVS fee to the State instead of the required 51%.

The distribution error caused an overstatement of the county TVS fee (VC section 42007.1), which affected the qualified revenues for the MOE calculation.

The incorrect distributions had the following effect:

Account Title	Underremitted/ (Overremitted)
State Court Facilities Construction Fund – VC §42007.1	\$ 18,362
County General Fund – VC §42007.1	\$ (18,362)

VC section 42007.1(b) requires that 51% of the \$49 TVS fee to be transmitted to the Controller for deposit in the State Court Facilities Construction Fund.

Recommendation

We recommend that the county’s probation department remit \$18,362 to the State Treasurer and report on the TC-31 a \$18,362 increase to the State Court Facilities Construction Fund (VC section 42007.1).

We also recommend that the department correct its CMS to ensure that revenues are distributed in accordance with statutory requirements and periodically verify the accuracy of its distributions using the JCC’s testing sheets.

County’s Response

The Probation department agrees with the recommendation and will remit \$18,362 to the State Treasurer and report on the TC-31 a \$18,362 increase to the State Court Facilities Construction Fund (VC section 42007.1).

The Probation department has corrected its CMS to ensure that the revenues are distributed in accordance with statutory requirements and has established a schedule for verifying the accuracy of the distributions using the JCC’s testing sheets on an annual basis every January.

**FINDING 3—  
Incorrect  
distribution of  
revenues from  
the domestic  
violence fee**

During our review of the revenue collection reports provided by the county’s probation department, we found that the department did not properly distribute the domestic violence fee. The error occurred because the department misinterpreted the *Distribution Guidelines* and incorrectly configured its CMS.

For the audit period, the department provided its revenue collection reports. During our review of these reports, we found that the department had incorrectly distributed two-thirds of the \$500 domestic violence fee to the State instead of distributing the required one-third to the State.

The incorrect distributions had the following effect:

<u>Account Title</u>	<u>Underremitted/ (Overremitted)</u>
State Domestic Violence Restraining Order Reimbursement Fund – PC § 1203.097	\$ (4,692)
State Domestic Violence Training and Education Fund – PC § 1203.097	(4,692)
Total	<u>\$ (9,384)</u>
County Domestic Violence Programs Special Fund – PC § 1203.097	<u>\$ 9,384</u>

PC section 1203.097(a)(5) requires that two-thirds of the domestic violence fees collected be posted to the county’s Domestic Violence Fund. and the remaining one-third be remitted to the State Treasurer. This section further requires that the remaining one-third be split evenly between the

State's Domestic Violence Restraining Order Reimbursement Fund and the State's Domestic Violence Training and Education Fund.

#### Recommendation

We recommend that the county's probation department offset subsequent remittances to the State Treasurer by \$9,384 and report on the TC-31 a decrease to the following accounts:

- The State's Domestic Violence Restraining Order Reimbursement Fund by \$(4,692); and
- The State's Domestic Violence Training and Education Fund by \$(4,692).

We also recommend that the department correct its CMS to ensure that revenues are distributed in accordance with statutory requirements and periodically verify the accuracy of its distributions using the JCC's testing sheets.

#### County's Response

The Probation department will offset remittances to the State Treasurer by \$9,384 and report on the TC-31 a decrease to the State's Domestic Violence Restraining Order Reimbursement Fund by (\$4,692); and the State's Domestic Violence Training and Education Fund by (\$4,692).

The Probation department has corrected its CMS to ensure that the revenues are distributed in accordance with the statutory requirements and has established a schedule for verifying the accuracy of the distribution using the JCC's testing sheets on an annual basis every January.

#### **FINDING 4— Noncompliance with required minimum retention period for collection receipts**

The county's probation department was unable to provide receipts for fines, fees, and penalties collected and other collection receipts for the audit period because the CMS used during the audit period, Columbia Ultimate Business Systems, had been decommissioned. The error occurred because the Columbia Ultimate Business Systems was no longer supported by the county's information technology department.

We were unable to determine the accuracy of the department's distributions of revenues from fines, fees, and penalties or the fiscal effect of any potential distribution errors as the CMS used during the audit period had been decommissioned.

Policy Number FIN 12.01, section 6.1, paragraph 5 of the JCC's *Trial Court Financial Policies and Procedures Manual* (11<sup>th</sup> edition, May 15, 2020) states, in part:

Records that are required for any audit currently in progress, or an upcoming audit with formal notice to the court prior to the retention period expiration, shall not be destroyed until such audit has concluded.

The retention standards table following paragraph 5 indicates that the required minimum retention period for “receipts for fines, fees, penalties collected, and other collection receipts” is “the current year plus four additional years (or from the close date of the State Controller’s Office audit, whichever is longer).”

#### Recommendation

We recommend that the county’s probation department ensure that receipts for fines, fees, and penalties collected and other collection receipts are retained in accordance with the requirements of the JCC’s *Trial Court Financial Policies and Procedures Manual*.

#### County’s Response

Through the new CMS, which became operational effective January 1, 2023, the Probation department will ensure that receipts for fines, fees, and penalties collected and other collection receipts are retained in accordance with the requirements of the JCC’s *Trial Court Financial Policies and Procedures Manual*.

#### **FINDING 5— Failure to treat the criminal laboratory analysis fee as a fine**

During our testing of health and safety violations, we found that the court did not treat the criminal laboratory analysis fee (Health and Safety Code [HSC] section 11372.5) as a fine. The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its CMS.

We verified, on a sample basis, distributions made by the court using its CMS. For each sample case, we recomputed the distributions and compared them to the actual distributions. In one of four cases tested, we found that the court did not account for the criminal laboratory analysis fee (HSC section 11372.5) as a fine subject to State and county penalty assessments, the 20% state surcharge, and the 2% state automation fee.

The lack of base fine enhancements affects the 50% excess of qualified revenues calculation, as the county’s portion of the State Penalty Fund (PC section 1464) is included in the calculation. However, this error cannot now be reversed because the court cannot retroactively collect from defendants or recalculate base fine enhancements.

HSC section 11372.5 requires defendants convicted of violating specific Health and Safety Code sections regulating controlled substances to pay a \$50 criminal laboratory analysis fee for each separate offense, and requires the court to increase the total fine as necessary to include the increment.



Recommendation

We recommend that that the court:

- Correct its CMS to ensure that revenues are distributed in accordance with statutory requirements; and
- Periodically verify the accuracy of its distributions using the JCC’s testing sheets.

Court’s Response

The court agrees with the audit recommendation that the court 1) correct the distribution in the court’s case management system (CMS), and 2) periodically verify the accuracy of its distribution. We confirm that the distribution related to health and safety violations, as well as the distribution related to proof-of-correction violations has been set up correctly in our new CMS, which was implemented on March 13, 2023.

**FINDING 6—  
Incorrect distribution  
of revenues from  
proof-of-correction  
violations**

During our testing of proof-of-correction violations, we found that the court did not properly distribute proof of correction fees (VC section 40611). The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its CMS.

We verified, on a sample basis, distributions made by the court using its CMS. For each sample case, we recomputed the distributions and compared them to the actual distributions. We tested four cases and found the following errors related to distribution of the first \$10.00 of the transaction fee:

- For two of four cases, we found that the court had incorrectly distributed 33.4%—instead of the required 34.0%—to the State and 66.6%—instead of the required 66.0%—to the county.
- For two of four cases, we found that the court had incorrectly distributed 33.4%—instead of the required 34.0%—to the State; 33.3%—instead of the required 33.0%—to the county; and 33.3%—instead of the required 33.0%—to the city.

We performed an analysis of the State Penalty Fund (VC section 40611[b]) revenues collected by the court to determine the fiscal effect of the distribution errors. Upon completion of our analysis, we found that the errors did not have a material effect on the revenues remitted to the State.

VC section 40611 requires a \$25 transaction fee upon proof of correction of an alleged violation of VC sections 12500, 12951, or 40610; or upon submission of evidence of financial responsibility pursuant to VC section 16028(e). For each citation, \$10 should be allocated as follows:

- 33.0% to the county or city general fund of the local government entity within whose jurisdiction the citation was issued;

- 34.0% to the State Treasury for deposit in the State Penalty Fund; and
- 33.0% to the county's general fund.

#### Recommendation

We recommend that that the court:

- Correct its CMS to ensure that revenues are distributed in accordance with statutory requirements; and
- Periodically verify the accuracy of its distributions using the JCC's testing sheets.

#### Court's Response

The court didn't provide separate responses for Findings 5 and 6, but instead responded to both findings together. Please refer to the court's response in Finding 5.

### **FINDING 7— Incorrect prioritization of installment payments**

During our testing of court cases, we found that the court did not properly distribute revenues in accordance with the order of priority stated in PC section 1203.1d, subparagraph (b). The error occurred because the court's prior CMS, Contexte, did not have the ability to distribute revenues collected on installment payments in accordance with the order of priority stated in PC section 1203.1d, subparagraph (b).

We verified, on a sample basis, distributions made by the court using its CMS. For each sample case, we recomputed the distributions and compared them to the actual distributions. We tested four cases, and in all of them, we found that the court had distributed the revenues collected on installment payments on a pro rata basis instead of distributing the revenues in accordance with the order of priority stated 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 on every case involving installment payments.

PC section 1203.1d, subparagraph (b) requires that installment payments be made 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 take steps to ensure that all surcharges, fines, penalties, and fees are distributed in accordance with the statutory priority requirements of PC section 1203.1(d), subparagraph (b).

Court's Response

The court agrees with the audit recommendation that the court take steps to ensure distributions in accordance with the statutory requirement. The Court's old CMS did not have the ability to distribute revenues by priorities collected on installment payments. The Court's new CMS has this capability. Accordingly, this confirms the order of priority distribution pursuant to PC section 1203.1d has been set up correctly in our new CMS, which was implemented on March 13, 2023.

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## Appendix— Summary Schedule of Prior Audit Findings

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The following table shows the implementation status of Solano County's corrective actions related to the findings contained in our prior audit report dated August 10, 2018.

<b>Prior Audit Finding Number</b>	<b>Prior Audit Finding Title</b>	<b>Implementation Status</b>
1	Underremitted 50% excess of qualified fines, fees, and penalties	Fully implemented
2	Underremitted parking surcharges	Fully implemented
3	Penalties not assessed on Health and Safety fees	Fully implemented

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

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SHEILA O. TURGO  
Acting Auditor-Controller

OFFICE OF THE AUDITOR-CONTROLLER



SOLANO  
COUNTY

675 Texas Street, Suite 2800  
Fairfield, CA 94533-6338  
(707) 784-6280  
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[www.solanocounty.com](http://www.solanocounty.com)

August 7, 2024

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

Dear Ms. Kurokawa,

We reviewed your draft audit report pertaining to Solano County's court revenues for the period July 1, 2018 through June 30, 2022.

Finding #1: Underremitted 50% excess of qualified revenues

The audit disclosed that the County understated the calculation of the 50% excess of qualified revenues due to exclusions of revenues connected to the traffic violator school fees (TVS). The revenue information on the TVS cases were not reported separately to the County and has no access to the breakdown of the TVS revenues.

The County agrees with the findings and shall remit the \$38,838 to the State Treasurer and report on TC-31 a \$38,838 increase to the State Trial Court Improvement Fund. Also, the County agrees with the recommendation to ensure that the proper accounts are included in the calculation of each line item on the 50-50 Excess Split Revenue Computation Form, effective for the reporting period of 7/1/2023; and, to establish a separate account for the Emergency Medical Services Fund revenues on TVS cases to be implemented before the end of the 1<sup>st</sup> quarter of FY2024/25.

Finding #2: Incorrect distribution of revenues from the traffic violator school fee

The Probation department agrees with the recommendation and will remit \$18,362 to the State Treasurer and report on the TC-31 a \$18,362 increase to the State Court Facilities Construction Fund (VC section 42007.1).

The Probation department has corrected its CMS to ensure that the revenues are distributed in accordance with statutory requirements and has established a schedule for verifying the accuracy of the distributions using the JCC's testing sheets on an annual basis every January.

Finding #3: Incorrect distribution of revenues from the domestic violence fee

The Probation department will offset remittances to the State Treasurer by \$9,384 and report on the TC-31 a decrease to the State's Domestic Violence Restraining Order Reimbursement Fund by (\$4,692); and the State's Domestic Violence Training and Education Fund by (\$4,692).


The Probation department has corrected its CMS to ensure that the revenues are distributed in accordance with the statutory requirements and has established a schedule for verifying the accuracy of the distribution using the JCC's testing sheets on an annual basis every January.

Finding #4: Non-compliance with required minimum retention period for collection receipts

Through the new CMS, which became operational effective January 1, 2023, the Probation department will ensure that receipts for fines, fees, and penalties collected and other collection receipts are retained in accordance with the requirements of the JCC's Trial Court Financial Policies and Procedures Manual.

If you have any questions, please feel free to contact me at (707) 784-2956.

Sincerely,



Sheila O. Turgo  
Acting Auditor-Controller

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

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Superior Court of California,  
County of Solano



July 30, 2024

Ms. Kimberly A. Tarvin, CPA  
Chief, Division of Audits  
Office of State Controller  
Division of Audits, Local Government Compliance, Court Revenue Program  
3301 C Street, Suite 700  
Sacramento, CA 95816

Dear Ms. Tarvin:

We have reviewed the Office of the State Controller's draft audit report for Solano County's court revenues for the period of July 1, 2018 through June 30, 2022. The objective of the audit was to determine the propriety of court revenues remitted to the State of California by Solano County pursuant to the TC-31 process. This response is for the portion that pertains solely to the Solano Superior Court.

The audit disclosed that the Solano Superior Court made incorrect distributions related to health and safety and proof-of-correction violations. The court agrees with the audit recommendation that the court 1) correct the distribution in the court's case management system (CMS), and 2) periodically verify the accuracy of its distribution. We confirm that the distribution related to health and safety violations, as well as the distribution related to proof-of-correction violations has been set up correctly in our new CMS, which was implemented on March 13, 2023.

Finding number 7 disclosed that the court did not properly distribute revenues in accordance with the order of priority stated in PC section 1203.1d, subparagraph (b). The court agrees with the audit recommendation that the court take steps to ensure distributions in accordance with the statutory requirement. The Court's old CMS did not have the ability to distribute revenues by priorities collected on installment payments. The Court's new CMS has this capability. Accordingly, this confirms the order of priority distribution pursuant to PC section 1203.1d has been set up correctly in our new CMS, which was implemented on March 13, 2023.

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Hall of Justice  
600 Union Avenue  
Fairfield, CA 94533

Law and Justice Center  
530 Union Avenue  
Fairfield, CA 94533

Solano Justice Center  
321 Tuolumne Street  
Vallejo, CA 94590

Old Solano Courthouse  
580 Texas Street  
Fairfield, CA 94533

If you have any questions concerning our response, please contact Agnes Shappy, the Court's Chief Financial Officer, at 707-207-7470.

Sincerely,



Brian Taylor  
Court Executive Officer  
Superior Court of California, County of Solano

cc: Hon. Alesia Jones, Presiding Judge  
Agnes Shappy, Chief Financial Officer  
Sheila Turgo, Solano County Auditor-Controller

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