

SOLANO COUNTY

Audit Report

COURT REVENUES

July 1, 2003, through June 30, 2009



JOHN CHIANG
California State Controller

January 2012



JOHN CHIANG
California State Controller

January 10, 2012

The Honorable Simona Padilla-Scholtens
Auditor-Controller
Solano County
675 Texas Street, Suite 2800
Fairfield, CA 94533

Brian Taylor
Court Executive Officer
Superior Court of California, Solano County
600 Union Avenue, Hall of Justice
Fairfield, CA 94533

Dear Ms. Padilla-Scholtens and Mr. Taylor:

The State Controller's Office audited Solano County's court revenues for the period of July 1, 2003, through June 30, 2009.

Our audit disclosed that the county underremitted \$238,540 in court revenues to the State Treasurer as follows:

- Overremitted the 50% excess of fines, fees, and penalties by \$951,375.
- Underremitted Traffic Violator School (TVS) non-red-light cases by \$1,088,876;
- Underremitted TVS red-light cases by \$88,434;
- Overremitted regular red-light cases by \$77,478;
- Underremitted juvenile TVS cases by \$66,752;
- Underremitted driving under the influence (DUI) and reckless driving cases by \$22,340;
- Underremitted Probation Department Health and Safety Code cases by \$5,095; and
- Overremitted its Probation Department domestic violence fee by \$4,104.

Once the county has paid the underremitted State Court Facilities Construction Fund amount, we will calculate a penalty on the underremitted amount and bill the county accordingly, in accordance with Government Code sections 68085, 70353, and 70377.

The county should differentiate the individual accounts making up this amount on the bottom portion of the monthly TC-31, Remittance to State Treasurer, in accordance with standard remittance procedures. The county should state on the remittance advice that the account adjustments relate to the SCO audit for the period of July 1, 2003, through June 30, 2009.

Please mail a copy of the TC-31 and documentation supporting the corresponding adjustment(s) to the attention of the following individuals:

Joe Vintze, Audit Manager
Division of Audits
State Controller's Office
Post Office Box 942850
Sacramento, CA 94250-5874

Cindy Giese, Collections Supervisor
Division of Accounting and Reporting
Bureau of Tax Administration
Post Office Box 942850
Sacramento, CA 94250

Once the county has paid the underremitted Trial Court Improvement Fund and State Court Facilities Construction Fund amounts, we will calculate a penalty on the underremitted amounts and bill the county accordingly, in accordance with Government Code sections 68085, 70353, and 70377.

If you have any questions, please contact Steven Mar, Chief, Local Government Audits Bureau, at (916) 324-7226.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/vb

cc: John Judnick, Senior Manager
Internal Audit Services
Judicial Council of California
Julie Nauman, Executive Officer
Victim Compensation and Government Claims Board
Greg Jolivette
Legislative Analyst's Office
Sandeep Singh, Fiscal Analyst
Division of Accounting and Reporting
State Controller's Office
Cindy Giese, Supervisor, Tax Programs Unit
Division of Accounting and Reporting
State Controller's Office

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Audit Report

Summary

The State Controller's Office (SCO) performed an audit to determine the propriety of court revenues remitted to the State of California by Solano County for the period of July 1, 2003, through June 30, 2009.

Our audit disclosed that the county underremitted \$238,540 in court revenues to the State Treasurer as follows.

- Overremitted the 50% excess of fines, fees, and penalties by \$951,375;
- Underremitted Traffic Violator School (TVS) non-red-light cases by \$1,088,876;
- Underremitted TVS red-light cases by \$88,434;
- Overremitted regular red-light cases by \$77,478;
- Underremitted juvenile TVS cases by \$66,752;
- Underremitted driving under the influence (DUI) and reckless driving cases by \$22,340;
- Underremitted Probation Department Health and Safety Code cases by \$5,095; and
- Overremitted its Probation Department domestic violence fee by \$4,104.

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 a portion of such money, the court is required by Government Code (GC) section 68101 to deposit the State's portion of court revenues with the county treasurer as soon as practical and to provide the county auditor with a monthly record of collections. This section further requires that the county auditor transmit the funds and a record of the money collected to the State Treasurer at least once a month.

GC section 68103 requires that the State Controller determine whether or not all court collections remitted to the State Treasurer are complete. GC section 68104 authorizes the State Controller to examine records maintained by any court. Furthermore, GC section 12410 provides the State Controller with general audit authority to ensure that state funds are properly safeguarded.

Objective, Scope, and Methodology

Our audit objective was to determine whether the county completely and accurately remitted court revenues in a timely manner to the State Treasurer for the period of July 1, 2003, through June 30, 2009. We did not review the timeliness of any remittances the county may be required to make under GC sections 70353, 77201.1(b)(1), and 77201(b)(2).

To meet our objective, we reviewed the revenue-processing systems within the county's Superior Court, Probation Department, and Auditor-Controller's Office.

We performed the following procedures:

- Reviewed the accuracy of county-prepared distribution reports, which show court revenue distributions to the State, the county, and the cities located within the county.
- Gained an understanding of the county's revenue collection and reporting processes by interviewing key personnel and reviewing documents supporting the transaction flow.
- Analyzed various revenue accounts reported in the county's monthly cash statements for unusual variations and omissions.
- Evaluated the accuracy of revenue distribution using as criteria various California codes and the SCO's Manual of Accounting and Audit Guidelines for Trial Courts.
- Tested for any incorrect distributions.
- Expanded any tests that revealed errors to determine the extent of any incorrect distributions.

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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We did not audit the county's financial statements. We considered the county's internal controls only to the extent necessary to plan the audit. This report relates solely to our examination of court revenues remitted and payable to the State of California. Therefore, we do not express an opinion as to whether the county's court revenues, taken as a whole, are free from material misstatement.

Conclusion

Solano County underremitted \$238,540 in court revenues to the State Treasurer. The underremittances are summarized in Schedule 1 and 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, issued September 2006.

**Views of
Responsible
Officials**

We issued a draft audit report on October 21, 2011. Simona Padilla-Scholtens, CPA, Auditor-Controller, responded by letter dated November 18, 2011 (Attachment A), acknowledging the audit results. However, Ms. Padilla-Scholtens disputes the cause of the findings, arguing that relating to Finding 1, “The real cause of the finding is the court accounting system erroneously distributed the fines and fees. . . The court is a State agency. The county has no authority to make changes to the court’s accounting system to correct the problem.”

Brian Taylor, Court Executive Officer, responded by letter dated November 17, 2011 (Attachment B), agreeing with the audit results with the exception of Finding 2.

Restricted Use

This report is solely for the information and use of Solano County, the Solano County Courts, the Judicial Council of California, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

January 10, 2012

**Schedule 1—
Summary Schedule of Monetary Findings
July 1, 2003, through June 30, 2009**

Description	Account Title ¹	Code Section ²	Fiscal Year						Total	Reference ³
			2003-04	2004-05	2005-06	2006-07	2007-08	2008-09		
County										
Overremitted 50% excess of fines, fees, and penalties	State Trial Court Improvement Fund	GC §77205	\$ (162,684)	\$ (148,732)	\$ (242,934)	\$ (160,270)	\$ (126,667)	\$ (110,088)	\$ (951,375)	Finding 1
TVS non-red light cases	State Court Facility Construction Fund 20% State Surcharge	GC §70372(a) PC §1465.7	165,275 21,646	165,875 23,303	171,888 28,350	158,325 22,128	152,183 18,238	145,455 16,210	959,001 129,875	Finding 2 Finding 2
TVS red-light cases	State Court Facility Construction Fund 20% State Surcharge	GC §70372(a) PC §1465.7	12,983 2,151	14,002 2,543	15,658 3,191	13,433 2,270	12,112 1,742	6,956 1,393	75,144 13,290	Finding 3 Finding 3
Regular red-light	State Penalty Fund State Court Facility Construction Fund 20% State Surcharge	PC §1464 GC §70372(a) PC §1465.7	(7,533) (3,228) (2,152)	(7,533) (3,228) (2,152)	(7,533) (3,228) (2,152)	(7,533) (3,228) (2,152)	(7,533) (3,228) (2,152)	(7,533) (3,228) (2,152)	(45,198) (19,368) (12,912)	Finding 4 Finding 4 Finding 4
DUI and reckless driving cases	State Penalty Fund 20% State Surcharge State Court Facility Construction Fund State DNA Fund State DNA Fund ICNA \$30 Misdemeanor Fee Immediate and Critical Needs Penalty Fund \$2	PC §1464 PC §1465.7 GC §70372(a) GC §76104.6 GC §76104.7 GC §70372(a) GC §70372(a)	— — — — — — — — —	— — — — — — — — —	— — — — — — — — —	— — — — — — — — —	— — — — — — — — —	5,558 6,839 2,382 794 199 4,980 1,588	5,558 6,839 2,382 794 199 4,980 1,588	Finding 5 Finding 5 Finding 5 Finding 5 Finding 5 Finding 5 Finding 5 Finding 5

Schedule 1 (continued)

Description	Account Title ¹	Code Section ²	Fiscal Year						Total	Reference ³
			2003-04	2004-05	2005-06	2006-07	2007-08	2008-09		
<u>Probation Department</u>										
Juvenile TVS cases	State Court Facility Construction Fund	GC §70372(a)	6,028	7,314	6,039	6,788	6,762	7,911	40,842	Finding 6
	20% State Surcharge	PC §1465.7	4,019	4,876	4,026	4,525	4,508	3,956	25,910	Finding 6
Health and Safety Code cases	State Health & Safety Account	H&SC §11502	1,565	1,475	750	58	808	439	5,095	Finding 7
Domestic violence cases	State Domestic Violence Fee	PC §1203.097	(423)	(832)	(1,087)	(1,043)	(39)	(680)	(4,104)	Finding 8
Total			<u>\$ 37,647</u>	<u>\$ 56,911</u>	<u>\$ (27,032)</u>	<u>\$ 33,301</u>	<u>\$ 56,734</u>	<u>\$ 80,980</u>	<u>\$ 238,540</u>	

¹ The identification of state revenue account titles should be used to ensure proper recording when preparing the remittance advice (TC-31) to the State Treasurer.

² Legend: GC = Government Code; PC = Penal Code; H&SC = Health and Safety Code

³ See the Findings and Recommendations section.

**Schedule 2—
Summary of Underremittances by Month
State Court Facilities Construction Fund
July 1, 2003, through June 30, 2009**

Month	Fiscal Year					
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
July	\$ 15,088	\$ 15,330	\$ 15,863	\$ 14,610	\$ 13,986	\$ 13,290
August	15,088	15,330	15,863	14,610	13,986	13,290
September	15,088	15,330	15,863	14,610	13,986	13,290
October	15,088	15,330	15,863	14,610	13,986	13,290
November	15,088	15,330	15,863	14,610	13,986	13,290
December	15,088	15,330	15,863	14,610	13,986	13,290
January	15,088	15,330	15,863	14,610	13,986	13,290
February	15,088	15,330	15,863	14,610	13,986	13,290
March	15,088	15,330	15,863	14,610	13,986	13,290
April	15,088	15,330	15,863	14,610	13,986	13,290
May	15,088	15,330	15,863	14,610	13,986	13,290
June	15,090	15,333	15,864	14,608	13,983	13,286
Total underremittances to the State Treasurer	<u>\$ 181,058</u>	<u>\$ 183,963</u>	<u>\$ 190,357</u>	<u>\$ 175,318</u>	<u>\$ 167,829</u>	<u>\$ 159,476</u>

NOTE: Delinquent State Court Facilities Construction Fund remittances not remitted to the SCO within 45 days of the end of the month in which the fees were collected are subject to penalty, pursuant to Government Code section 70377. The SCO will calculate and bill the county for the penalty after the county pays the underlying amount owed.

**Schedule 3—
Summary of Overremittances by Month
July 1, 2003, through June 30, 2009**

Month	Fiscal Year					
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
July	\$ (14,668)	\$ (13,540)	\$ (21,411)	\$ (14,519)	\$ (11,635)	\$ (10,307)
August	(14,668)	(13,540)	(21,411)	(14,519)	(11,635)	(10,307)
September	(14,668)	(13,540)	(21,411)	(14,519)	(11,635)	(10,307)
October	(14,668)	(13,540)	(21,411)	(14,519)	(11,635)	(10,307)
November	(14,668)	(13,540)	(21,411)	(14,519)	(11,635)	(10,307)
December	(14,668)	(13,540)	(21,411)	(14,519)	(11,635)	(10,307)
January	(14,668)	(13,540)	(21,411)	(14,519)	(11,635)	(10,307)
February	(14,668)	(13,540)	(21,411)	(14,519)	(11,635)	(10,307)
March	(14,668)	(13,540)	(21,411)	(14,519)	(11,635)	(10,307)
April	(14,668)	(13,540)	(21,411)	(14,519)	(11,635)	(10,307)
May	(14,668)	(13,540)	(21,411)	(14,519)	(11,635)	(10,307)
June	(14,672)	(13,537)	(21,413)	(14,517)	(11,634)	(10,304)
Total overremittances to the State Treasurer	<u>\$ (176,020)</u>	<u>\$ (162,477)</u>	<u>\$ (256,934)</u>	<u>\$ (174,226)</u>	<u>\$ (139,619)</u>	<u>\$ (123,681)</u>

Findings and Recommendations

FINDING 1— Overremitted excess of qualified fines, fees, and penalties

The County Auditor-Controller's Office overremitted by \$(951,375) the 50% excess of qualified fines, fees, and penalties to the State Treasurer for the six-fiscal-year (FY) period starting July 1, 2003, and ending June 30, 2009.

Government Code (GC) section 77201(b)(2) requires Solano County, for its base revenue obligation, to remit \$2,708,758 for FY 1998-99 and each fiscal year thereafter. In addition, GC section 77205(a) requires the county to remit to the Trial Court Improvement Fund 50% of qualified revenues that exceed the stated base for each fiscal year.

The error occurred because the county used incorrect entries in its maintenance-of-effort (MOE) distribution working papers and as a result of conditions identified as follows:

- When preparing the MOE, the county did not include accurate amount of qualified revenues for a proper calculation. A net total of \$103,388 qualified revenues should not have been included in the MOE calculation.
- As stated in Finding 2, Solano Superior Court did not properly distribute the Traffic Violator School (TVS) cases. This inappropriate distribution caused overstatements of TVS bail by \$1,357,536 and county base fines by \$169,671. A net total of \$1,527,207 should not have been included in the MOE calculation.
- As stated in Finding 3, Solano Superior Court did not properly distribute the red-light TVS cases. This inappropriate distribution caused overstatements of TVS bail by \$224,173 and county base fine by 8,352. A net total of \$232,525 which should not have been included in the MOE calculation.
- As stated in Finding 4, Solano Superior Court did not properly distribute the red-light non-TV S cases. This inappropriate distribution caused an overstatement of county share of state penalty account by \$19,368 and an understatement of county base fines by \$2,430. A total of \$16,938 should not have been included in the MOE calculation.
- As stated in Finding 5, Solano Superior Court did not properly distribute the DUI and reckless driving cases. This inappropriate distribution caused an overstatement of county base fines by \$18,224 and an understatement of the county's share of the State Penalty Fund by \$2,382. A net total of \$15,842 should not have been included in the MOE calculation.
- As stated in Finding 6, the Solano County Probation Department did not properly distribute the juvenile TV S cases. This inappropriate distribution caused an overstatement of county TV S bail. A net total of \$6,861 should not have been included in the MOE calculation.

The qualified revenues reported for FY 2003-04 were \$4,256,852. The excess, above the base of \$2,708,758, is \$1,548,094. This amount should be divided equally between the county and the State, resulting in \$774,047 excess due the State. The county has remitted a previous payment of \$936,731, causing an overremittance of \$162,684.

The qualified revenues reported for FY 2004-05 were \$5,196,634. The excess, above the base of \$2,708,758, is \$2,487,876. This amount should be divided equally between the county and the State, resulting in \$1,243,938 excess due the State. The county has remitted a previous payment of \$1,392,671, causing an overremittance of \$148,732.

The qualified revenues reported for FY 2005-06 were \$4,931,770. The excess, above the base of \$2,708,758, is \$2,223,012. This amount should be divided equally between the county and the State, resulting in \$1,111,506 excess due the State. The county has remitted a previous payment of \$1,354,440, causing an overremittance of \$242,934.

The qualified revenues reported for FY 2006-07 were \$4,556,421. The excess, above the base of \$2,708,758, is \$1,847,663. This amount should be divided equally between the county and the State, resulting in \$923,831 excess due the State. The county has remitted a previous payment of \$1,084,101, causing an overremittance of \$160,270.

The qualified revenues reported for FY 2007-08 were \$4,068,123. The excess, above the base of \$2,708,758, is \$1,359,365. This amount should be divided equally between the county and the State, resulting in \$679,683 excess due the State. The county has remitted a previous payment of \$806,350, causing an overremittance of \$126,667.

The qualified revenues reported for FY 2008-09 were \$4,109,057. The excess, above the base of \$2,708,758, is \$1,400,299. This amount should be divided equally between the county and the State, resulting in \$700,150 excess due the State. The county has remitted a previous payment of \$810,237, causing an overremittance of \$110,088.

The overremittances had the following effect:

Account Title	Understated/ (Overstated)
Trial Court Improvement Fund–Government Code §77205:	
FY 2003-04	\$ (162,684)
FY 2004-05	(148,732)
FY 2005-06	(242,934)
FY 2006-07	(160,270)
FY 2007-08	(126,667)
FY 2008-09	(110,088)
County General Fund	951,375

Recommendation

The county should reduce remittances by \$951,375 to the State Treasurer and report on the remittance advice form (TC-31) a decrease to the Trial Court Improvement Fund–GC section 77205. The county should also make the corresponding account adjustments.

County's Response

The county partially concurred with the finding. They agreed that the county overremitted but disagreed as to the cause arguing that the court accounting system erroneously distributed the fines and fees.

Court's Response

The court did not respond to this finding.

SCO's Comment

It is the county's responsibility to calculate the MOE and remit the excessive qualified revenues to the State accurately and in a timely manner.

**FINDING 2—
Inappropriate
distribution of Traffic
Violator School (TVS)
bail**

The Solano Superior Court did not properly distribute TVS bail from July 2003 through June 2009. There were no distributions to the County Medical Emergency Service (EMS) Fund and State Court Facility Construction Fund as required by Vehicle Code (VC) section 42007. Also, the court incorrectly deducted \$1 for the county Jailhouse Construction Fund and \$1 for the county Courthouse Construction Fund out of the total TVS bail.

In addition, the Fairfield branch inappropriately distributed more than the required \$2 per case to the county Jailhouse Construction and Courthouse Construction Funds. The Vallejo branch used improper base fine amount to compute the 20% state surcharge and city base fines caused understatements of both accounts.

The errors occurred because the court's accounting system has not been programmed properly to comply with the statutory requirements affecting the distribution of TVS cases, and manual calculations were done incorrectly for items which the system cannot properly calculate.

GC section 70372 requires that a state court facility construction fund to be levied in an amount equal to \$3 for every \$10 or fraction thereof, upon every criminal fine, forfeiture when penalties are imposed. Prior to an agreement between the county and Judicial Council (State) for responsibility for court house construction and maintenance, the penalties remitted to the state are reduced by the difference, if any, between the \$3 and the amount of the local penalty remitted to the local courthouse construction fund pursuant to GC section 761000.

GC section 77205 requires that the \$2 distribution to the county Construction Fund be deducted solely from the county 23% TVS fee account.

Effective January 1, 2000, for all traffic school violations, VC section 42007 requires \$2 for every \$7 that would have been collected pursuant to GC section 76000 on a fine distribution be deposited in the EMS fund.

Failure to properly distribute TVS bail affected the revenues reported to the State Trial Court Improvement Fund under the MOE formula pursuant to GC section 77205. Additionally, the incorrect distribution had the following effect:

Account Title	Understated/ (Overstated)
State 20% Surcharge–PC §1465.7	\$ 129,875
State Court Facility Construction Penalty Fund–GC §70372(a)	959,001
County Emergency Medical Service Fund	617,693
City Base Fine – Vallejo	432,763
City Base Fine – Benicia	60,760
County General Fund	(2,200,092)

Recommendation

The county should submit subsequent remittances to the State Treasurer by \$1,088,876 and report on the remittance advice form (TC-31) the following: an increase of \$129,875 to the State 20% Surcharge Account Penal Code (PC) section 1465.7 and an increase of \$959,001 to the State Court facility Construction Penalty Fund GC section 70372(a). The county also should implement other adjustments noted above to comply with statutory requirements for TVS bail distribution. The court should make redistributions for the period of July 2009 through the date on which the current system is revised.

County's Response

The county concurred with this finding.

Court's Response

The court agrees with the recommendation to make redistributions of Traffic Violator School cases for our Fairfield Branch Court to properly distribute to the County Medical Emergency Service and State Court Facility Construction Fund for the period beginning July 2009 until our new case management system is implemented.

The Court does not agree that our Vallejo Branch Court used improper base fine amounts to compute the 20% state surcharge on all cases.

SCO's Comment

GC section 77205 requires that the \$2 distribution to the county Construction Fund be deducted solely from the county's 23% TVS fee account, not to be deducted from the total TVS fee account. The court's deduction of \$2 from 100% of the TVS fee account lessens the amount accruing to the MOE calculation.

The court did not use the proper base fine amount to compute the 20% state surcharge.

**FINDING 3—
Inappropriate
distribution of 30%
red-light traffic
violator school cases –
Court**

The Solano Superior Court did not distribute 30% of the red-light TVS base fines and state and county penalties to the general funds of the arresting agencies. Also, the State Court Facility Construction Fund and 20% State surcharge were understated by \$75,144 and \$13,290 respectively. The errors occurred because the court's accounting system has not been programmed to comply with the statutory requirements affecting the distribution of red-light TVS cases.

PC section 1463.11 requires 30% of base fines and state and county penalties (PC sections 1463 and 1464, GC section 76100, respectively), pursuant to red light violations, to be distributed to the general fund of the county or city in which the offense occurred. State Court Facility Construction penalties are not referenced in this statute; however, GC section 70372(a) is subject to the distribution requirements in accordance with PC section 1463. Therefore, State Court Facility Construction penalties are subject to the 30% allocation. The remaining 70% should be distributed in accordance with PC section 1463 or VC section 42007 when traffic violator school is elected.

The inappropriate distributions for red-light TVS cases affected the revenues reported to the State Trial Court Improvement Fund under the MOE formula pursuant to GC section 77205. Additionally, the inappropriate distribution had the following effect:

Account Title	Understated/ (Overstated)
State Court Facility Construction Fund–GC §70372(a)	\$ 75,144
20% State Surcharge–PC §1465.7	13,290
County \$2 Emergency Medical Service Fund	53,000
City Base Fine – Fairfield	84,653
City Base Fine – Vallejo	41,930
City Base Fine – Vacaville	30,418
City Base Fine – Suisun	5,659
City Base Fine – Dixon	2,061
City Base Fine – Benicia	1,609
City Base Fine – Rio Vista	820
County General Fund	(308,584)

Recommendation

The county should submit remittances to the State Treasurer of \$88,434 and report on the remittance advice form (TC-31) the following: an increase of \$13,290 to the State 20% Surcharge Account–PC section 1465.7 and an increase of \$75,144 to the State Court Facility Construction Penalty Fund–GC section 70372(a). The county also should implement other adjustments noted above to comply with statutory requirements for red-light TVS bail distribution. The court should make redistribution for the period of July 2009 through the date on which the current system is revised.

County's Response

The county concurred with the finding.

Court's Response

The court concurred with the finding.

**FINDING 4—
Inappropriate
distributions of red-
light violation cases –
Court**

The Solano Superior Court imposed fines for red-light offenses without implementing the statutory changes for county- and city-related red-light offenses from January 2003 through June 2009. The errors occurred because the court's accounting system has not been programmed to comply with the statutory requirements affecting the distribution of red-light traffic bail.

PC section 1463.11 requires, after deduction of the allowable 2% court automation fee, that 30% of the total bail (including state and local penalties) be posted to the county or city general fund in which the offenses occurred, and the balance (70%) be pursuant to PC sections 1463, 1464, and GC section 76100, respectively. State Court Facility Construction penalties are not referenced in this statute; however, GC section 70372(a) is subject to the distribution requirements in accordance with PC section 1463. Therefore, State Court Facility Construction penalties are subject to the 30% of allocation.

Failure to properly distribute red-light violation cases affected the revenues reported to the State Trial Court Improvement Fund under the MOE formula pursuant to GC section 77205. Additionally, the inappropriate distribution had the following effect:

<u>Account Title</u>	<u>Understated/ (Overstated)</u>
State Penalty Fund–PC §1464	\$ (45,198)
State Court Facility Construction Fund–GC §70372(a)	(19,368)
20% State Surcharge–PC §1465.7	(12,912)
County Penalty Fund–GC §76000	(45,197)
County Share of State Penalty Fund–PC §1464	(19,368)
County Share of City Base Fine–PC §1463.002	3,236
City Base Fine – Fairfield	56,228
City Base Fine – Vacaville	30,932
City Base Fine – Vallejo	30,269
City Base Fine – Suisun	11,492
City Base Fine – Benicia	7,470
City Base Fine – Rio Vista	1,613
City Base Fine – Dixon	803

Recommendation

The county should reduce subsequent remittances to the State Treasurer by \$77,478 and report on the remittance advice form (TC-31) decreases of \$45,198 to the State Penalty Fund–PC section 1464, \$19,368 to the State Court Facility Construction Fund–GC section 70372(a), and \$12,912 to the State 20% Surcharge–PC section 1465.7. The county also should implement other adjustments noted above to comply with statutory distribution requirements for red-light violation cases. The court should make redistribution for the period of July 2009 through the date on which the current system is revised.

County's Response

The county concurred with the finding.

Court's Response

The court concurred with the finding.

**FINDING 5—
Inappropriate
distribution of
driving-under-
influence and reckless
driving cases - Court**

The Solano Superior Court did not appropriately distribute the driving-under-the-influence (DUI) and reckless driving cases from December 2008 through June 2009. There were no distributions to the 20% State Surcharge and the State Immediate and Critical Needs Assessment (ICNA) Misdemeanor fund. Also, the base fine portion of the DUI and reckless driving cases was overstated.

In addition, the court prorated the distributions to the \$50 Lab Fee, \$50 Alcohol Program fee, and \$20 Indemnification of Victims restitution whenever the base fine was reduced. These fees should be distributed in the full amount out of the base fine portion of the bail regardless of any reductions to it. The error occurred because the court's accounting system was incorrectly programmed to distribute DUI and reckless driving cases during December 2008 through June 2009.

PC section 1465.7 requires that a State Surcharge of 20% be levied on all criminal base fines used to calculate the state penalty assessment, as specified in PC section 1464.

GC section 70373 requires that a \$30 fee be imposed for each felony or misdemeanor conviction to State ICNA fund.

PC section 1463.14(a) requires that a \$50 fee be distributed from the DUI and reckless driving base fines to the county Lab fund.

PC section 1463.16 requires that a \$50 fee be distributed from the DUI and reckless driving base fines to the county Alcohol Program Fund.

PC section 1463.18 requires that a \$20 fee be distributed from the DUI base fine to the State Restitution Fund.

Failure to properly distribute DUI and reckless driving cases affected the revenues reported to the State Trial Court Improvement Fund under the MOE formula pursuant to GC section 77205. Additionally, the inappropriate distributions had the following effect:

Account Title	Understated/ (Overstated)
20% State Surcharge–PC §1465.7	\$ 6,839
State Penalty Fund–PC §1464	5,558
ICNA \$30 Misdemeanor–GC §70372(a)	4,980
\$3 Court Facility Construction–GC §70372(a)	2,382
Critical Needs Penalty Assessment \$2–GC §70372(a)	1,588
DNA State–GC §76104.7	794
DNA State–GC §76104.6	199
County Penalty Fund–GC §76000	5,558
County Share of State Penalty Fund–PC §1464	2,382
County DNA–GC §76104.6	596
County Base Fine–PC §1463.001	(24,299)
City Base Fine – Vacaville	(2,021)
City Base Fine – Fairfield	(1,837)
City Base Fine – Vallejo	(1,411)
City Base Fine – Suisun	(404)
City Base Fine – Dixon	(404)
City Base Fine – Benicia	(360)
City Base Fine – Rio Vista	(140)

Recommendation

The county should submit subsequent remittances to the State Treasurer by \$22,340 and report on the remittance advice form (TC-31) increases of:

- \$6,839 to the State 20% Surcharge–PC section 1465.7;
- \$5,558 to the State Penalty Fund–PC section 1464;
- \$4,980 to State ICNA Misdemeanor Fund–GC section 70372(a);
- \$2,382 to the State Court facility Construction Fund–GC section 70372(a);
- \$1,588 to State ICNA Penalty Assessment Fund–GC section 70372(a); and
- \$993 to the State DNA Fund–GC section 76104.

The county also should implement other adjustments noted above to comply with statutory distribution requirements for DUI and reckless driving cases. The court should make redistribution for the period of July 2009 through the date on which the current system is revised.

County's Response

The county concurred with the finding.

Court's Response

The court concurred with the finding.

**FINDING 6—
Inappropriate
distribution of
juvenile traffic
violator school cases**

The Solano County Probation Department did not properly distribute juvenile traffic violator school cases from July 2003 through June 2009. There were no distributions to the 20% State Surcharge and State Court Facility Construction Fund as required by VC section 42007. Also, GC section 77205 requires that a \$2 distribution to the County Construction funds be deducted solely from the county 23% TVS fee account. The incorrect distributions understated the penalties, and overstated the county's 77% traffic violator school fee account and the county 23% TVS fee account.

The errors occurred because the Probation Department's computer system has not been programmed properly to comply with the statutory requirements affecting the distribution of juvenile TVS cases.

VC section 42007 requires the Solano Superior Court to include a \$3 penalty for every fine, penalty, or forfeiture imposed and collected to be deposited in the State Court Facilities Construction Fund in accordance with GC section 70372(a).

PC section 1465.7 requires a state surcharge of 20% to be levied on all criminal base fines used to calculate the state penalty assessment, as specified in PC section 1464. The surcharge should be applied to criminal fines including traffic violator school bail.

Failure to properly distribute for all TVS bail affected the revenues reported to the State Trial Court Improvement Fund under the MOE formula pursuant to GC section 77205. Additionally, the inappropriate distributions from the penalties had the following effect:

Account Title	Understated/ (Overstated)
State Court Facility Construction Penalty Fund—GC §70372(a)	\$ 40,842
State 20% Surcharge—PC §1465.7	25,910
County Share of City Base Fine—PC §1463.002	(16,649)
City Base Fine – Vacaville	(14,584)
City Base Fine – Fairfield	(14,238)
City Base Fine – Vallejo	(10,604)
City Base Fine – Benicia	(5,106)
City Base Fine – Suisun	(3,053)
City Base Fine – Dixon	(1,998)
City Base Fine – Rio Vista	(520)

Recommendation

The county should submit subsequent remittances to the State Treasurer by \$66,752 and report on the remittance advice form (TC-31) the following: an increase of \$25,910 to the 20% State Surcharge—PC section 1465.7 and an increase of \$40,842 to the State Court Facilities Construction Fund—GC section 70372(a). The county also should implement other adjustments noted above to comply with statutory distribution requirements for juvenile traffic violator school cases. The Probation Department should make redistributions for the period of July 2009 through the date on which the current system is revised.

County's Response

The Solano County Probation Department has already corrected the distribution in its computer system.

Court's Response

The court did not respond to this finding.

**FINDING 7—
Underremitted
controlled substance
revenue – Probation
Department**

The Solano County Probation Department underremitted the State's controlled substance revenue from FY 2003-04 through FY 2008-09. The revenue after deducting the allowable 2% automation fee should have been applied to a special distribution under Health and Safety Code (H&SC) section 11502. The error occurred because the Probation Department personnel overlooked the statutory requirements to distribute Controlled Substance revenue.

PC section 1463.001(b)(1) requires that base fines subject to specific distribution be distributed to the specified funds of the state or local agency.

H&SC section 11502 requires that controlled substance revenue be distributed as follows: 75% to the State General Fund and 25% to the county or city, depending on whether the arrest took place in the county or city.

The incorrect distribution had the following effect:

<u>Account Title</u>	<u>Understated/ (Overstated)</u>
State General Fund–Health and Safety Code §11502	\$ 5,095
County General Fund	(5,095)

Recommendation

The county should remit \$5,095 to the State Treasurer and report on the remittance advice form (TC-31) an increase of \$5,095 to the State General Fund–H&SC section 11502. The county should also make the corresponding account adjustment. The Probation Department should make redistribution for the period of July 2009 through the date on which the current system is revised.

County's Response

The county concurred with the finding.

Court's Response

The court did not respond to this finding.

**FINDING 8—
Overremitted State
Domestic Violence fee**

Solano Probation Department incorrectly distributed the Domestic Violence fee during the period of July 2003 through June 2009. The Probation distributed 2/3 of the domestic violence fee to the State instead of the county. As a result, the state domestic violence fee was overstated by \$4,104. The error occurred because the Probation Department's accounting system was incorrectly programmed to distribute domestic violence fee.

PC section 1203.097(a)(5) requires that a \$400 minimum fee as condition of probation on domestic violence cases. Two-thirds of the fee should go to the county domestic violence fund. The remaining 1/3 of the fee should be split evenly between the State Domestic Violence Restraining Order Fund and the State Domestic Violence Training and Education Program.

The incorrect distribution had the following effect:

Account Title	Understated/ (Overstated)
State Domestic Violence Restraining Order Fund—PC §1203.097	\$ (2,052)
State Domestic Violence Training and Education Program— PC §1203.097	(2,052)
County Domestic Violence fee	(4,104)

Recommendation

The county should reduce subsequent remittances to the State Treasurer by \$4,104 and report on the remittance advice form (TC-31) the following: a decrease of \$2,052 to the State Domestic Violence Restraining Order Fund—PC section 1203.097 and a decrease of \$2,052 to the State Domestic Violence Training and Education Program—PC section 1203.097. The Probation Department should make redistribution for the period of July 2009 through the date on which the current system is revised.

County's Response

The county concurred with the finding.

Court's Response

The court did not respond to this finding.

**FINDING 9—
Failure to implement
distribution priority –
Probation
Department**

The Solano County Probation Department did not properly prioritize its installment payments. The distributions for State surcharge, fines, penalties, and fees were all prorated from the installment payments. Probation Department personnel indicated that the accounting system had not been programmed correctly to comply with the required collection sequence.

PC section 1203.1d requires a mandatory prioritization in the distribution of all installment payments as follows:

1. Restitution Orders to victims
2. 20% State Surcharge
3. Fines, penalty assessments, and restitution fines
4. Other reimbursable costs

Any administration fees should be included within Category 4, other reimbursable costs.

Failure to make the required priority distribution causes distributions to the State and county to be inaccurately stated. We did not measure the dollar effect, as it did not appear to be material and because doing so would not be cost effective due to the difficulty in identifying and redistributing the various accounts.

Recommendation

The Solano County Probation Department should establish formal procedures to ensure that all installment payments distributed in accordance with the statutory requirements under PC section 1203.1d.

County's Response

The county concurred with the finding.

Court's Response

The court did not respond to this finding.

**FINDING 10—
Failure to Implement
Distribution Priority –
Court**

The court did not properly prioritize its installment payments. The distributions for State surcharge, fines, penalties, and fees were all prorated from the installment payments. Court personnel indicated that the accounting system had not been programmed correctly to comply with the required collection sequence.

PC section 1203.1d requires a mandatory prioritization in the distribution of all installment payments as follows:

1. Restitution Orders to victims
2. 20% State Surcharge
3. Fines, penalty assessments, and restitution fines
4. Other reimbursable costs

Any administration fees should be included within Category 4, Other reimbursable costs.

Failure to make the required priority distribution causes distributions to the state and county to be inaccurately stated. We did not measure the dollar effect, as it did not appear to be material and because doing so would not be cost effective due to the difficulty in identifying and redistributing the various accounts.

Recommendation

The court should take steps to establish formal procedures to ensure that all installment payments distributed in accordance with the statutory requirements under PC section 1203.1d.

County's Response

The county concurred with the finding.

Court's Response

The court did not respond to this finding.

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

OFFICE OF THE AUDITOR-CONTROLLER

Simona Padilla-Scholtens, CPA
Auditor-Controller

675 Texas Street, Suite #2800
Fairfield, California 94533-6338
Phone (707) 784-6280
Fax (707) 784-3553



Phyllis Taynton, CPA
Assistant Auditor-Controller

November 18, 2011

Mr. Steve Mar, Chief
Local Government Audits Bureau
Division of Audits
State Controller's Office
P.O. Box 942850
Sacramento, CA 94250-5874

Dear Mr. Mar:

This correspondence is in reference to your draft audit report of Solano County's court revenues for the period of July 1, 2003 through June 30, 2009. The following are my responses to your audit findings:

Finding 1: Overremitted excess of qualified fines, fees, and penalties.

Comments: We concur with the finding that the county overremitted to the State Treasurer the amount of \$951,375 representing 50% of the qualified fines, fees, and penalties for the period July 1, 2003 through June 30, 2009. However, we strongly disagree with the cause of the findings cited in the audit as due to the county's use of incorrect entries in its MOE distribution by not including accurate amount of qualified revenues for proper calculation. The real cause of the finding is the court accounting system erroneously distributed the fines and fees. The court's automated accounting system has contained distribution errors since the State's prior audit. The court is a State agency. The county has no authority to make changes to the court's accounting system to correct the problem.

Action taken: We will implement the applicable monetary adjustments included in the audit recommendation. The court should correct the system's distribution errors.

Finding 2: Inappropriate distribution of Traffic Violator School (TVS) bail.

Comments: We concur with the finding that the Solano Superior Court did not properly distribute the TVS bails from July 1, 2003 through June 30, 2009. We agree with the cause of the finding cited in the audit as due to the court's accounting system not properly programmed to comply with statutory requirements affecting the distribution of TVS cases.

Action taken: We will implement the monetary adjustments included in the audit recommendation. The court should correct the system's distribution errors.

Finding 3: Inappropriate distribution of 30% red-light traffic violator school cases - Court.

Comments: We concur with the finding that the Solano Superior Court did not distribute 30% of the red light TVS base fines and state and county penalties to the arresting agencies. Also, we agree with the

cause of the finding cited in the audit as due to the court's accounting system not properly programmed to comply with statutory requirements affecting the distribution of red-light TVS cases.

Action taken: We will implement the monetary adjustments included in the audit recommendation. The court should make the program modifications to correct the system's distribution errors.

Finding 4: Inappropriate distributions of red-light violation cases – Court.

Comments: We concur with the finding that the Solano Superior Court imposed fines for red-light offenses without implementing the statutory changes for county and city-wide related red-light offenses from January 2003 through June 2009. We agree with the cause of the finding cited in the audit as due to the court's accounting system not properly programmed to comply with statutory requirements affecting the distribution of red-light traffic bail.

Action taken: We will implement the monetary adjustments included in the audit recommendation. The court should correct the system's distribution errors.

Finding 5: Inappropriate distribution of driving-under-influence and reckless driving – Court.

Comments: We concur with the finding that the Solano Superior Court did not appropriately distribute the driving-under-the-influence (DUI) and reckless driving cases from December 2008 through June 2009. Also, we agree with the cause of the finding cited in the audit as due to the court's accounting system incorrectly programmed to distribute DUI and reckless driving cases.

Action taken: We will implement the monetary adjustments included in the audit recommendation. The court should formulate a corrective action plan to address the system's issue.

Finding 6: Inappropriate distribution of juvenile traffic violator school cases.

Comments: We concur with the finding that the Solano County Probation Department did not properly distribute juvenile traffic violator school cases from July 2003 through June 2009. We agree with the cause of the finding cited in the audit as due to the department's computer system not programmed properly to comply with the statutory requirements affecting the distribution of the juvenile TVS cases.

Action taken: The Solano County Probation Department has already corrected the distribution in its computer system. Also, we will implement the applicable monetary adjustments included in the audit recommendation.

Finding 7: Underremitted controlled substance revenue – Probation Department.

Comments: We concur with the finding that the Solano County Probation Department underremitted the State's controlled substance revenue from FY 2003-04 through FY 2008-09. Also, we agree with the cause of the finding as due to the inadvertent error of the department's staff in the application of the statutory requirements to distribute controlled substance revenues.

Action taken: The department has already initiated corrective action by training its staff on the correct application of statutory requirements to distribute controlled substance revenues. Also, we will implement the monetary adjustments included in the audit recommendation.

Finding 8: Overremitted State Domestic Violence Fee.

Comments: We concur with the finding that the Solano Probation Department incorrectly distributed the Domestic Violence Fee during the period July 2003 through June 2009. Also, we agree with the cause of the finding cited in the audit as due to the incorrect programming to the department's accounting system.

Action Taken: The Solano County Probation Department has already corrected the program to its computer system. Also, we will implement the monetary adjustments included in the audit recommendation.

Finding 9: Failure to implement distribution priority – Probation Department

Comments: We concur with the finding that the Solano County Probation Department did not correctly prioritize its installment payments received. Also, we agree with the cause of the finding that the accounting system has not been programmed properly to comply with the collection sequence. There is no dollar effect on this finding because the amount is immaterial.

Action taken/requested:

The department has already corrected the program in the computer system to comply with the collection sequence required by statute. Request this finding be removed from the final version of the audit report.

Finding 10: Failure to implement distribution priority – Court.

Comments: We concur with the finding that the Solano County Superior Court did not properly prioritize its installment payments. Also, we agree with the cause of the finding that the accounting system was not programmed correctly to comply with the correction sequence. There is no dollar effect on this finding because the amount is immaterial.

Action taken:

The court should formulate a corrective action plan to address the system's programming errors.

Follow-up on Prior Audit Findings:

Comments: The draft audit report states the county has resolved the findings "with the exception of the overremitted domestic violence fee....". We did not find this exception in the previous audit report. Instead, your current audit disclosed this as a finding (see Finding 8). Also, as indicated in our response to Finding 8, this problem has been corrected.

Action requested: We request this finding be removed from the final version of the audit report.

In addition, in the cover letter of your draft audit report dated October 21, 2011, you indicate the county will be billed for the penalty (interest) on the underremittance of the State Court Facilities

Construction Fund. I am under the impression you are referring to Schedule 2 on page 6 of the report. Are you going to deduct the overremittance in Schedule 3 and calculate the penalty on the difference? Please clarify.

Lastly, as I discussed over our phone conversation, I do not agree with the presentation of your report. In developing the audit findings, the cause should be clearly communicated. In several of your findings the cause of the under and over remittance was clearly due to the court's distribution errors within the court's accounting system. These programming errors should be corrected by the courts and addressed by the Administrative Office of the Courts and/or the Judicial Council. Allowing these types of errors to continue puts the county and other local agencies at risk in having to return the money in future years.

If you have any question, please call me at (707) 784-6287.

Sincerely,


Simona Padilla-Scholtens, CPA
Auditor-Controller

Cc: Birgitta Corsello, CAO
Brian Taylor, Court Executive Officer
Lorenzo Zialcita, Budget Officer
D. Scott Daniels, Presiding Judge

**Attachment B—
Court's Response to
Draft Audit Report**



Superior Court of California County of Solano

November 17, 2011

Jeffrey V. Brownfield
Chief, Division of Audits
California State Controller
3301 C Street, Suite 700
Sacramento, CA 95816

Dear Mr. Brownfield:

The following is Solano Superior Court's corrective action plan addressing each finding described in the audit report pertaining to court revenues for the period July 1, 2003 through June 30, 2009:

Finding 2: Inappropriate distribution of Traffic Violator School (TVS) bail - Court

Response:

The Court agrees with the recommendation to make redistributions of Traffic Violator School cases for our Fairfield Branch Court to properly distribute to the County Medical Emergency Service and State Court Facility Construction Fund for the period beginning July 2009 until our new case management system is implemented.

The Court does not agree that our Vallejo Branch Court used improper base fine amounts to compute the 20% state surcharge on all cases. The Court randomly obtained sample cases and found that 50% of the selected cases were not distributing the 20% state surcharge appropriately and 50% were distributing the 20% state surcharge appropriately. We verified that the 20% state surcharge is properly set up in the revenue distribution table of our case management system. However, we agree with the recommendation to make redistributions of Traffic Violator School cases for our Vallejo Branch Court for the period beginning July 2009 until our new case management system is implemented.

The distribution of \$1 to the County Jailhouse Construction Fund and \$1 to the County Courthouse Construction Fund was set up and distributed correctly in the court's case management system in accordance with the distribution table contained in Appendix C of the *Manual of Accounting and Audit Guidelines for Trial Courts* provided by the State Controller's Office. Pursuant to the Criminal Related Fee Distribution table under VC 42007 described in Appendix C of the *Manual of Accounting and Audit Guidelines for Trial Courts*, \$1 of the balance of the traffic violator school fee should be distributed to the County Courthouse Construction Fund, and \$1 to the Criminal Justice Facilities Construction Fund. Therefore, we do not agree that the court's distribution to said funds is incorrect.

Finding 3: Inappropriate distribution of 30% red-light traffic violator school cases – Court

Response:

The Court agrees to make redistributions of red-light traffic violator school cases for the period beginning July 2009 until our new case management system is implemented.

Hall of Justice
600 Union Avenue
Fairfield, CA 94533

Law and Justice Center
530 Union Avenue
Fairfield, CA 94533

Solano Justice Building
321 Tuolumne Street
Vallejo, CA 94590

11/17/2011

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Finding 4: Inappropriate distribution of red light violation cases – Court

Response:

The Court agrees to make redistributions of red light violation cases for the period beginning July 2009 until our new case management system is implemented.

Finding 5: Inappropriate distribution of driving-under-influence (DUI) and reckless driving cases – Court

Response:

The Court fixed the distribution table in our case management system to apply the 20% State Surcharge to DUI and Reckless Driving violations on November 30, 2009. Therefore, we will make redistributions of DUI and reckless driving cases for period of July 2009 through November 2009.

If you have any questions concerning our responses, please contact Agnes Weaver, Court Fiscal Manager at 707 207 7470.

Sincerely,



Brian Taylor
Court Executive Officer

Send a copy to: D. Scott Daniels, Presiding Judge
Sharon Hoover, Assistant Court Executive Officer
Simona Padilla-Scholtens, County Auditor-Controller

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

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