

SAN JOAQUIN COUNTY

Audit Report

COURT REVENUES

July 1, 2015, through June 30, 2019



BETTY T. YEE
California State Controller

November 2021



BETTY T. YEE
California State Controller

November 19, 2021

Jeffery Woltkamp, Assistant Auditor-Controller
San Joaquin County
44 North San Joaquin Street, Suite 550
Stockton, CA 95202

Brandon Riley, Court Executive Officer
Superior Court of California
San Joaquin County
180 East Weber Avenue
Stockton, CA 95202

Dear Mr. Woltkamp and Mr. Riley:

The State Controller's Office (SCO) audited the propriety of the court revenues remitted by San Joaquin County to the State Treasurer for the period of July 1, 2015, through June 30, 2019.

Our audit found that the county underremitted a net of \$329,644 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 \$249,927;
- Overremitted the State Penalty Fund (Penal Code section 1464) by \$41,992;
- Underremitted the State DNA Identification Fund (GC section 76104.6) by \$1,200;
- Underremitted the State DNA Identification Fund (GC section 76104.7) by \$58,635;
- Underremitted the State Court Facilities Construction Fund – Immediate and Critical Needs Account (GC section 70372[a]) by \$65,581;
- Overremitted the State Court Facilities Construction Fund (GC section 70372[a]) by \$6,035;
- Underremitted the State General Fund (20% State Surcharge) (Penal Code section 1465.7) by \$1,646;
- Underremitted the State Trial Court Improvement and Modernization Fund (GC section 68090.8) by \$974; and
- Overremitted the State Emergency Medical Air Transportation and Children's Coverage Fund (GC section 76000.10[c]) by \$292.

In addition, we found that the county made incorrect distributions related to health and safety violations.

The county should remit \$329,644 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, 2015, through June 30, 2019.

Jeffery Woltkamp, Assistant Auditor-Controller -2-
Brandon Riley, Court Executive Officer

November 19, 2021

The county should not combine audit finding remittances with current revenues on the TC-31. A separate TC-31 should be submitted for the underremitted amounts for the audit period. For your convenience, the TC-31 and directions for its submission to the State Treasurer's Office are located at https://www.sco.ca.gov/ard_trialcourt_manual_guidelines.html.

The underremitted amounts are due no later than 30 days after receipt of the 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 the 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 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 Accounting Unit Supervisor
Local Government Programs and Services Division
Bureau of Tax, Administration, and Government Compensation
State Controller's Office
Post Office Box 942850
Sacramento, CA 94250

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

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

Sincerely,

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

KT/as

Jeffery Woltkamp, Assistant Auditor-Controller -3-
Brandon Riley, Court Executive Officer

November 19, 2021

cc: Tom Patti, Chair

San Joaquin County Board of Supervisors

Grant Parks, Manager

Internal Audit Services

Judicial Council of California

Lynda Gledhill, Executive Officer

California Victim Compensation Board

Anita Lee, Senior Fiscal and Policy Analyst

Legislative Analyst's Office

Sandeep Singh, Manager

Local Government Policy Unit

State Controller's Office

Jennifer Montecinos, Manager

Tax Administration Unit

State Controller's Office

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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 San Joaquin County on the Report to State Controller of Remittance to State Treasurer (TC-31) for the period of July 1, 2015, through June 30, 2019.

Our audit found that the county underremitted a net of \$329,644 in state court revenues to the State Treasurer. In addition, we found that the court made incorrect distributions related to health and safety violations.

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.

Audit Authority

We conducted this audit under the authority of GC section 68103, which requires the SCO to review the 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, 2015, through June 30, 2019.

To achieve our objective, we performed the following procedures:

General

- We gained an understanding of the county and court's revenue collection and reporting processes and of the relevant criteria.
- We interviewed county personnel regarding the monthly TC-31 remittance process and the maintenance-of-effort (MOE) calculation.
- We interviewed court personnel regarding the revenue distribution process and the case management system.
- We reviewed documents supporting the transaction flow.
- We scheduled monthly TC-31 remittances prepared by the county and the court showing court revenue distributions to the State.

- We performed a review of the complete TC-31 remittance process for revenues collected and distributed by the county and the court.

Cash Collections

- We scheduled monthly cash disbursements prepared by the county and the court showing court revenue distributions to the State, county, and cities for all fiscal years in the audit period.
- We performed analytical procedures using ratio analysis for state and county revenues to assess the reasonableness of the revenue distributions based on statutory requirements.
- We recomputed the annual MOE calculation for all fiscal years in the audit period to verify the accuracy and completeness of the 50% excess of qualified revenues remitted to the State (see Finding 1).

Distribution Testing

- We assessed the priority of installment payments. Haphazardly selected a non-statistical sample of six installment payments to verify priority. No errors were identified.
- 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 court and identified violation types that are prone to errors due to either their complexity and/or statutory changes during the audit period. Based on the risk evaluation, haphazardly selected a non-statistical sample of 80 cases for 11 violation types.¹ Then, we:
 - Recomputed the sample case distributions and compared them to the actual distributions; and
 - Calculated the total dollar amount of significant underremittances and overremittances to the State and county.

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

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

We did not audit the financial statements of the county, the court, or the various agencies that issue parking citations. We did not review any court

¹ We were not able to identify the case population due to the inconsistent timing of when tickets are issued versus when they are paid, and the multitude of entities that remit collections to the county for remittance to the State.

revenue remittances that the county and court may be required to make under GC sections 70353 and 77201.1(b), included in the TC-31.

Conclusion

As a result of performing the audit procedures, we found instances of noncompliance with the requirements described in our audit objective. Specifically, we found that the county underremitted a net of \$329,644 in state court revenues to the State Treasurer as follows:

- Underremitted the State Trial Court Improvement and Modernization Fund (GC section 77205) by \$249,927;
- Overremitted the State Penalty Fund (Penal Code [PC] section 1464) by \$41,992;
- Underremitted the State DNA Identification Fund (GC section 76104.6) by \$1,200;
- Underremitted the State DNA Identification Fund (GC section 76104.7) by \$58,635;
- Underremitted the State Court Facilities Construction Fund – Immediate and Critical Needs Account (ICNA) (GC section 70372[a]) by \$65,581;
- Overremitted the State Court Facilities Construction Fund (GC section 70372[a]) by \$6,035;
- Underremitted the State General Fund (20% State Surcharge) (PC section 1465.7) by \$1,646;
- Underremitted the State Trial Court Improvement and Modernization Fund (GC section 68090.8) by \$974; and
- Overremitted the State Emergency Medical Air Transportation and Children's Coverage Fund (GC section 76000.10[c]) by \$292.

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 made incorrect distributions related to health and safety violations. These instances of noncompliance are non-monetary and described in the Findings and Recommendations section.

The county should remit \$329,644 to the State Treasurer.

Follow-up on Prior Audit Findings

The county has satisfactorily resolved the findings noted in our prior audit report, for the period of July 1, 2006, through June 30, 2012, issued April 29, 2014, with the exception of Finding 4 of this report. See the Appendix for the summary of prior audit findings.

**Views of
Responsible
Officials**

We issued a draft audit report on September 24, 2021. Jeffery Woltkamp, Assistant Auditor-Controller, responded by letter dated September 28, 2021 (Attachment A), agreeing with the audit results. In addition, Brandon Riley, Court Executive Officer, responded by letter dated September 27, 2021 (Attachment B), agreeing with the audit results.

Restricted Use

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

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

November 19, 2021

Schedule—

Summary of Audit Findings Affecting Remittances to the State Treasurer

July 1, 2015, through June 30, 2019

Finding ¹	Fiscal Year				Total	Reference ²
	2015-16	2016-17	2017-18	2018-19		
Underremitted 50% Excess of Qualified Revenues						
State Trial Court Improvement and Modernization Fund — GC §77205	\$ 249,927	\$ -	\$ -	\$ -	\$ 249,927	Finding 1
Incorrect distribution of Revenue and Recovery Division revenues						
State Penalty Fund — PC §1464	(13,371)	(13,869)	(10,401)	(8,670)	(46,311)	
State DNA Identification Fund — GC §76104.6	231	270	169	207	877	
State DNA Identification Fund — GC §76104.7	15,206	16,574	11,360	10,339	53,479	
State Court Facilities Construction Fund — Immediate and Critical Needs Account — GC §70372(a)	17,527	18,899	14,280	12,876	63,582	
State Court Facilities Construction Fund — GC §70372(a)	(1,077)	(1,687)	(1,765)	(2,586)	(7,115)	
State General Fund (20% State Surcharge) — PC §1465.7	(107)	(1,183)	708	(402)	(984)	
Total	18,409	19,004	14,351	11,764	63,528	Finding 2
Failure to program the criminal laboratory analysis fee as a fine						
State Penalty Fund — PC §1464	1,989	3,704	206	3,121	9,020	
State DNA Identification Fund — GC §76104.6	71	133	7	112	323	
State DNA Identification Fund — GC §76104.7	1,137	2,117	118	1,784	5,156	
State Court Facilities Construction Fund — Immediate and Critical Needs Account — GC §70372(a)	923	1,719	96	1,449	4,187	
State Court Facilities Construction Fund — GC §70372(a)	498	927	51	781	2,257	
State General Fund (20% State Surcharge) — PC §1465.7	580	1,080	60	910	2,630	
State Trial Court Improvement and Modernization Fund (2% Automation) — GC §68090.8	215	400	22	337	974	
Total	5,413	10,080	560	8,494	24,547	Finding 3
Incorrect distribution of red-light violations						
State Penalty Fund — PC §1464	(775)	(1,316)	(1,260)	(1,350)	(4,701)	
Emergency Medical Air Transportation and Children's Coverage Fund — GC §76000.10(c)	(49)	(76)	(79)	(88)	(292)	
State Court Facilities Construction Fund — Immediate and Critical Needs Account — GC §70372(a)	(362)	(613)	(585)	(628)	(2,188)	
State Court Facilities Construction Fund — GC §70372(a)	(195)	(329)	(314)	(339)	(1,177)	
Total	(1,381)	(2,334)	(2,238)	(2,405)	(8,358)	Finding 4
Net amount underremitted to the State Treasurer	\$ 272,368	\$ 26,750	\$ 12,673	\$ 17,853	\$ 329,644	

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

²See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Underremitted the 50% excess of qualified revenues

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 \$249,927 for FY 2015-16. However, the errors did not result in underremittances in the remaining three fiscal years, as the qualified revenues were below the county's revenue base amounts.

For the audit period, the county provided support for its calculation of the 50% excess of qualified revenues. We reviewed the county's calculation and reconciled the qualified revenues to revenue collection reports provided by the court and the county. We noted that the county incorrectly excluded the revenues collected for the Emergency Medical Services Fund (GC section 76104), city base fines (Vehicle Code [VC] section 42007[c]), County Courthouse Construction Fund (\$1 per Traffic Violator School [TVS] case) (GC section 76100), and County Criminal Justice Facilities Construction Fund (\$1 per TVS case) (GC section 76101) from the calculation of the TVS fee (VC section 42007) during the audit period.

Furthermore, the county overstated State Penalty Fund (PC section 1464) revenues, understated county TVS Fee (VC section 42007.1) revenues, and understated TVS Fees (VC section 42007) revenues in its calculation for the audit period. This error occurred because the court's accounting system did not report the accurate amounts collected for the three aforementioned funds.

During our testing of the county's cases, we found that the county did not consistently assess \$4.00 for every \$10.00 base fine for the State DNA Identification Fund (GC section 76104.7) and \$3.25 for every \$10.00 base fine for the State Court Facilities Construction Fund – ICNA (GC section 70372(a)). In addition, during our testing of court cases, we found that the court did not consistently program the criminal laboratory analysis fee (Health and Safety Code [HSC] section 11372.5) as a fine subject to State and county penalty assessments, the 20% State surcharge, and the 2% State automation fee. Furthermore, we found that the court did not properly distribute revenues to the red-light allocation funds (PC section 1463.11 and VC section 42007.3). These distribution errors led to misstatements in the county's qualified revenue calculation.

We recalculated the county's qualified revenues based on actual court revenues collected for each fiscal year of the audit period. After our recalculation, we found that the county had understated qualified revenues by a net of \$1,839,279 for the audit period. However, the errors did not result in underremittances in the last three fiscal years of the audit period, as the qualified revenues were below the county's revenue base amount. The incorrect qualified revenues resulted in the county underremitting the 50% excess of qualified revenues by \$249,927 for the audit period.

Qualified revenues were understated because:

- The county overstated State Penalty Fund (PC section 1464) revenues, understated county TVS Fee (VC section 42007.1) revenues, and understated TVS Fees (VC section 42007) revenues in its calculation for the audit period. These errors resulted in an overstatement of \$168,967 in qualified revenues for the State Penalty Fund (PC section 1464) line item, an understatement of \$285,487 in qualified revenues for the TVS fees (VC section 42007.1) line item, and an understatement of \$897,027 in qualified revenues for the TVS fees (VC section 42007) line item;
- The court understated qualified revenues by \$482,963 for the audit period due to the county incorrectly excluding the revenues collected for the city base fines (VC section 42007[c]) from the calculation of the TVS fees (VC section 42007);
- The court understated qualified revenues by \$381,992 for the audit period due to the county incorrectly excluding the revenues collected for the Emergency Medical Services Fund (GC section 76104) from the calculation of the TVS fees (VC section 42007);
- The court understated qualified revenues by \$76,399 for the audit period due to the county incorrectly excluding the revenues collected for the County Courthouse Construction Fund (\$1 per TVS case) (GC section 76100) and County Criminal Justice Facilities Construction Fund (\$1 per TVS case) (GC section 76101) from the calculation of the TVS fees (VC section 42007);
- As noted in Finding 2, the county did not consistently assess \$4.00 for every \$10.00 base fine for the State DNA Identification Fund (GC section 76104.7) and \$3.25 for every \$10.00 base fine for the State Court Facilities Construction Fund – ICNA (GC section 70372[a]). These errors resulted in an overstatement of \$19,848 in qualified revenues for the State Penalty Fund (PC section 1464) line item;
- As noted in Finding 3, the court did not consistently program 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. These errors resulted in an understatement of \$3,867 in qualified revenues for the State Penalty Fund (PC section 1464) line item;
- As noted in Finding 4, the court did not properly distribute revenues to the red-light allocation fund (PC section 1463.11). These errors resulted in an overstatement of \$9,224 in qualified revenues for the county base fines (PC section 1463.001) line item and an overstatement of \$2,018 in qualified revenues for the State Penalty Fund (PC section 1464) line item;
- As noted in Finding 5, the court did not properly distribute revenues to the red-light allocation fund (VC section 42007.3). These errors resulted in an overstatement of \$74,652 in qualified revenues for the TVS fees (VC section 42007) line item and an overstatement of \$13,747 in qualified revenues for the TVS fees (VC section 42007) line item due to overremitted city base fines (VC section 42007[c]).

The following table shows the audit adjustments to qualified revenues:

	Fiscal Year				Totals
	2015-16	2016-17	2017-18	2018-19	
Qualified revenues reported	\$ 3,630,152	\$ 2,917,579	\$ 2,689,442	\$ 2,632,228	\$ 11,869,401
Audit adjustments:					
PC section 1464 adjustment	47,676	(420,701)	179,659	24,399	(168,967)
VC section 42007.1 adjustment	332	287,183	(669)	(1,359)	285,487
VC section 42007 adjustment	262,900	405,269	33,713	195,145	897,027
VC section 42007(c) adjustment	129,795	112,002	115,538	125,628	482,963
GC section 76104 adjustment	124,799	92,100	82,319	82,774	381,992
GC sections 76100, 76101 adjustments	24,960	18,420	16,464	16,555	76,399
Finding 2 overstatement	(5,730)	(5,944)	(4,458)	(3,716)	(19,848)
Finding 3 understatement	853	1,588	88	1,338	3,867
Finding 4 overstatement	(1,414)	(2,209)	(3,150)	(4,469)	(11,242)
Finding 5 overstatement	(19,659)	(18,416)	(25,208)	(25,116)	(88,399)
Total	564,512	469,292	394,296	411,179	1,839,279
Adjusted qualified revenues	\$ 4,194,664	\$ 3,386,871	\$ 3,083,738	\$ 3,043,407	\$ 13,708,680

The incorrect qualified revenues resulted in the county underremitting the 50% excess of qualified revenues by \$249,927 for the audit period.

The following table shows:

- The excess qualified revenues amount above the base; and
- The county’s underremittance to the State Treasurer by comparing 50% of the excess qualified revenues amount above the base to actual county remittances:

Fiscal Year	Qualifying Revenues	Base Amount	Excess Amount Above the Base	50% Excess Due the State	County Remittance to the State Treasurer	County Underremittance to the State Treasurer ¹
2015-16	\$ 4,194,664	\$ 3,694,810	\$ 499,854	\$ 249,927	\$ -	\$ 249,927
2016-17	3,386,871	3,694,810	-	-	-	-
2017-18	3,083,738	3,694,810	-	-	-	-
2018-19	3,043,407	3,694,810	-	-	-	-
Total						\$ 249,927

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

The error occurred because the county misinterpreted the required calculations and the court did not properly program its accounting system.

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

Recommendation

We recommend that the county remit \$249,927 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 court correct its accounting system to ensure that revenues are distributed in accordance with statutory requirements, and that the court periodically verify the accuracy of its distributions using the JCC's testing sheets.

County and Court's Response

The county and court both agree with the finding.

FINDING 2— Incorrect distribution of county revenues

During our testing of the county's health and safety cases, we found that the county did not assess \$4.00 for every \$10.00 base fine for the State DNA Identification Fund (GC section 76104.7) and \$5.00 for every \$10.00 base fine for the State Court Facilities Construction Fund (GC section 70372[a]). During our testing of county driving under the influence (DUI) cases, we found that the county incorrectly distributed the \$5.00 collected for the State Court Facilities Construction Fund (GC section 70372[a]). These errors resulted in a net underremittance to the State of \$63,528.

We verified, on a sample basis, distributions made by the county using its accounting system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During our testing of health and safety cases, we found that the county assessed only \$1.00 for every \$10.00 base fine for the State DNA Identification Fund (GC section 76104.7) instead of the required \$4.00 for every \$10.00 base fine. In addition, the county only assessed \$1.75 for every \$10.00 base fine for the State Court Facilities Construction Fund (GC section 70372[a]), but did not assess the remaining \$3.25 for the State Court Facilities Construction Fund – ICNA (GC section 70372[a]). The county should have assessed a total of \$5.00 for every \$10.00 base fine for the State Court Facilities Construction Fund Penalty (GC section 70372[a]).

Furthermore, during our testing of DUI cases, we found that the county distributed the full \$5.00 collected pursuant to GC section 70372(a) to the State Court Facilities Construction Fund (GC section 70372[a]) instead of distributing \$1.75 to the State Court Facilities Construction Fund (GC section 70372[a]) and \$3.25 to the State Court Facilities Construction Fund – ICNA (GC section 70372[a]).

The distribution errors caused an overstatement of \$19,848 to the County State Penalty Fund (PC section 1464), resulting in an overstatement \$19,848 in qualified revenues for the MOE calculation.

The incorrect distributions had the following effect:

Account Title	Underremitted/ (Overremitted)
State Penalty Fund — PC §1464	\$ (46,311)
State DNA Identification Fund — GC §76104.6	877
State DNA Identification Fund — GC §76104.7	53,479
State Court Facilities Construction Fund — Immediate and Critical Needs Account — GC §70372(a)	63,582
State Court Facilities Construction Fund — GC §70372(a)	(7,115)
State General Fund (20% State Surcharge) — PC §1465.7	(984)
Total	\$ 63,528
County State Penalty Fund — PC §1464	\$ (19,848)
County DNA Identification Fund — GC §76104.6	2,631
County Courthouse Construction Fund — GC §76100	(21,501)
County Criminal Justice Facilities Construction Fund — GC §76101	(14,886)
County Emergency Medical Services Fund — GC §76104	(6,616)
County Automated Fingerprint Identification and Digital Image Photographic Suspect Booking Identification System Fund — GC §76102	(3,308)
Total	\$ (63,528)

The error occurred because the county misinterpreted the distribution guidelines and incorrectly configured its accounting system.

GC section 76104.7 requires an additional penalty of \$4 for every \$10 of each fine imposed and collected by the courts for all criminal offenses.

GC section 70372(a) requires the courts to levy a State Court Facilities Construction Fund penalty of \$5 for every \$10 of each fine imposed and collected by the courts for all criminal offenses. GC section 70372(f) requires the court to deposit a portion of the \$5 to the ICNA of the State Court Facilities Construction Fund.

Recommendation

We recommend that the county remit \$63,528 to the State Treasurer and report on the TC-31 an increase/(decrease) to the following accounts:

- State Penalty Fund (PC section 1464): \$(46,311);
- State DNA Identification Fund (GC section 76104.6): \$877;
- State DNA Identification Fund (GC section 76104.7): \$53,479;
- State Court Facilities Construction Fund – ICNA (GC section 70372(a)): \$63,582;
- State Court Facilities Construction Fund (GC section 70372[a]): \$(7,115); and
- State General Fund – (20% State Surcharge) (PC section 1465.7): \$(984).

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

County's Response

The county agrees with the finding.

**FINDING 3—
Failure to program
the criminal
laboratory analysis
fee as a fine**

During our testing of health and safety cases, we found that the court and the county did not consistently program 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, resulting in a net underremittance to the State of \$24,547.

We verified, on a sample basis, distributions made by the court using its accounting system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During testing, we found that the court and county did not consistently program 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. Instead, the court and county incorrectly assessed a criminal laboratory analysis fee (HSC section 11372.5) of \$195 instead of the required \$50.

The distribution errors caused an understatement of \$3,867 to the County State Penalty Fund (PC section 1464), resulting in an understatement \$3,867 in qualified revenues for the MOE calculation.

We performed an analysis of the criminal laboratory analysis fees collected by the county 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.

The incorrect distributions had the following effect:

Account Title	Underremitted/ (Overremitted)
State Penalty Fund — PC §1464	\$ 9,020
State DNA Identification Fund — GC §76104.6	323
State DNA Identification Fund — GC §76104.7	5,156
State Court Facilities Construction Fund — Immediate and Critical Needs Account — GC §70372(a)	4,187
State Court Facilities Construction Fund — GC §70372(a)	2,257
State General Fund (20% State Surcharge) — PC §1465.7	2,630
State Trial Court Improvement and Modernization Fund (2% Automation) — GC §68090.8	974
Total	\$ 24,547
County Criminal Laboratory Analysis Fee — HSC §11372.5	\$ (38,400)
County State Penalty Fund — PC §1464	3,867
County DNA Identification Fund — GC §76104.6	965
County Courthouse Construction Fund — GC §76100	4,187
County Criminal Justice Facilities Construction Fund — GC §76101	2,901
County Emergency Medical Services Fund — GC §76104	1,288
County Automated Fingerprint Identification and Digital Image Photographic Suspect Booking Identification System Fund — GC §76102	645
Total	\$ (24,547)

The error occurred because the court and county misinterpreted the distribution guidelines.

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

Recommendation

We recommend that the county remit \$24,547 to the State Treasurer and report on the TC-31 an increase to the following accounts:

- State Penalty Fund (PC section 1464): \$9,020;
- State DNA Identification Fund (GC section 76104.6): \$323;
- State DNA Identification Fund (GC section 76104.7): \$5,156;
- State Court Facilities Construction Fund – ICNA (GC section 70372[a]): \$4,187;
- State Court Facilities Construction Fund (GC section 70372[a]): \$2,257;
- State General Fund – (20% State Surcharge) (PC section 1465.7): \$2,630; and
- State Trial Court Improvement and Modernization Fund (2% Automation) (GC section 68090.8): \$974.

We also recommend that the court and the county correct their accounting systems to ensure that revenues are distributed in accordance with statutory requirements, and periodically verify the accuracy of their distributions using the JCC's testing sheets.

County and Court's Response

The county and court both agree with the finding.

**FINDING 4—
Incorrect distribution
of red light violations
(repeat finding)**

During our testing of red-light violation cases, we found that the court did not properly distribute revenues to the Red-light Allocation Fund (PC section 1463.11), resulting in a net overremittance to the State of \$8,358.

We verified, on a sample basis, distributions made by the court using its accounting system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During testing, we found that on cases involving violations of VC section 21453(c) and VC section 21454(c), the court did not distribute 30% of the revenues collected for the following funds to the Red-light Allocation Fund (PC section 1463.11): county base fines (PC section 1463.001), city base fines (PC section 1463.002), State Penalty Fund (PC section 1464), Courthouse Construction Fund (GC section 76100), Criminal Justice Facilities Construction Fund (GC section 76101), Emergency Medical Services Fund (GC section 76104), Automated Fingerprint Identification and Digital Image Photographic Suspect Booking Identification System Fund (GC section 76102), Emergency Medical Air Transportation and Children's Coverage Fund (GC section 76000.10[c]), State Court Facilities Construction Fund – ICNA (GC section 70372[a]), and State Court Facilities Construction Fund (GC section 70372[a]).

In addition, we found that on cases involving violations of VC section 21457(a), the court incorrectly distributed revenues that should have been allocated to the Red-light Allocation Fund (PC section 1463.11) to the county base fines (PC section 1463.001) and city base fines (PC section 1463.002).

The distribution errors caused an overstatement of \$12,297 to the county base fines (PC section 1463.001) and \$2,018 to the County State Penalty Fund (PC section 1464). This resulted in an overstatement of \$9,224 ($\$12,297 \times 75\%$) and \$2,018 in qualified revenues for the MOE calculation.

The incorrect distributions had the following effect:

Account Title	Underremitted/ (Overremitted)
State Penalty Fund — PC § 1464	\$ (4,701)
Emergency Medical Air Transportation and Children's Coverage Fund — GC § 76000.10(c)	(292)
State Court Facilities Construction Fund Immediate and Critical Needs Account — GC § 70372(a)	(2,188)
State Court Facilities Construction Fund — GC § 70372(a)	(1,177)
Total	\$ (8,358)
County — Red-Light Allocation — PC § 1463.11	\$ 12,032
County Base Fines — PC § 1463.001	(12,297)
County State Penalty Fund — PC § 1464	(2,018)
County Courthouse Construction Fund — GC § 76100	(2,185)
County Criminal Justice Facilities Construction Fund — GC § 76101	(1,516)
County Emergency Medical Services Fund — GC § 76104	(675)
County Automated Fingerprint Identification and Digital Image Photographic Suspect Booking Identification System Fund — GC § 76102	(334)
Total	\$ (6,993)
City of Escalon — Red-Light Allocation — PC § 1463.11	\$ 349
City of Escalon Base Fines — PC § 1463.002	(141)
Total	\$ 208
City of Lathrop — Red-Light Allocation — PC § 1463.11	\$ 1,728
City of Lathrop Base Fines — PC § 1463.002	(538)
Total	\$ 1,190
Account Title	Underremitted/ (Overremitted)
City of Lodi — Red-Light Allocation — PC § 1463.11	\$ 9,494
City of Lodi Base Fines — PC § 1463.002	(6,416)
Total	\$ 3,078
City of Manteca — Red-Light Allocation — PC § 1463.11	\$ 1,982
City of Manteca Base Fines — PC § 1463.002	(767)
Total	\$ 1,215
City of Ripon — Red-Light Allocation — PC § 1463.11	\$ 7,028
City of Ripon Base Fines — PC § 1463.002	(6,143)
Total	\$ 885
City of Stockton — Red-Light Allocation — PC § 1463.11	\$ 8,357
City of Stockton Base Fines — PC § 1463.002	(3,779)
Total	\$ 4,578
City of Tracy — Red-Light Allocation — PC § 1463.11	\$ 18,192
City of Tracy Base Fines — PC § 1463.002	(13,995)
Total	\$ 4,197

As discussed in Finding 4 of our prior audit report dated April 29, 2014, the court made incorrect distributions of red-light violations. This is a repeat finding because the court did not correct the distribution errors noted in our prior audit report.

The error occurred because the court misinterpreted the distribution guidelines and incorrectly configured its accounting system.

PC section 1463.11 requires that the first 30% of red-light violation base fines, state penalties, and county penalties (PC sections 1463 and 1464, and GC section 76000, respectively) collected be distributed to the general fund of the county or city where the violation occurred.

Recommendation

We recommend that the county offset subsequent remittances to the State Treasurer by \$8,358 and report on the TC-31 a decrease to the following accounts:

- State Penalty Fund (PC section 1464): \$(4,701);
- Emergency Medical Air Transportation and Children's Coverage Fund (GC section 76000.10[c]): \$(292);
- State Court Facilities Construction Fund – ICNA (GC section 70372[a]): \$(2,188); and
- State Court Facilities Construction Fund (GC section 70372[a]): \$(1,177).

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

County and Court's Response

The county and court both agree with the finding.

FINDING 5— Incorrect distribution of red-light TVS violations

During our testing of red-light TVS cases, we found that the court did not properly distribute revenues to the Red-light Allocation Fund (VC section 42007.3).

We verified, on a sample basis, distributions made by the court using its accounting system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During testing, we found that on city cases involving violations of VC section 21453(a), VC section 21453(c), and VC section 21454(c), the court did not distribute 30% of the State and county penalties converted to the TVS Fee (VC section 42007) and 30% of the city base fines (VC section 42007[c]) to the Red-light Allocation Fund (VC section 42007.3).

In addition, we found that on county cases involving violations of VC section 21453(a), VC section 21453(c), and VC section 21454(c), the court

incorrectly distributed revenues that should have been distributed to the Red-light Allocation Fund (VC section 42007.3) to the TVS Fee (VC section 42007).

The distribution errors caused an overstatement of \$96,950 to the TVS Fee (VC section 42007) and \$17,854 to the city base fines (VC section 42007[c]). This resulted in an overstatement of \$74,652 ($\$96,950 \times 77\%$) and \$13,747 ($\$17,854 \times 77\%$) in qualified revenues for the MOE calculation.

The incorrect distributions had the following effect:

Account Title	Underremitted/ (Overremitted)
County Traffic Violator School Fee — VC §42007	\$ (96,950)
County — Red-Light Allocation — VC §42007.3	30,314
Total	<u>\$ (66,636)</u>
City of Escalon — Red-Light Allocation — VC §42007.3	\$ 946
City of Escalon Base Fines — VC §42007(c)	(200)
Total	<u>\$ 746</u>
City of Lathrop — Red-Light Allocation — VC §42007.3	\$ 10,809
City of Lathrop Base Fines — VC §42007(c)	(2,300)
Total	<u>\$ 8,509</u>
City of Lodi — Red-Light Allocation — VC §42007.3	\$ 13,744
City of Lodi Base Fines — VC §42007(c)	(2,790)
Total	<u>\$ 10,954</u>
City of Manteca — Red-Light Allocation — VC §42007.3	\$ 9,114
City of Manteca Base Fines — VC §42007(c)	(2,054)
Total	<u>\$ 7,060</u>
City of Ripon — Red-Light Allocation — VC §42007.3	\$ 1,375
City of Ripon Base Fines — VC §42007(c)	(300)
Total	<u>\$ 1,075</u>
City of Stockton — Red-Light Allocation — VC §42007.3	\$ 36,246
City of Stockton Base Fines — VC §42007(c)	(7,640)
Total	<u>\$ 28,606</u>
City of Tracy — Red-Light Allocation — VC §42007.3	\$ 12,256
City of Tracy Base Fines — VC §42007(c)	(2,570)
Total	<u>\$ 9,686</u>

The error occurred because the court misinterpreted the distribution guidelines and incorrectly configured its accounting system.

VC section 42007.3 requires that the first 30% of red-light violation base fines, state penalties, and county penalties (PC section 1463 and 1464, and GC section 76000, respectively) collected to be distributed to the general fund of the county or city where the violation occurred.

Recommendation

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

Court's Response

The court agrees with the finding.

**FINDING 6—
Incorrect assessment
of fees**

During our testing of the county's health and safety cases, we found that the county assessed an incorrect amount for the Court Operations Assessment (PC section 1465.8) and county collection fee (PC section 1202.4[1]).

We verified on a sample basis, distributions made by the county using its accounting system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During testing, we found that the county incorrectly assessed \$80 for the Court Operations Assessment (PC section 1465.8) on a case that involved only one conviction. In addition, we found that the county incorrectly assessed \$60 for the county collection fee (PC section 1202.4[1]), which exceeded 10% of the \$300 State Restitution Fine (PC section 1202.4[b]) assessed on the case.

We did not measure the monetary effect of the errors because they relate to a low volume of cases and we believe that it would be impractical and difficult for the court to return the overcharged amounts to each defendant. The errors occurred in only one out of the 18 county cases tested.

The error occurred because the county misinterpreted the distribution guidelines and incorrectly configured its accounting system.

PC section 1465.8 requires a \$40 assessment to be imposed on every conviction for a criminal offense for deposit into the Trial Court Trust Fund to assist in funding court operations.

PC section 1202.4(1) authorizes the board of supervisors of a county to impose a fee, not to exceed 10 percent of the State Restitution Fine ordered to be paid, to cover the administrative cost of collecting the State Restitution Fine.

Recommendation

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

County's Response

The county agrees with the finding.

**FINDING 7—
Inconsistent
assessment of
criminal laboratory
analysis fee**

During our testing of the county health and safety cases, we found that the county did not consistently assess \$50 for the criminal laboratory analysis fee (HSC section 11372.5).

We verified on a sample basis, distributions made by the county using its accounting system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During testing, we found that the county did not consistently assess \$50 for the criminal laboratory analysis fee. In addition, on cases in which the criminal laboratory analysis fee was assessed, the county did not program the fee as a base fine enhancement in its accounting system.

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. This error cannot now be reversed because the county cannot retroactively collect from defendants or recalculate the base fine enhancements. Also, this issue relates to a low volume of cases.

The error occurred because the county misinterpreted the distribution guidelines and incorrectly configured its accounting system.

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

Recommendation

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

County's Response

The county agrees with the finding.

Appendix— Summary of Prior Audit Findings

The following table shows the implementation status of San Joaquin County's corrective actions related to the findings contained in the county's prior audit report dated April 29, 2014.

Prior Audit Finding Number	Finding Title	Implementation Status
1	Underremitted the 50% excess of qualified fines, fees, and penalties	Fully implemented
2	Underremitted State revenues	Fully implemented
3	Inappropriate distribution of Traffic Violator School cases	Fully implemented
4	Inappropriate distribution of red-light violation cases	Not implemented – see current Finding 4
5	Inappropriate distribution of bail bond forfeitures	Fully implemented
6	Inappropriate distributions of parking fees	Fully implemented

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



OFFICE OF THE
AUDITOR-CONTROLLER
SAN JOAQUIN COUNTY



ASSISTANT AUDITOR-CONTROLLER
Jeffery M. Woltkamp, CPA

CHIEF DEPUTIES
Tod Hill - Accounting
Janice McCutcheon, CPA - Internal Audit
Lori Roller - Payroll
Stanley Lawrence - Property Tax

September 28, 2021

Lisa Kurokawa
Chief Compliance Audits Bureau
State Controller's Office
Division of Audits
P. O. Box 942850
Sacramento, CA 94250-5874
lkurokawa@sco.ca.gov

Dear Ms. Kurokawa,

San Joaquin County is in receipt of the draft audit report of San Joaquin County Superior Court revenues remitted to the State Treasurer for the period July 1, 2015, through June 30, 2019. We agree with the State findings and will be submitting the net amount underremitted in accordance with instructions provided in the draft audit report.

Sincerely,

Jeffery M. Woltkamp, CPA, CGMA
Assistant Auditor-Controller

cc: Brandon E. Riley, Court Executive Officer, San Joaquin County Superior Court
Jerome C. Wilverding, County Administrator

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



Superior Court of California, County of San Joaquin

180 E. Weber Avenue, Ste 1306J

Stockton, CA 95202

Telephone: (209) 992-5695

September 27, 2021

Lisa Kurokawa
Chief Compliance Audits Bureau
State Controller's Office
Division of Audits
P. O. Box 942850
Sacramento, CA 94250-5874
lkurokawa@sco.ca.gov

Dear Ms. Kurokawa,

San Joaquin County Superior Court is in receipt of the draft audit report of our revenues remitted to the State Treasurer for the period July 1, 2015, through June 30, 2019. We agree with the State findings and have taken steps to correct our accounting system to comply with statutory requirements.

Sincerely,

A handwritten signature in blue ink that reads "Brandon E. Riley".

Brandon E. Riley
Court Executive Officer

cc: Jeffery Woltkamp, Assistant Auditor Controller, County of San Joaquin
Linda Courtright, Chief Financial Officer

**State Controller's Office
Division of Audits
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<http://www.sco.ca.gov>