

IMPERIAL COUNTY

Audit Report

COURT REVENUES

July 1, 2016, through June 30, 2020



BETTY T. YEE
California State Controller

November 2022



BETTY T. YEE
California State Controller

November 22, 2022

Karina B. Alvarez, Auditor-Controller
Imperial County
940 W. Main Street, Suite 108
El Centro, CA 92243

Maria Rhinehart, Court Executive Officer
Superior Court of California, Imperial County
939 W. Main Street
El Centro, CA 92243

Dear Ms. Alvarez and Ms. Rhinehart:

The State Controller's Office audited the propriety of the court revenues remitted by Imperial County to the State Treasurer for the period of July 1, 2016, through June 30, 2020.

Our audit found that the county underremitted \$39,671 in state court revenues to the State Treasurer because it:

- Underremitted the State Trial Court Improvement and Modernization Fund (Government Code section 77205) by \$32,086;
- Underremitted the State's Domestic Violence Restraining Order Reimbursement Fund (Penal Code section 1203.097) by \$1,696;
- Underremitted the State's Domestic Violence Training and Education Fund (Penal Code section 1203.097) by \$1,696; and
- Underremitted the State Penalty Fund (Health and Safety Code section 103680) by \$4,193.

In addition, we found that the county used incorrect qualified revenue amounts in its calculation of the 50% excess of qualified revenues. We also found that the court made incorrect distributions related to red-light traffic violator school cases and health and safety violations, and incorrectly prioritized the distribution of installment payments. Furthermore, the county's probation department made incorrect distributions related to domestic violence, DUI, health and safety, and juvenile cases.

The county made a payment of \$39,671 in July 2022.

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/ac

cc: Shelly Smail, Assistant Auditor-Controller
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Audit Report

Summary

The State Controller's Office (SCO) audited the propriety of court revenues remitted to the State of California by Imperial County on the Report to State Controller of Remittance to State Treasurer (TC-31) for the period of July 1, 2016, through June 30, 2020.

Our audit found that the county underremitted \$39,671 in state court revenues to the State. In addition, we found that the county used incorrect qualified revenue amounts in its calculation of the 50% excess of qualified revenues. We also found that the court made incorrect distributions related to red-light traffic violator school (TVS) cases and health and safety violations, and incorrectly prioritized the distribution of installment payments. Furthermore, the county's probation department made incorrect distributions related to domestic violence, DUI, health and safety, and juvenile cases.

Background

State statutes govern the distribution of court revenues, which include fines, penalties, assessments, fees, restitutions, bail forfeitures, and parking surcharges. Whenever the State is entitled to receive a portion of such money, the court is required by Government Code (GC) section 68101 to deposit the State's portion of court revenues with the County Treasurer as soon as 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, 2016, through June 30, 2020.

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 and court personnel regarding the monthly TC-31 remittance process, the revenue distribution process, the case management system, and the MOE calculation.
- 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.

Cash Collections

- We scheduled monthly cash disbursements prepared by the county and 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 10 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 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 175 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 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 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. We found that the county underremitted \$39,671 in state court revenues to the State Treasurer because it:

- Underremitted the State Trial Court Improvement and Modernization Fund (GC section 77205) by \$32,086;
- Underremitted the State's Domestic Violence Restraining Order Reimbursement Fund (Penal Code [PC] section 1203.097) by \$1,696;
- Underremitted the State's Domestic Violence Training and Education Fund (PC section 1203.097) by \$1,696; and
- Underremitted the State Penalty Fund (Health and Safety Code [HSC] section 103680) by \$4,193;

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 used incorrect qualified revenue amounts in its calculation of the 50% excess of qualified revenues. We also found that the court made incorrect distributions related to red-light TVS cases and health and safety violations and incorrectly prioritized the distribution of installment payments. Furthermore, the county's probation department made incorrect distributions related to domestic violence,

¹ 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.

DUI, health and safety, and juvenile cases. These non-monetary instances of noncompliance are described in the Findings and Recommendations section.

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, 2007, through June 30, 2013, issued on December 31, 2015.

See the Appendix for the summary schedule of prior audit findings.

Views of Responsible Officials

We issued a draft audit report on September 28, 2022. The Imperial County Auditor-Controller responded by letter dated October 10, 2022 (Attachment A), agreeing with Finding 1.

The Imperial County Probation Department responded by letter dated October 7, 2022 (Attachment B), indicating that it is working to make corrections and will review distributions for accuracy in response to Findings 2, 7, 8, and 9.

The Imperial County Public Health Department responded by letter dated October 6, 2022 (Attachment C), indicating that it has made corrections in response to Finding 3.

The Imperial County Superior Court responded by email on September 29, 2022, agreeing with Findings 4, 5, and 6.

Restricted Use

This audit report is solely for the information and use of Imperial County; the Superior Court of California, Imperial County; 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 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 22, 2022

Schedule— Summary of Audit Findings Affecting Remittances to the State Treasurer July 1, 2016, through June 30, 2020

Finding ¹	Fiscal Year				Total	Reference ²
	2016-17	2017-18	2018-19	2019-20		
Underremitted 50% excess of qualified revenues State Trial Court Improvement and Modernization Fund – GC §77205	\$ 9,156	\$ 8,766	\$ 9,018	\$ 5,146	\$ 32,086	Finding 1
Underremitted domestic violence fees State Domestic Violence Restraining Order Reimbursement Fund – PC §1203.097	257	256	356	827	1,696	
State Domestic Violence Training and Education Fund – PC §1203.097	257	256	356	827	1,696	
Total	514	512	712	1,654	3,392	Finding 2
Unremitted TC-31 revenues State Penalty Fund – HSC §103680	933	1,081	1,062	1,117	4,193	Finding 3
Amount underremitted to the State Treasurer	<u>\$ 10,603</u>	<u>\$ 10,359</u>	<u>\$ 10,792</u>	<u>\$ 7,917</u>	<u>\$ 39,671</u>	

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

²See the Findings and Recommendations section.

Findings and Recommendations

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

During our recalculation of the 50% excess of qualified revenues, we found that the county used an incorrect qualified revenue amount in its calculation for each fiscal year. As a result of this error, the county underremitted the 50% excess of qualified revenues by a net of \$32,086 for the audit period. The error occurred 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 the county incorrectly excluded part of the revenues collected for the Criminal Justice Facilities Construction Fund (GC section 76101) and city base fines (Vehicle Code [VC] section 42007[c]) from its calculation of the TVS fee (VC section 42007).

We recalculated the county’s qualified revenues based on actual court revenues collected for each fiscal year during the audit period. After our recalculation, we found that the county had understated qualified revenues by a total of \$64,173.

Qualified revenues were understated because the county incorrectly excluded the following revenues from its calculation of the TVS fee (VC section 42007):

- Criminal Justice Facilities Construction Fund (GC section 76101) – \$9,665; and
- City base fines (VC section 42007[c]) – \$54,508.

The following table shows the audit adjustments to qualified revenues:

	Fiscal Year				Total
	2016-17	2017-18	2018-19	2019-20	
Qualified revenues reported	\$ 2,440,075	\$ 2,167,609	\$ 1,865,967	\$ 2,073,452	\$ 8,547,103
Audit adjustment:					
GC §76101 understatement	7,086	2,534	35	10	9,665
VC §42007(c) understatement	11,226	14,999	18,001	10,282	54,508
Total	18,312	17,533	18,036	10,292	64,173
Audited revenues	<u>\$ 2,458,387</u>	<u>\$ 2,185,142</u>	<u>\$ 1,884,003</u>	<u>\$ 2,083,744</u>	<u>\$ 8,611,276</u>

As a result of miscalculating the qualified revenues, the county underremitted the 50% excess of qualified revenues by a net of \$32,086 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 to the State	County Remitted to the State	County Underremitted to the State ¹
2016-17	\$ 2,458,387	\$ 1,144,661	\$ 1,313,726	\$ 656,863	\$ 647,707	\$ 9,156
2017-18	2,185,142	1,144,661	1,040,481	520,240	511,474	8,766
2018-19	1,884,003	1,144,661	739,342	369,671	360,653	9,018
2019-20	2,083,744	1,144,661	939,083	469,542	464,396	5,146
Total						\$ 32,086

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 \$32,086 to the State Treasurer and report on the TC-31 an increase to the State Trial Court Improvement and Modernization Fund; and
- Ensure that the proper accounts are included in the calculation of each line item on the 50-50 Excess Split Revenue Computation Form.

County Auditor-Controller’s Response

- The Auditor-Controller’s office reviewed the finding and is in agreement with the State and [has] submitted payment to correct the findings for the audit period.
- A payment to correct this was issued to the state by the Auditor-Controller’s office in the amount of \$39,670 to correct the miscalculations for the audit period, and Public Health, Probation and Courts will have to reimburse our department for the payments made on their behalf.

**FINDING 2—
Incorrect distribution
of revenues from
domestic violence
violations – County
probation department**

During our distribution testing of probation department domestic violence cases, we found that the department did not correctly distribute domestic violence fee (PC section 1203.097) revenues, resulting in a net underremittance of \$3,392 to the State Treasurer for the audit period. The errors occurred because the department misinterpreted the *Distribution Guidelines*.

We verified, on a sample basis, distributions made by the probation department using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions.

We found that the department overstated the county’s portion and understated the State’s portion of domestic violence fee (PC section 1203.097) revenues. Furthermore, the department allocated 8% of the State’s portion of domestic violence fee (PC section 1203.097) revenues to administrative costs.

The department should have distributed two-thirds of all domestic violence fee (PC section 1203.097) revenues to the county’s Domestic Violence Fund; the remaining one-third should have been distributed evenly between the two state funds. The administrative costs should have been deducted from county's portion of domestic violence fee (PC section 1203.097) revenues. The errors resulted in an underremittance of \$3,392 to the State for the audit period.

The incorrect distributions had the following effect:

Account Title	Underremitted/ (Overremitted)
State Domestic Violence Restraining Order Reimbursement Fund – PC §1203.097	\$ 1,696
State Domestic Violence Training and Education Fund – PC §1203.097	1,696
Total	\$ 3,392
 County Domestic Violence Fund	 <u><u>\$ (3,392)</u></u>

PC section 1203.097(a)(5) requires that two-thirds of the domestic violence fee collected be posted to the county’s Domestic Violence Fund; no more than 8% may be used for administrative costs. PC section 1203.097(a)(5) further requires that the remaining one-third be transferred, once a month, to the SCO for deposit in equal amounts in 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 probation department:

- Remit \$3,392 to the State Treasurer and report on the TC-31 an increase of \$1,696 to the State’s Domestic Violence Restraining Order Reimbursement Fund (PC section 1203.097) and \$1,696 to the State’s Domestic Violence Training and Education Fund (PC section 1203.097);
- Correct its case management system to ensure that domestic violence fee revenues are distributed in accordance with statutory requirements;
- Periodically verify the accuracy of its revenue distributions using the JCC’s testing sheets; and
- Review distributions for accuracy and completeness before remittance to the county’s auditor-controller.

County Probation Department’s Response

Probation Department is working with ONESolution IJS to correct its case management system to ensure that domestic violence fee revenues are distributed in accordance with statutory requirements.

Probation Department will verify the accuracy of its revenue distributions using the JCC’s testing sheets on a weekly basis.

Probation Department will review distributions for accuracy and completeness before remittance to the county’s auditor-controller.

**FINDING 3—
Unremitted TC-31
revenues – County
public health
department**

During our review of TC-31 remittances, we found that revenues from the additional fee for the issuance of a permit for disposition of human remains (HSC section 103680[b]) were not remitted, resulting in a net underremittance of \$4,193 to the State Treasurer for the audit period.

Public health department staff members stated that the department collected the \$3 fee but inadvertently distributed the entire \$3 to the county treasury. The county should have distributed \$1 of the \$3 to the State Penalty Fund for the training of peace officer members of county coroners’ offices, and distributed the remaining \$2 to the county treasury. We verified revenue collection reports provided by the department and concluded that the error resulted in an underremittance of \$4,193 to the State for the audit period.

The incorrect remittances had the following effect:

<u>Account Title</u>	<u>Underremitted/ (Overremitted)</u>
State Penalty Fund — HSC §103680(b)	<u>\$ 4,193</u>
County Fund	<u>\$ (4,193)</u>

HSC section 103680(b) requires that \$1 of the \$3 fee collected for the issuance of a permit for the disposition of human remains be paid into the State Penalty Fund to provide training for peace officer members of county coroners’ offices. HSC section 103680(b) further requires that the remaining \$2 collected be paid into the county treasury to be expended for the burial of indigent persons.

Recommendation

We recommend that the county public health department:

- Remit \$4,193 to the State Treasurer and report on the TC-31 an increase of \$4,193 to the State Penalty Fund (HSC section 103680[b]);
- Correct its distribution process to ensure that revenues are distributed in accordance with statutory requirements;
- Review distributions for accuracy and completeness before remittance to the county’s auditor-controller.

County Public Health Department's Response

Public Health Department corrected the distribution process to ensure that revenues are distributed in accordance with statutory requirements.

Public Health Department reviews distribution for accuracy and completeness before remittance to the county's auditor-controller.

County of Imperial submitted payment [in July 2022] to the State Treasurer.

**FINDING 4—
Incorrect
prioritization of
installment payments
– Court**

During our distribution testing of superior court cases, we found that the court incorrectly prioritized distributions of installment payments. The errors occurred because the county misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

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

We found that the court incorrectly programmed the priority of installment payments for DUI violations in its case management system. The court distributed installment payments to the State Restitution Fund (PC section 1463.18, priority three) before it distributed the state surcharge (PC section 1465.7, priority two). Installment payments to the State Restitution Fund (PC section 1463.18, priority three) take priority over all other priority-three distributions.

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 1203.1(d)(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, restitution fines (PC section 1202.4[b]); and
4. Other reimbursable costs.

PC section 1463.18 requires that the first \$20 of any amount collected for a DUI conviction be distributed to the State Restitution Fund.

Table 2, PC section 1463.18 – Indemnification of Victims; Driving Under the Influence, of the SCO's *Distribution Guidelines* (Revision 31; January 1, 2021) requires that the disbursements for PC section 1463.18 take priority over all other priority-three distributions.

Recommendation

We recommend that the court correct its case management system to ensure that installment payments are distributed in accordance with statutory priority requirements.

County Superior Court's Response

The Superior Court agreed with the finding and has made the appropriate changes in its case management system.

FINDING 5— Incorrect distribution of revenues from health and safety violations – Court

During our testing of health and safety violation cases, we found that the court did not consistently assess the criminal laboratory analysis fee (HSC section 11372.5) or the drug program fee (HSC section 11372.7). In addition, the court did not proportionally allocate the total fines ordered by judges in such cases. The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

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 found that the court did not assess the criminal laboratory analysis fee (HSC section 11372.5) or drug program fee (HSC section 11372.7) for only infraction health and safety violations. The court identified a total of 39 cases for which its case management system did not add the \$150 drug program fee (HSC section 11372.7), the \$50 criminal laboratory analysis fee (HSC section 11372.5), or both. The criminal laboratory analysis fee (HSC section 11372.5) and drug program fee (HSC section 11372.7) are subject to the state penalty (PC section 1464), local penalties (GC section 76000), DNA penalties (GC section 76104.6 and GC section 76104.7), the state court construction penalty (GC section 70372[a]), the state surcharge (PC section 1465.7), and the 2% state automation fee (GC section 68090.8). Therefore, when the criminal laboratory analysis fee (HSC section 11372.5) or drug program fee (HSC section 11372.7) was not assessed, the penalties, the surcharge, and the fee were understated.

Furthermore, we found that the court did not distribute health and safety revenues according to judges' orders. When a judge specifies only the total fine, percentage calculations may be used to determine the components of the total fine. The court did not proportionally allocate the total fines ordered by judges.

We performed an analysis of health and safety revenues to determine the fiscal effect of the distribution error, and found that it did not have a material impact on the revenues remitted to the State.

HSC section 11372.5(a) 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 requires the court to increase the total fine as necessary to include the increment.

HSC section 11372.7(a) requires defendants convicted of violating specific Health and Safety Code sections regulating controlled substances to pay a \$150 drug program fee for each separate offense, and requires the court to increase the total fine as necessary to include the increment.

PC section 1463.004(a) states:

If a sentencing judge specifies only the total fine or forfeiture, or if an automated case-processing system requires it, percentage calculations may be employed to determine 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 health and safety revenues are distributed in accordance with statutory requirements;
- Periodically verify the accuracy of its distributions using the JCC's distribution worksheets;
- Review distributions for accuracy and completeness before remittance to the county's auditor-controller; and
- Monitor its case management system to ensure that revenues are distributed in accordance with statutory requirements.

County Superior Court's Response

The Superior Court agreed with the finding and has made the appropriate changes in its case management system.

FINDING 6— Incorrect distribution of revenues from red- light TVS cases

During our testing of red-light TVS cases, we found that the court incorrectly applied the 2% state automation (GC section 68090.8) fee to the 30% red-light TVS allocation (VC section 42007.3) revenues. The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

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 found that the court incorrectly transferred 2% of the red-light TVS allocation (VC section 42007.3) revenues to 2% state automation (GC section 68090.8) revenues. The 2% state automation fee (GC section 68090.8) does not apply to the red-light TVS allocation (VC section 42007.3). The incorrect

distribution occurred only in city arrest red-light TVS cases. We performed an analysis of red-light allocation (VC section 42007.3) revenues to determine the fiscal effect of this distribution error, and found that the error did not have a material effect on the revenues remitted to the State.

GC section 68090.8(b) requires the county treasurer, prior to making any other required distribution, to transmit 2% of all fines, penalties, and forfeitures collected in criminal cases to the State Trial Court Improvement and Modernization Fund to be used exclusively to pay the costs of automated systems for the trial courts. However, GC section 68090.8(b) does not apply to fees imposed in criminal cases.

VC section 42007.3 requires that the first 30% of the amount collected pursuant to VC section 42007 from each person required or permitted to attend TVS be allocated to the general fund of the city or county in which the offense occurred; and that the balance of the amount collected be deposited by the county treasurer as required by VC section 42007.

Recommendation

We recommend that the court:

- Correct its case management system to ensure that red-light TVS allocation revenues are distributed in accordance with statutory requirements;
- Periodically verify the accuracy of its distributions using the JCC's distribution worksheets;
- Review distributions for accuracy and completeness before remittance to the county's auditor-controller; and
- Monitor its case management system to ensure that revenues are distributed in accordance with statutory requirements.

County Superior Court's Response

The Superior Court agreed with the finding and has made the appropriate changes in its case management system.

FINDING 7— Incorrect distribution of revenues from health and safety violations – County probation department

During our testing of health and safety violation cases, we found that the county's probation department did not treat the criminal laboratory analysis fee (HSC section 11372.5) and the drug program fee (HSC section 11372.7) as fines. The error occurred because the department misinterpreted the *Distribution Guidelines* and incorrectly configured its case management system.

We verified, on a sample basis, distributions made by the probation department using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions.

We found that the department did not account for the criminal laboratory analysis fee (HSC section 11372.5) and drug program fee (HSC section 11372.7) as fines. The criminal laboratory analysis fee (HSC section 11372.5) and drug program fee (HSC section 11372.7) are subject to the state penalty (PC section 1464), local penalties (GC section 76000), DNA penalties (GC section 76104.6 and GC section 76104.7), the state court construction penalty (GC section 70372[a]), the state surcharge (PC section 1465.7), and the 2% state automation fee (GC section 68090.8). Therefore, when the criminal laboratory analysis fee (HSC section 11372.5) and drug program fee (HSC section 11372.7) were not treated as fines, the penalties, the surcharge, and the fee were understated.

We performed an analysis of health and safety revenues to determine the fiscal effect of the distribution error, and found that the error did not have a material effect on the revenues remitted to the State.

HSC section 11372.5(a) 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 requires the court to increase the total fine as necessary to include the increment.

HSC section 11372.7(a) requires defendants convicted of violating specific Health and Safety Code sections regulating controlled substances to pay a \$150 drug program fee for each separate offense, and requires the court to increase the total fine as necessary to include the increment.

Recommendation

We recommend that the county probation department:

- Correct its case management system to ensure that health and safety revenues are distributed in accordance with statutory requirements;
- Periodically verify the accuracy of its distributions using the JCC's distribution worksheets;
- Review distributions for accuracy and completeness before remittance to the county's auditor-controller; and
- Monitor its case management system to ensure that revenues are distributed in accordance with statutory requirements.

County Probation Department's Response

Probation Department is working with ONESolution IJS to correct its case management system to ensure that health and safety revenues are distributed in accordance with statutory requirements.

Probation Department will verify the accuracy of its distributions using the JCC's distribution worksheets on a weekly basis.

Probation Department will review distributions for accuracy and completeness before remittance to the county's auditor-controller.

Probation Department will monitor its case management system to ensure that revenues are distributed in accordance with statutory requirements.

**FINDING 8—
Incorrect distribution
of revenues from DUI
violations – County
probation department**

During our testing of DUI violation cases, we found that the probation department did not correctly apply percentage calculations to allocate the total fines. The error occurred because the department incorrectly configured its case management system.

We verified, on a sample basis, distributions made by the county's probation department using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions.

We found that the probation department used incorrect percentage calculations to determine each component of a total fine and did not distribute revenues to all components proportionately. The incorrect distribution resulted in misstatements of fines, fees, and penalties.

We performed an analysis of DUI revenues to determine the fiscal effect of the distribution error, and found that the error did not have a material effect on the revenues remitted to the State.

PC section 1463.004(a) states:

If a sentencing judge specifies only the total fine or forfeiture, or if an automated case-processing system requires it, percentage calculations may be employed to determine 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 county probation department:

- Correct its case management system to ensure that DUI revenues are distributed in accordance with statutory requirements;
- Periodically verify the accuracy of its distributions using the JCC's distribution worksheets;
- Review distributions for accuracy and completeness before remittance to the county's auditor-controller; and
- Monitor its case management system to ensure that revenues are distributed in accordance with statutory requirements.

County Probation Department's Response

Probation Department is working with ONESolution IJS to correct its case management system to ensure that DUI revenues are distributed in accordance with statutory requirements.

Probation Department will verify the accuracy of its distributions using the JCC's distribution worksheets on a weekly basis.

Probation Department will review distributions for accuracy and completeness before remittance to the county's auditor-controller.

Probation Department will monitor its case management system to ensure that revenues are distributed in accordance with statutory requirements.

**FINDING 9—
Incorrect distribution
of revenues from
juvenile cases –
County probation
department**

During our distribution testing of juvenile cases, we found that the county's probation department incorrectly distributed revenues for juvenile cases. These errors occurred because the department incorrectly configured its case management system.

We verified, on a sample basis, distributions made by the department using its case management system. For each sampled case, we recomputed the distributions and compared them to the actual distributions.

We found that the department incorrectly distributed revenues to the conviction assessment (GC section 70373) and the court operations assessment (PC section 1465.8). These assessments cannot be imposed for juvenile violations when the cases are adjudicated in juvenile court. The incorrect distribution resulted in misstatement of fines and penalties.

Additionally, we found that the department did not correctly distribute the base fine (PC section 1463.001) from city arrest cases. The department applied incorrect county percentage to the base fine (PC section 1463.001) from city arrest cases.

PC section 1463.001(b)(2) requires that the base fines resulting from county arrests that are not included in a specific distribution be transferred into the proper funds of the county.

PC section 1463.001(b)(3) requires that base fines resulting from city arrests that are not included in a specific distribution be transferred into the proper funds of the county, in an amount set forth in PC section 1463.002.

GC section 70373(a)(1) requires an assessment to be imposed on every conviction for a criminal offense, including traffic offenses but excluding parking offenses, to provide adequate funding for court facilities. A \$30 assessment is imposed for each misdemeanor or felony, and a \$35 assessment is imposed for each infraction.

PC section 1465.8(a)(1) requires that a \$40 assessment be imposed on every conviction for a criminal offense, including traffic offenses but excluding parking offenses, to assist in funding court operations.

Welfare and Institutions Code section 203 states:

An order adjudging a minor to be a ward of the juvenile court shall not be deemed a conviction of a crime for any purpose, nor shall a proceeding in the juvenile court be deemed a criminal proceeding.

Recommendation

We recommend that the county probation department:

- Review the distributions for accuracy and completeness before remittance to the county's auditor-controller;
- Periodically verify the accuracy of its distributions using the JCC's distribution worksheets; and
- Correct its case management system to ensure that revenues are distributed in accordance with statutory requirements.

County Probation Department's Response

Probation Department will review the distributions for accuracy and completeness before remittance to the county's auditor-controller.

Probation Department will verify the accuracy of its distributions using the JCC's distribution worksheets on weekly basis.

Probation Department is working with ONESolution IJS to correct its case management system to ensure that revenues are distributed in accordance with statutory requirements.

Appendix— Summary of Prior Audit Findings

The following table shows the implementation status of Imperial County's corrective actions related to the findings contained in our prior audit report, dated December 31, 2015:

Prior Audit Finding Number	Prior Audit Finding Title	Status
1	Overremitted emergency medical air transportation (EMAT) penalties from traffic violator school (TVS)	Fully implemented
2	Underremitted excess of qualified fines, fees, and penalties	Fully implemented
3	Incorrect distribution of state parking fines and surcharges	Fully implemented

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

Karina B. Alvarez, CPA
Auditor-Controller
karinabalvarez@co.imperial.ca.us



County Administration Center
940 Main Street, Suite 108
El Centro, California 92243
Telephone: 442 265-1295
FAX: 442 265-1296

AUDITOR-CONTROLLER

October 10, 2022

Office of State Controller Betty T. Yee
Division of Audits, Compliance Audits Bureau
Attention: Finance Department
3301 C Street, Suite 725A
Sacramento, CA 95816

Subject: The State Controller's Office audited the propriety of the court revenues remitted by Imperial County to the State Treasurer for the period of July 1, 2016 through June 30, 2020.

Finding 1:

Under remitted 50% excess of qualified revenues

During the recalculation of the 50% excess of qualified revenues, it was found that the county of Imperial used an incorrect qualified revenue amount in its calculation for each fiscal year. As a result of this error, the county under-remitted the 50% of qualified revenues by a net of \$32,089 for the audit period.

Qualified revenues for Public Health, Probation and Courts, understated because the county incorrectly excluded the following revenues from its calculation of the TVS fee (section 42007).

Response:

- The Auditor-Controller's office reviewed the finding and is in agreement with the State and have submitted payment to correct the findings for the audit period.
- A Payment to correct this was issued to the state by the Auditor-Controller's office in the amount of \$39,670.00 to correct the miscalculations for the audit period, and Public Health, Probation and Courts will have to reimburse our department for the payments made on their behalf.

Sincerely,

Karina B. Alvarez, CPA
Auditor-Controller

AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

**Attachment B—
County Probation Department's Response
to Draft Audit Report**

COUNTY OF IMPERIAL

DAN PRINCE
Chief Probation Officer

ELIZABETH V. SAIS
Assistant Chief Probation Officer



PROBATION DEPARTMENT
JUVENILE HALL

324 Applestill Rd.
El Centro, CA 92243

(442) 265-2363
(442) 265-2376 fax

PROBATION DEPARTMENT

October 7, 2022

Office of State Controller Betty T. Yee
Division of Audits, Compliance Audits Bureau
3301 C Street, Suite 725A
Sacramento, CA. 95816

Subject: The State Controller's Office audited the propriety of the court revenues remitted by Imperial County to the State Treasurer for the period of July 1, 2016, through June 30, 2020.

Finding 2.

The department did not correctly distribute domestic violence fee (PC section 1203.097) revenues, resulting in a net under remittance of \$3,392 to the State Treasurer for the audit period.

Imperial County remitted \$3,392 to the State Treasurer and report on the TC-31 an increase of \$1,696 to the State's Domestic Violence Restraining Order Reimbursement Fund (PC section 1203.097) and \$1,696 to the State's Domestic Violence Training and Education Fund (PC section 1203.097).

Probation Department is working with ONESolution IJS to correct its case management system to ensure that domestic violence fee revenues are distributed in accordance with statutory requirements.

Probation Department will verify the accuracy of its revenue distributions using the JCC's testing sheets on a weekly basis.

Probation Department will review distributions for accuracy and completeness before remittance to the county's auditor-controller.

Finding 7.

The county's probation department did not treat the criminal laboratory analysis fee (HSC section 11372.5) and the drug program fee (HSC section 11372.7) as fines.

Probation Department is working with ONESolution IJS to correct its case management system to ensure that health and safety revenues are distributed in accordance with statutory requirements.

Probation Department will verify the accuracy of its distributions using the JCC's distribution worksheets on a weekly basis.

Probation Department will review distributions for accuracy and completeness before remittance to the county's auditor-controller.

Probation Department will monitor its case management system to ensure that revenues are distributed in accordance with statutory requirements.

Finding 8.

The probation department did not correctly apply percentage calculations to allocate the total fines for DUI violation cases.

Probation Department is working with ONESolution IJS to correct its case management system to ensure that DUI revenues are distributed in accordance with statutory requirements.

Probation Department will verify the accuracy of its distributions using the JCC's distribution worksheets on a weekly basis.

Probation Department will review distributions for accuracy and completeness before remittance to the county's auditor-controller.

Probation Department will monitor its case management system to ensure that revenues are distributed in accordance with statutory requirements.

Finding 9.

The county's probation department incorrectly distributed revenues for juvenile cases.

Probation Department will review the distributions for accuracy and completeness before remittance to the county's auditor-controller.

Probation Department will verify the accuracy of its distributions using the JCC's distribution worksheets on weekly basis.

Probation Department is working with ONESolution IJS to correct its case management system to ensure that revenues are distributed in accordance with statutory requirements.

If there is any additional questions please don't hesitate to call me at (760) 265-2390 or email me at marcusromero@co.imperial.ca.us.

Respectfully Submitted,



Marcus Romero
Business Manager

**Attachment C—
County Public Health Department’s Response
to Draft Audit Report**



COUNTY OF IMPERIAL

PUBLIC HEALTH DEPARTMENT

JANETTE ANGULO, M.P.A.
Director

STEPHEN W. MUNDAY, M.D., M.P.H., M.S.
Health Officer

October 6, 2022

Office of State Controller Betty T. Yee
Division of Audits, Compliance Audits Bureau
3301 C Street, Suite 725A
Sacramento, CA. 95816

Subject: The State Controller's Office audited the propriety of the court revenues remitted by Imperial County to the State Treasurer for the period of July 1, 2016, through June 30, 2020.

Finding 3.

The issuance of a permit for disposition of human remains (HSC section 103680 (b)) were not remitted, resulting in a net under remittance of \$4,193 to the State Treasurer for the audit period.

Public Health Department corrected the distribution process to ensure that revenues are distributed in accordance with statutory requirements.

Public Health reviews distribution for accuracy and completeness before remittance to the county's auditor-controller.

County of Imperial submitted payment on 7/2022 to the State Treasurer.

If there is any additional questions please don't hesitate to call me at (760) 482-4705 or email me at josefinamarcial@co.imperial.ca.us.

Sincerely,

Josefina Marcial
Administrative Manager

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

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