

YOLO COUNTY

Audit Report

COURT REVENUES

July 1, 2002, through June 30, 2008



JOHN CHIANG
California State Controller

June 2011



JOHN CHIANG
California State Controller

June 17, 2011

The Honorable Howard Newens, C.I.A., C.P.A.
Yolo County Auditor-Controller
and Treasurer-Tax Collector
625 Court Street, Room 103
P.O. Box 1268
Woodland, CA 95776

James Perry
Executive Officer
Yolo County Superior Court
725 Court Street, Room 308
Woodland, CA 95695

Dear Mr. Newens and Mr. Perry:

The State Controller's Office audited Yolo County's court revenues for the period of July 1, 2002, through June 30, 2008.

Our audit disclosed that the county overremitted a net of \$13,767 in court revenues to the State Treasurer because it:

- Underremitted the 50% of excess qualified by \$341,993;
- Overstated traffic violator school bail by \$586,852; and
- Underremitted the State Penalty Fund by \$231,092.

The County Auditor-Controller's Office should reduce subsequent remittances to the State Treasurer by \$13,767.

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, 2002, through June 30, 2008.

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

John Cobbinah, 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

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: The Honorable Matt Rexroad, Chair
Board of Supervisors, Yolo County
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
Scott Taylor, 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 Yolo County for the period of July 1, 2002, through June 30, 2008.

Our audit disclosed that the county overremitted a net of \$13,767 in court revenues to the State Treasurer because it:

- Underremitted the 50% of excess qualified by \$341,993;
- Overstated traffic violator school bail by \$586,852; and
- Underremitted the State Penalty Fund by \$231,092.

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 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.

Government Code section 68103 requires that the State Controller determine whether or not all court collections remitted to the State Treasurer are complete. Government Code section 68104 authorizes the State Controller to examine records maintained by any court. Furthermore, Government Code 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, 2002, through June 30, 2008. We did not review the timeliness of any remittances the county may be required to make under Government Code 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 and Auditor-Controller's Office.

We performed the following procedures:

- Reviewed the accuracy of distribution reports prepared by the county, 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

Yolo County overremitted a net of \$13,767 in court revenues to the State Treasurer. The overremittance is 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 December 2003, with the exception of incorrect distribution of fish and game revenues, as described in Finding 4 of this report.

Views of Responsible Officials

We issued a draft audit report on February 18, 2011. Howard Newens, Auditor-Controller and Treasurer-Tax Collector, responded by letter dated March 24, 2011 (Attachment A), agreeing with the audit results. Further, James B. Perry, Court Executive Officer, responded by letter dated March 17, 2011 (Attachment B), agreeing with the audit results. Additionally, the county requested that the SCO modify the language in the body of the report to state that the majority of the under- and overremittances are attributable to the improper distribution of collections by the Yolo Superior Court. Of the five findings noted, four pertain to the Superior Court, as reflected in the Findings section of this report. Therefore, the language in the body of our report has not been modified.

Restricted Use

This report is solely for the information and use of Yolo County, the Yolo 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

June 17, 2011

Schedule 1— Summary of Audit Findings by Fiscal Year July 1, 2002, through June 30, 2008

Description	Account Title ¹	Code Section	Fiscal Year					Total	Reference ²	
			2002-03	2003-04	2004-05	2005-06	2006-07			2007-08
County										
Underremitted 50% excess of qualified fine, fees, and penalties	State Trial Court Improvement Fund	GC §77205	\$ (55,770)	\$ 10,365	\$ 122,740	\$ 119,024	\$ 91,156	\$ 54,478	\$ 341,993	Finding 1
Court										
Incorrect distribution of TVS violation cases	20% State Surcharge	PC §1465.7	53,288	16,219	6,617	4,796	4,038	5,870	90,828	Finding 2
	2% State Court Automation Fee	GC §68090.8	—	(1,930)	3,387	2,801	3,088	4,244	11,590	
	State Penalty Assessment	PC §1464	—	(172,844)	(251,274)	(200,214)	(115,095)	(1,107)	(740,534)	
	State Court Facility Construction Fund	GC §70372	—	35,781	12,288	8,272	3,394	7,309	67,044	
	State DNA Identification Fund	GC §76104.6	—	—	(52)	(1,240)	(3,106)	(2,529)	(6,927)	
	State DNA Identification Fund	GC §76104.7	—	—	—	—	(3,814)	(5,039)	(8,853)	
Understated State Penalty Fund	State Penalty Assessment		1,175	(25,492)	(56,825)	(51,461)	76,038	287,657	231,092	Finding 3
Total			<u>\$ (1,307)</u>	<u>\$(137,901)</u>	<u>\$(163,119)</u>	<u>\$(118,022)</u>	<u>\$ 55,699</u>	<u>\$ 350,883</u>	<u>\$ (13,767)</u>	

Legend: GC = Government Code; PC = Penal Code

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 See Findings and Recommendations section.

**Schedule 2—
Summary of Underremittances by Month
Trial Court Improvement Fund
July 1, 2002, through June 30, 2008**

<u>Month</u>	<u>Fiscal Year</u>					
	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	
June	<u>\$ (55,770)</u>	<u>\$ 10,365</u>	<u>\$ 122,740</u>	<u>\$ 119,024</u>	<u>\$ 91,156</u>	<u>\$ 54,478</u>
Total under/(over)- remittances to the State Treasurer	<u>\$ (55,770)</u>	<u>\$ 10,365</u>	<u>\$ 122,740</u>	<u>\$ 119,024</u>	<u>\$ 91,156</u>	<u>\$ 54,478</u>

NOTE: Delinquent Trial Court Trust 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 68085(h). The SCO will calculate and bill the county for the penalty after the county pays the underlying amount owed.

**Schedule 3—
Summary of Underremittances by Month
State Court Facilities Construction Fund
July 1, 2002, through June 30, 2008**

Month	Fiscal Year				
	2003-04	2004-05	2005-06	2006-07	2007-08
July	\$ 2,982	\$ 1,024	\$ 689	\$ 283	\$ 609
August	2,982	1,024	689	283	609
September	2,982	1,024	689	283	609
October	2,982	1,024	689	283	609
November	2,982	1,024	689	283	609
December	2,982	1,024	689	283	609
January	2,982	1,024	689	283	609
February	2,982	1,024	689	283	609
March	2,982	1,024	689	283	609
April	2,982	1,024	689	283	609
May	2,982	1,024	689	283	609
June	2,979	1,024	693	281	610
Total underremittances to the State Treasurer	<u>\$ 35,781</u>	<u>\$ 12,288</u>	<u>\$ 8,272</u>	<u>\$ 3,394</u>	<u>\$ 7,309</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 4—
Summary of Overremittances by Month
July 1, 2002, through June 30, 2008**

Month	Fiscal Year					
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
July	\$ (109)	\$ (11,492)	\$ (13,593)	\$ (9,835)	\$ 4,642	\$ 29,240
August	(109)	(11,492)	(13,593)	(9,835)	4,642	29,240
September	(109)	(11,492)	(13,593)	(9,835)	4,642	29,240
October	(109)	(11,492)	(13,593)	(9,835)	4,642	29,240
November	(109)	(11,492)	(13,593)	(9,835)	4,642	29,240
December	(109)	(11,492)	(13,593)	(9,835)	4,642	29,240
January	(109)	(11,492)	(13,593)	(9,835)	4,642	29,240
February	(109)	(11,492)	(13,593)	(9,835)	4,642	29,240
March	(109)	(11,492)	(13,593)	(9,835)	4,642	29,240
April	(109)	(11,492)	(13,593)	(9,835)	4,642	29,240
May	(109)	(11,492)	(13,593)	(9,835)	4,642	29,240
June	(108)	(11,490)	(13,591)	(9,836)	4,637	29,243
Total underremittances to the State Treasurer	<u>\$ (1,307)</u>	<u>\$ (137,902)</u>	<u>\$ (163,114)</u>	<u>\$ (118,021)</u>	<u>\$ 55,699</u>	<u>\$ 350,883</u>

Findings and Recommendations

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

The County Auditor-Controller's Office underremitted by \$341,993 the 50% excess of qualified fines, fees, and penalties to the State Treasurer for the six fiscal year (FY) period starting July 1, 2002, and ending June 30, 2008.

Government Code (GC) section 77201(b)(2) requires Yolo County, for its base revenue obligation, to remit \$880,798 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 incorrect entries were used in the county's distribution working paper and from the fiscal impact of conditions identified in this report's findings as follows:

- When preparing the maintenance-of-effort (MOE), the county did not include all qualified revenues for a proper calculation. A net total of \$167,868 should have been included in the MOE.
- As stated in Finding 2, Yolo Superior Court did not appropriately distribute the Traffic Violation School (TVS) bail. The inappropriate distributions caused understatements of the county TVS account by a net total of \$632,920, which should have been included in the MOE.
- As stated in Finding 3, Yolo Superior Court did not appropriately distribute the state penalty assessment fund. The inappropriate distributions caused an understatement of the county share of the 30% state penalty assessment fund by \$79,472, which should have been included in the MOE.
- When preparing the MOE, the county overpaid the FY 2002-03 MOE by a net total of \$98,138. This amount should have been deducted from the subsequent payment.

The adjusted qualified revenues reported for FY 2002-03 were \$1,860,832. The excess, above the base of \$880,798, is \$980,034; this amount should be divided equally between the county and State, resulting in \$490,017 excess due the State. The county has remitted a previous payment of \$545,787, causing an overremittance of \$55,770.

The adjusted qualified revenues reported for FY 2003-04 were \$1,744,032. The excess, above the base of \$880,798, is \$863,234; this amount should be divided equally between the county and State, resulting in \$431,617 excess due the State. The county has remitted a previous payment of \$421,252, causing an underremittance of \$10,365.

The adjusted qualified revenues reported for FY 2004-05 were \$1,927,680. The excess, above the base of \$880,798, is \$1,046,882; this amount should be divided equally between the county and State, resulting in \$523,441 excess due the State. The county has remitted a previous payment of \$400,701, causing an underremittance of \$122,740.

The adjusted qualified revenues reported for FY 2005-06 were \$1,907,744. The excess, above the base of \$880,798, is \$1,026,946; this amount should be divided equally between the county and State, resulting in \$513,473 excess due the State. The county has remitted a previous payment of \$394,449, causing an underremittance of \$119,024.

The adjusted qualified revenues reported for FY 2006-07 were \$1,920,796. The excess, above the base of \$880,798, is \$1,039,998; this amount should be divided equally between the county and State, resulting in \$519,999 excess due the State. The county has remitted a previous payment of \$428,843, causing an underremittance of \$91,156.

The adjusted qualified revenues reported for FY 2007-08 were \$1,951,980. The excess, above the base of \$880,798, is \$1,071,182; this amount should be divided equally between the county and State, resulting in \$535,591 excess due the State. The county has remitted a previous payment of \$481,113, causing an underremittance of \$54,478.

The under-and overremittances had the following effect:

Account Title	Understated/ (Overstated)
Trial Court Improvement Fund–GC section 77205:	
FY 2002-03	\$ (55,770)
FY 2003-04	10,365
FY 2004-05	122,740
FY 2005-06	119,024
FY 2006-07	91,156
FY 2007-08	54,478
County General Fund	341,993

Recommendation

The county should remit \$341,993 to the State Treasurer and report on the remittance advice form (TC-31) an increase to the State Trial Court Improvement Fund–GC section 77205. The county should also make the corresponding account adjustments.

County’s Response

The County agrees with the finding. Part of the under remittance was due to following prior office practice of calculating the excess based on May and April collections/distributions. This practice has been corrected.

The remaining under remittance is attributable to the Yolo Superior Court not distributing TVS bail and the state penalty correctly.

**FINDING 2—
Inappropriate
distribution of traffic
violator school bail**

The Yolo Superior Court did not properly distribute traffic violator school (TVS) bail. The court used a distribution formula that included distributions to base fines and state penalty and county penalty assessments. The TVS bail should be distributed as fees, not as fines and penalties. The errors occurred because the court’s accounting system has not been programmed to comply with the statutory requirements affecting the distribution of TVS bail.

Effective July 1, 1998, Vehicle Code (VC) section 42007 requires a distribution from TVS bail to the city base fines before the remainder of TVS bail is distributed to the county general fund. VC section 42007.3 requires that the city base fines be derived from a multiple of the total base fine and not the total bail.

Penal Code (PC) section 1463.11 requires that 30% of red light violations be distributed to the county or city general fund in which the offense occurred. In addition, if the red light violation is referred to traffic school, VC section 42001 requires 30% of the traffic violator fee to be distributed to the county or city where the offense occurred.

Per DNA Penalty Assessment (Proposition 69) Distribution Guidelines, DNA Identification Penalty Assessment is part of the total TVS fee. Therefore, it should be distributed to the county’s general fund.

GC section 68090.8 requires that the 2% automation fee should be deducted from all fines, penalties, and forfeitures. GC section 70372 states that State Court Facility Construction Fund should be treated in a similar manner as the other penalty assessment and that the 2% court automation fee is applicable.

Failure to properly distribute TVS bail affected the revenues reported to the State Trial Court Improvement Fund under the maintenance-of-effort formula (see Finding 1). Additionally, the incorrect distribution had the following effect:

Account Title	Understated/ (Overstated)
20% State Surcharge	\$ 90,828
State Court Facility Construction Penalty Assessment	67,044
State 2% Automation	11,590
State Penalty Assessment	(740,534)
State DNA–GC §76104.6	(6,927)
State DNA–GC §76104.7	(8,853)
County TVS–VC §72007.01	2,005,238
Maddy EMS	68,493
County Fines–Collections	(610,732)
County Penalty Fund 30% Share	(329,909)
County Base Fine–PC §1463.001	(164,206)
County EMS Penalty Assessment Fee	(91,959)
County Penalty Assessment	(54,641)
Criminal Justice Construction–County Fine	(22,654)
Courthouse Construction–County Fine	(22,654)
Courthouse Construction–County Penalty	(18,188)
Criminal Justice Construction–County Penalty	(18,170)

<u>Account Title</u>	<u>Understated/ (Overstated)</u>
County DNA–GC §76104.6	(6,927)
PA BD Controlled Courthouse Construction	(2,606)
City of Davis Fine	(71,577)
City of Woodland Fine	(36,141)
City of West Sacramento Fine	(33,427)
City of Winters Fine	(3,088)

Recommendation

The county should reduce subsequent remittances to the State Treasurer by \$586,852 and report on the remittance advice form (TC-31) the following: an increase in the amount of \$90,828 to the 20% State Surcharge–PC section 1465.7, an increase of \$67,043 to State Court Facility Construction Penalty Assessment–GC section 70372, an increase of \$11,590 to State 2% Automation fund–GC section 68090.8, a decrease of \$740,534 to State Penalty Assessment Fund–PC section 1464, a decrease of \$6,926 to State DNA Identification Fund–GC section 76104.6, and a decrease of \$8,853 to State DNA Identification Fund–GC section 76104.7. The county also should implement adjustments noted above to comply with statutory requirements for TVS bail distribution. The court should make redistribution for the period of July 2008 through the date the current system is revised.

Court's Response

The Court agrees with this finding. The Court made all necessary programming adjustments to the accounting system as of 07/14/2008. Documentation to support compliance with the proper distribution of funds will be provided, if requested.

**FINDING 3—
Underremitted State
Penalty Fund**

The Yolo County Superior Court incorrectly distributed the State Penalty Fund revenue during the periods of July 2002 through June 2008. The State Penalty Fund was understated by \$231,092. The error occurred because the court’s accounting system was incorrectly programmed to distribute penalties.

PC section 1464 requires that a \$10 penalty assessment be added for every \$10 or fraction of fine that is imposed. In addition, 70% of the penalty assessment should be distributed to the State Penalty Fund and 30% of the penalty assessment to the county general fund. Also, the 30% of county share of the state penalty should be included in the MOE calculation.

GC section 76000 requires that an additional penalty of \$7 per every \$10 or fraction of fine be imposed and distributed to the county.

The incorrect distribution had the following effect:

Account Title	Understated/ (Overstated)
State Penalty Fund	\$ 231,092
County share of State Penalty Fund	79,472
County Penalty Fund	(310,564)

Recommendation

The county should remit \$231,092 to the State Treasurer and report on the remittance advice form (TC-31) an increase of \$231,092 to the State Penalty Fund. The county should also make the corresponding account adjustments.

Court’s Response

The Court agrees with this finding. The Court made all necessary programming adjustments to the accounting system as of 07/14/2008. Documentation to support compliance with the proper distribution of funds will be provided, if requested.

**FINDING 4—
Incorrect distribution
of fish and game
revenues**

This is a repeat finding that was identified in the prior audit period of July 1, 1998, through June 30, 2002, issued on December 2003.

The Yolo Superior Court did not correctly distribute the fish and game revenues for FY 2002-03 through FY 2007-08. The court deducted the 2% automation fees from the state and county penalties but not from the fine portion of the bail. The error occurred because of an incorrect formula in the court's accounting system used to distribute revenues.

The fish and game fines, net of the allowable 2% automation fees, are required to be distributed under Fish and Game Code (F&GC) section 13003 in this manner: 50% each to the State Fish and Game Preservation Fund, and the County Fish and Wildlife Propagation Fund.

Additionally, the court did not impose a \$15 secret witness program assessment for F&GC violations in which the defendant fails to produce a fishing license in court. This assessment is required to be implemented in January 1995 under F&GC section 12021.

The incorrect distribution caused the State Trial Court Improvement Fund to be understated and the state and county accounts to be overstated. The amount of the error is not significant for the audit period.

Recommendation

The court should change its distribution formulas for fish and game revenues to comply with the statutory requirements.

Court's Response

The Court agrees with this finding. The Court made all necessary programming adjustments to the accounting system as of 07/14/2008. Additionally, the Court has adopted procedures to ensure the \$15 secret witness program assessment for F&GC violations are imposed appropriately. Documentation to support compliance with the proper distribution of funds will be provided, if requested.

**FINDING 5—
Inappropriate
distribution of 30%
red-light traffic
allocations**

The Yolo Superior Court incorrectly distributed 30% of the new emergency medical services (EMS) and DNA penalties from red-light traffic violations in FY 2007-08. 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 30% of base fines, state and county penalties (PC sections 1463 and 1464 and 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 is subject to the distribution requirements in accordance with PC section 1463. Therefore, state court facility construction penalties are subject to the 30% allocation.

EMS penalties pursuant to GC section 76000.5 and DNA penalties pursuant to GC sections 76104.6 and 76104.7 are not subject to the 30% distribution. These statutes require full distribution prior to the requirements set forth in PC section 1463.

The inappropriate distributions for EMS penalties and DNA penalties affect the revenues reported to the State Trial Court Improvement Fund under the maintenance-of-effort formula pursuant to GC section 77205. We did not redistribute the 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. However, if this practice continues, a material overstatement may occur during future periods.

Recommendation

The court should establish formal procedures to ensure that EMS penalties pursuant to GC section 76000.5 and DNA penalties pursuant to GC sections 76104.6 and 76104.7 are not included as part of the 30% red-light offset distribution. An examination and potential redistribution should be made for the collection period starting July 2007 through the date on which the current system is revised.

Court's Response

The Court agrees with this finding. The Court made all necessary programming adjustments to the accounting system as of 07/14/2008. Documentation to support compliance with the proper distribution of funds will be provided, if requested.

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



County of Yolo

www.yolocounty.org

HOWARD H. NEWENS, CIA, CPA

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TREASURER-TAX COLLECTOR

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March 24, 2011

California State Controller's Office
Steven Mar, Chief
Local Government Audits Bureau
Division of Audits
PO Box 942850
Sacramento, CA 94250-5874

Re: Audit of Yolo County's court revenues for the period of July 1, 2002 through June 30, 2008 responses

Mr. Mar:

Please accept this letter as Yolo County's response to the above-mentioned audit report and the transmittal letter accompanying the audit report.

General comments:

We appreciated the professional conduct of the staff assigned to the engagement.

We request that the wording in the report could be changed slightly to highlight the fact that the majority of the under and over remittances is mostly attributable to the improper distributions of collections by the Yolo Superior Court. For example the summary states the "*The State Controller's Office (SCO) performed an audit to determine the propriety of court revenues remitted to the State of California by Yolo County for the period of July 1, 2002 through June 30, 2008.*" We would like this changed to state, "*The State Controller's Office (SCO) performed an audit to determine the propriety of court revenues remitted to the State of California by Yolo County, as collected and distributed by the Yolo Superior Court*" The "conclusion" and "follow-up prior audit findings" sections, again, do not mention the role of the Yolo Superior Court even though the improper distribution of fish and game revenues rests solely with the Yolo Superior Court. Also any accompanying transmittal letter should also reflect the actual roles and responsibilities of the County and the Yolo Superior Court.

It is also noted in the transmittal letter that the SCO will calculate a penalty on the under remitted amounts. We trust the calculation will also take into account the fact that the County actually **over remitted** \$13,767 in the aggregate.

ASSURANCE OF ACCOUNTABILITY

1/2

Steven Mar
March 24, 2011
Page 2 of 2

Responses to findings:

Finding 1 – Under remitted excess of qualified fines, fees and penalties

The County agrees with the finding. Part of the under remittance was due to following prior office practice of calculating the excess based on May to April collections/distributions. This practice has been corrected.

The remaining under remittance is attributable to the Yolo Superior Court not distributing TVS bail and the state penalty correctly.

Finding 2 – Inappropriate distribution of traffic violator school bail.

The response for this finding needs to be addressed by the Yolo Superior Court. The County does not collect or distribute these funds.

Finding 3 – Under remitted State penalty fund

The response for this finding needs to be addressed by the Yolo Superior Court. The County does not collect or distribute these funds.

Finding 4 – Incorrect distribution of fish and game revenues

The response for this finding needs to be addressed by the Yolo Superior Court. The County does not collect or distribute these funds.

Finding 5 – Inappropriate distribution of 30% red-light traffic allocations

The response for this finding needs to be addressed by the Yolo Superior Court. The County does not collect or distribute these funds.

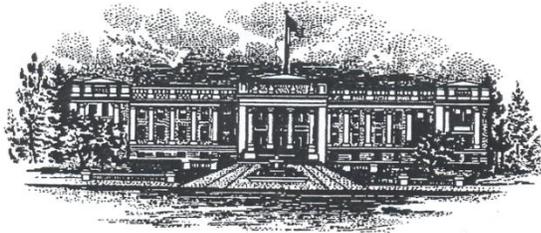
Sincerely,



Howard Newens
Auditor-Controller, Treasurer-Tax Collector

CC: Jim Perry, Executive Officer, Yolo Superior Court
Patrick Blacklock, Yolo County Administrator

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



SUPERIOR COURT

Of the State of California for the
COUNTY OF YOLO
Executive Office
725 Court Street, Room 308
Woodland CA 95695
www.yolo.courts.ca.gov
(530) 406-6838

James B. Perry
Court Executive Officer

March 17, 2011

Steven Mar
Chief, Local Government Audits Bureau
State Controller's Office, Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874

RE: State Controllers' Office audit of Yolo County's court revenues for the period of July 1, 2002, through June 30, 2008

Dear Mr. Mar:

The Audit Report identifies five (5) findings, four of which pertain to the Yolo Superior Court's distribution of fines, fees, and penalties. Following is the Court's response to each of the four findings. One particular item the audit findings do not appear to address is the Court's Comprehensive Collection Program, where the Court permits defendants to make payments over time. The audit of Court revenues does not appear to consider the age of the accounts collected during the audit period, some of which may have been calculated correctly at the time of the violation, but not necessarily according to the formula in place at the time of collection for new fines. These payments often span a number of years before final payment is collected. The fines, fees, and penalties subject to the audit represent actual monies collected during the audit period, including the payments over time. The fines are imposed as of the violation date, and the distribution of those monies is determined using the formula established as of the violation date.

Finding 2 – Inappropriate distribution of traffic violator school bail

Audit finding: The Yolo Superior Court did not properly distribute traffic violator school (TVS) bail. The court used a distribution formula that included distributions to base fines and state penalty and county penalty assessments. The TVS bail should be distributed as fees, not as fines and penalties. The errors occurred because the court's accounting system has not been programmed to comply with the statutory requirements affecting the distribution of TVS bail.

Court Response: The Court agrees with this finding. The Court made all necessary programming adjustments to the accounting system as of 07/14/2008. Documentation to support compliance with the proper distribution of funds will be provided, if requested.

1/2

Steven Mar
March 17, 2011
Page Two

Finding 3 – Underremitted State Penalty Fund

Audit finding: The Yolo Superior Court incorrectly distributed the State Penalty Fund revenue during the periods of July 2002 through June 2008. The State Penalty Fund was understated by \$231,092. The error occurred because the court's accounting system was incorrectly programmed to distribute penalties.

Court Response: The Court agrees with this finding. The Court made all necessary programming adjustments to the accounting system as of 07/14/2008. Documentation to support compliance with the proper distribution of funds will be provided, if requested.

Finding 4 – Incorrect Distribution of fish and game revenues

Audit finding: The Yolo Superior Court did not correctly distribute the fish and game revenues for FY 2002-03 through FY 2007-08. The court deducted the 2% automation fees from the state and county penalties but not from the fine portion of the bail. The error occurred because of an incorrect formula in the court's accounting system used to distribute revenues. Additionally, the court did not impose a \$15 secret witness program assessment for F&GC violations in which the defendant fails to produce a fishing license in court.

Court Response: The Court agrees with this finding. The Court made all necessary programming adjustments to the accounting system as of 07/14/2008. Additionally, the Court has adopted procedures to ensure the \$15 secret witness program assessment for F&GC violations are imposed appropriately. Documentation to support compliance with the proper distribution of funds will be provided, if requested.

Finding 5 – Inappropriate distribution of 30% red-light traffic allocations

Audit finding: The Yolo Superior Court incorrectly distributed 30% of the new emergency medical services (EMS) and DNA penalties from red-light traffic violations in FY 07-08. 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.

Court Response: The Court agrees with this finding. The Court made all necessary programming adjustments to the accounting system as of 07/14/2008. Documentation to support compliance with the proper distribution of funds will be provided, if requested.

Sincerely,


James B. Perry
Court Executive Officer

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

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