

# **SAN DIEGO COUNTY**

Audit Report

## **COURT REVENUES**

*July 1, 2006, through June 30, 2013*



**JOHN CHIANG**  
California State Controller

September 2014



**JOHN CHIANG**  
**California State Controller**

September 24, 2014

The Honorable Tracy Sandoval  
Auditor-Controller  
San Diego County  
5530 Overland Avenue, Suite 410  
San Diego, CA 92123

Michael Roddy  
Court Executive Officer  
Superior Court of California, San Diego County  
220 West Broadway  
San Diego, CA 92101

Dear Ms. Sandoval and Mr. Roddy:

The State Controller's Office audited San Diego County's court revenues for the period of July 1, 2006, through June 30, 2013.

Our audit found that the county underremitted \$190,492 in court revenues to the State Treasurer because it:

- Underremitted 50% excess fines, fees, and penalties by \$182,253
- Underremitted penalties and surcharges from probation DUI alcohol violations by \$18,005
- Underremitted penalties and surcharges from superior court DUI alcohol violations by \$570,079
- Overremitted emergency medical air transportation penalties by \$579,845

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, 2006, through June 30, 2013.

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

Jerry Zhou, 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 94250-5872

**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 in accordance with Government Code sections 68085, 70353, and 70377.**

If you have any questions, please contact Elizabeth Gonzalez, Chief, Local Government Compliance Bureau, by telephone at (916) 324-0622.

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/kw

cc: Honorable Dianne Jacob, Chairperson  
San Diego County Board of Supervisors  
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  
Richard J. Chivaro, Chief Counsel  
State Controller's Office

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# Audit Report

## Summary

The State Controller's Office (SCO) performed an audit to determine the propriety of court revenues remitted to the State of California by San Diego County for the period of July 1, 2006, through June 30, 2013.

Our audit found that the county underremitted \$190,492 in court revenues to the State Treasurer because it:

- Underremitted 50% excess fines, fees, and penalties by \$182,253
- Underremitted penalties and surcharges from probation DUI alcohol violations by \$18,005
- Underremitted penalties and surcharges from superior court DUI alcohol violations by \$570,079
- Overremitted emergency medical air transportation penalties by \$579,845

## 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 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 SCO 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 SCO 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, 2006, through June 30, 2013. 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, Revenue and Recovery Department, and Auditor-Controller's Office.

We performed the following procedures:

- Reviewed the accuracy of distribution reports prepared by the county that 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**

San Diego County underremitted \$190,492 in court revenues to the State Treasurer. The underremittances and overremittances are summarized in Schedule 1 and described in the Findings and Recommendations section of this report.

## **Follow-Up on Prior Audit Findings**

The county has satisfactorily resolved the findings noted in our prior audit report, issued April 29, 2011, with the exception of Finding 3 and Finding 4 in this report, which are repeat findings.

**Views of  
Responsible  
Officials**

We issued a draft audit report on July 14, 2014. Tracy Sandoval, County Auditor-Controller, responded by letter dated August 15, 2014 (Attachment A), agreeing with the audit results. However, Ms. Sandoval requested that the narrative in Finding 3 be revised to acknowledge that the procedures had been implemented by the county to correct the error as of February 2014. Also, Ms. Sandoval did not respond to Finding 6. Further, Michael Roddy, Court Executive Officer, responded by letter dated July 30, 2014 (Attachment B), agreeing with the audit results. However, Mr. Roddy did not respond to Finding 1 through 3.

**Restricted Use**

This report is solely for the information and use of San Diego County, the San Diego 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, CPA  
Chief, Division of Audits

September 24, 2014

# Findings and Recommendations

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

The San Diego County Auditor-Controller's Office underremitted by \$182,253 the 50% excess of qualified fines, fees, and penalties to the State Treasurer for the seven fiscal years starting July 1, 2006, and ending June 30, 2013.

Government Code (GC) section 77201(b)(2) requires San Diego County, for its base revenue obligation, to remit \$16,166,735 for fiscal year (FY) 2006-07 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 as a result of the following conditions:

- As noted in Finding 2, alcohol fines per Penal Code (PC) sections 1463.16, 1463.14, and 1463.18 were distributed as fees without penalties starting July 2006 through June 2013. The adjustment caused a decrease in base fines by \$25,170 (33,560 x75%) and an increase in 30% state penalties by \$3,660. In net total, \$21,510 should not have been included in the maintenance of effort (MOE).
- As noted in Finding 4, alcohol fines per PC sections 1463.14 and 1463.18 were distributed as fees without penalties starting July 2006 through November 2012. The adjustment caused a decrease in base fines by \$176,767 (235,689 x75%) and an increase in 30% state penalties by \$116,302. In net total, \$60,465 should not have been included in the MOE.
- As noted in Finding 5, Emergency Medical Air Transportation penalties were distributed from Traffic Violator School bail starting January 2011 through August 2012. \$446,481 (579,845 x 77%) should have been included in the MOE.

The qualified revenues reported for FY 2006-07 were \$25,858,302. The excess, above the base of \$16,166,735, is \$9,691,567. This amount should be divided equally between the county and the State, resulting in \$4,845,783 excess due the State. The county has remitted a previous payment of \$4,852,895, causing an overremittance of \$7,112.

The qualified revenues reported for FY 2007-08 were \$24,234,628. The excess, above the base of \$16,166,735, is \$8,068,893. This amount should be divided equally between the county and the State, resulting in \$4,033,946 excess due the State. The county has remitted a previous payment of \$4,039,161, causing an overremittance of \$5,215.

The qualified revenues reported for FY 2008-09 were \$23,063,585. The excess, above the base of \$16,166,735, is \$6,896,850. This amount should be divided equally between the county and the State, resulting in \$3,448,425 excess due the State. The county has remitted a previous payment of \$3,453,187, causing an overremittance of \$4,762.

The qualified revenues reported for FY 2009-10 were \$23,000,758. The excess, above the base of \$16,166,735, is \$6,834,023. This amount should be divided equally between the county and the State, resulting in \$3,417,011 excess due the State. The county has remitted a previous payment of \$3,421,983, causing an overremittance of \$4,972.

The qualified revenues reported for FY 2010-11 were \$22,614,484. The excess, above the base of \$16,166,735, is \$6,447,749. This amount should be divided equally between the county and the State, resulting in \$3,223,875 excess due the State. The county has remitted a previous payment of \$3,189,835, causing an underremittance of \$34,040.

The qualified revenues reported for FY 2011-12 were \$22,181,662. The excess, above the base of \$16,166,735, is \$6,014,927. This amount should be divided equally between the county and the State, resulting in \$3,007,464 excess due the State. The county has remitted a previous payment of \$2,859,783, causing an underremittance of \$147,681.

The qualified revenues reported for FY 2012-13 were \$21,489,674. The excess, above the base of \$16,166,735, is \$5,322,939. This amount should be divided equally between the county and the State, resulting in \$2,661,735 excess due the State. The county has remitted a previous payment of \$2,638,877, causing an underremittance of \$22,593.

The following table shows the effect of the over- and underremittances:

Account Title	Understated/ (Overstated)
Trial Court Improvement Fund – GC §77205	
FY 2006-07	\$ (7,112)
FY 2007-08	(5,215)
FY 2008-09	(4,762)
FY 2009-10	(4,972)
FY 2010-11	34,040
FY 2011-12	147,681
FY 2012-13	22,593

Recommendation

The county should remit \$182,253 to the State Treasurer and report on the remittance advice form (TC-31) an increase to the Trial Court Improvement Fund – GC section 77205. The county also should make the corresponding account adjustments.

County Auditor’s Response

The Auditor-Controller agreed with Finding 1.

Superior Court’s Response

The Superior Court recognizes this finding as the County Auditor-Controller’s issue.

SCO’s Comment

The finding remains as stated.

**FINDING 2—  
Underremitted  
surcharges and  
penalties on DUI  
alcohol violations**

The San Diego County Revenue and Recovery Department did not correctly distribute penalties and surcharges on alcohol lab and victim restitution fines. County personnel indicated the required distribution was inadvertently overlooked.

Alcohol lab fines per Penal Code (PC) section 1463.14 and victim’s indemnity restitution fines per PC section 1463.18 are fines and should be inclusive of the total fine and subject to the application of penalties.

The inappropriate distributions of county and state penalties affect the revenues reported to the State Trial Court Improvement Fund under the maintenance-of-effort formula pursuant to Government Code (GC) section 77205. In addition, the inappropriate distribution had the following effect:

Account Title	Understated/ (Overstated)
State Penalty Fund – PC §1464	\$ 8,540
State Court Faculty Construction Fund – GC §70372	4,688
State DNA Fund – GC §76104.7	2,248
State General Fund (20% surcharge) – PC §1465.7	2,224
State DNA Fund – GC §76104.6	305
County General Fund	(29,900)
County Penalty Fund	10,980
County DNA Fund	915

Recommendation

The county should remit \$18,005 to the State Treasurer and report on the remittance advice (TC-31) increases of \$8,540 to the State Penalty Fund – PC section 1464, \$4,688 to the State Court Facilities Construction Fund – GC section 70372, \$2,248 to the State DNA Fund – GC section 76104.7, \$2,224 to the State General Fund (20% Surcharge) – PC section 1465.7, and \$305 to State DNA Fund – GC section 76104.6. The county should also make the corresponding account adjustments.

County Auditor’s Response

The Auditor-Controller agreed with Finding 2.

Superior Court’s Response

The Superior Court recognizes this finding as the County Auditor-Controller’s issue.

SCO’s Comment

The finding remains as stated.

**FINDING 3—  
Erroneous  
distribution priority**

The San Diego County Revenue and Recovery Department prioritized collections in a manner that inappropriately gave a distribution priority to fines and various fees over state 20% surcharges, and penalties. Department personnel indicated the required distribution was inadvertently overlooked.

Starting September 30, 2002, Penal Code (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 fees and reimbursable costs

The collection of base fines should be prorated along with other fines and penalties within category 3 components. The collection of fees should be included within category 4 with other reimbursable costs.

Failure to make the required priority distribution causes distributions to the state and county to be inaccurately stated. Measuring the dollar effect did not appear to be either material or cost effective due to the difficulty in identifying and redistributing the various accounts.

This finding was addressed in the State Controller's Office audit of the San Diego County Court Revenues for the period of July 2000 through June 2006 (report issued February 27, 2008).

At present, the county is taking steps to correct this error. For example, the 20% State Surcharge has been programmed as a Priority 2 account in the county's Revenue and Recovery collection system since February 2014.

**Recommendation:**

The San Diego Revenue and Recovery Department should take steps to insure that all surcharges, fines, penalties and fees are distributed in accordance with the statutory requirements under PC section 1203.1d.

**County Auditor's Response**

The Auditor-Controller does not dispute Finding 3. However, Ms. Sandoval requested that the narrative be revised to acknowledge that procedures have been implemented by the county to correct this error. The 20% State Surcharge has been programmed as a Priority 2 account in the county's Revenue and Recovery collection system since February 2014.

**Superior Court's Response**

The Superior Court recognizes this finding as the County Auditor-Controller's issue.

SCO's Comment

The procedures implemented by the county are outside of the scope of the audit. The corrections will be reviewed during the next audit.

The finding remains as stated with the modified narrative.

**Court****FINDING 4—  
Underremitted  
surcharges and  
penalties on DUI  
alcohol violations**

The Superior Court of San Diego County did not correctly distribute penalties and surcharges on alcohol lab and victim restitution fines starting July 2006 through November 2012. The Administrative Office of the Courts (AOC) previously reported this condition and the courts took steps to make the appropriate distribution changes in December 2012. However, the AOC did not measure the finding.

Alcohol lab fines per Penal Code (PC) section 1463.14 and victims indemnity restitution fines per PC section 1463.18 are fines and should be inclusive of the total fine and subject to the application of penalties.

The inappropriate distributions of county and state penalties affect the revenues reported to the State Trial Court Improvement Fund under the maintenance-of-effort formula pursuant to Government Code (GC) section 77205. In addition, the inappropriate distribution had the following effect:

<u>Account Title</u>	<u>Understated/ (Overstated)</u>
State Penalty Fund – PC §1464	\$ 271,370
State Court Faculty Construction Fund – GC §70372	146,160
State General Fund (20% surcharge) – PC §1465.7	74,232
State DNA Fund – GC §76104.7	68,625
State DNA Fund – GC §76104.6	9,692
County General Fund	(119,385)
County Penalty Fund	348,905
County DNA Fund	29,076
<u>Account Title</u>	<u>Understated/ (Overstated)</u>
City of:	
San Diego	(267,068)
Oceanside	(111,731)
Escondido	(105,524)
Vista	(93,109)
Carlsbad	(49,658)
Encinitas	(43,451)
El Cajon	(38,830)
San Marcos	(31,036)
Poway	(25,136)
Del Mar	(18,622)
Solana Beach	(18,622)
La Mesa	(12,943)
Santee	(6,473)
Lemon Grove	(6,472)

Recommendation

The county should remit \$570,079 to the State Treasurer and report on the remittance advice (TC-31) increases of \$271,370 to the State Penalty Fund – PC section 1464, \$146,160 to the State Court Facilities Construction Fund – GC section 70372, \$74,232 to the State General Fund (20% Surcharge) – PC section 1465.7, \$68,625 to the State DNA Fund – GC section 76104.7, and \$9,692 to the State DNA Fund – GC section 76101.6. The county should also make the corresponding account adjustments.

County Auditor’s Response

The Auditor-Controller agreed with Finding 4.

Superior Court’s Response

The Superior Court agreed with Finding 4.

SCO’s Comment

The finding remains as stated.

**FINDING 5—  
Overremitted  
emergency medical air  
transportation (EMAT)  
penalties from Traffic  
Violator School (TVS)  
Violations**

The Superior Court of San Diego County levied the \$4 state EMAT penalty on TVS bail starting January 2011 through August 2012. The Administrative Office of the Courts (AOC) previously reported this condition and the courts took steps to make the appropriate distribution changes in September 2012. However, the AOC did not measure the finding.

Starting January 1, 2011, Government Code (GC) section 76000.1 requires a \$4 penalty upon every fine levied on criminal offenses including traffic offenses, but excluding parking offenses. However, upon the election of traffic school, the fine and penalties are converted to TVS bail as mandated by Vehicle Code (VC) section 42007. Therefore, because EMAT penalties are not included in the exceptions listed within VC section 42007 they should remain as TVS bail.

The inappropriate distributions of county and state penalties affect the revenues reported to the State Trial Court Improvement Fund under the maintenance-of-effort formula pursuant to GC section 77205. In addition, the inappropriate distribution had the following effect:

Account Title	Understated/ (Overstated)
Emergency Medical Air Transportation Act Fund	\$ (579,845)
County General Fund	579,845

Recommendation:

The County should offset subsequent remittances by \$579,845 to the State Treasurer to be reported on a TC-31 a decrease to the State Emergency Medical Air Transportation Act Fund. The Court should take steps to insure that EMAT penalties are distributed in accordance with the statutory requirements. A redistribution should be made for the period of July 2013 through the date the current system is revised.

County Auditor's Response

The Auditor-Controller agreed with Finding 5.

Superior Court's Response

The Superior Court agreed with Finding 5.

SCO's Comment

The finding remains as stated.

**FINDING 6—  
Erroneous distribution  
priority**

The Superior Court of San Diego County prioritized collections in a manner that inappropriately gave a distribution priority to fines and various fees over state 20% surcharges and penalties. Department personnel indicated that their system's limitation prevents them from having more than one distribution priority. Restitution orders to victims are the first priority in the court's revenue distribution. The rest of collections are apportioned on a pro rata basis.

Starting September 30, 2002, Penal Code (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 fees and reimbursable costs

The collection of base fines should prorated along with other fine and penalties within category 3 components. The collection of fees should be included within category 4 with other reimbursable costs.

Failure to make the required priority distribution causes distributions to the state and county to be inaccurately stated. Measuring the dollar effect did not appear to be either material or cost effective due to the difficulty in identifying and redistributing the various accounts.

This finding was addressed in the State Controller's Office audit of the San Diego County Court Revenues for the period of July 2000 through June 2006 (report issued February 27, 2008). At present, procedures have not been implemented by the court to correct this error.

Recommendation:

The Superior Court of San Diego County should take steps to insure that all surcharges, fines, penalties and fees are distributed in accordance with the statutory requirements under PC section 1203.1d.

County Auditor's Response

The Auditor-Controller recognizes this finding as the Superior Court's issue.

Superior Court's Response

The Superior Court agreed with Finding 6.

SCO's Comment

The finding remains as stated.

**Schedule 1—  
Summary of Audit Findings by Fiscal Year  
July 1, 2006, through June 30, 2013**

Description of Finding Account Title <sup>1</sup> –Code Section	Fiscal Year						Total	
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12		2012-13
<b>Changes to the 50% Split (MOE) due to Findings:</b>								
Trial Court Improvement Fund–GC §77205	\$ (7,112)	\$ (5,215)	\$ (4,762)	\$ (4,972)	\$ 34,040	\$ 147,681	\$ 22,593	\$ 182,253
<b>Underremitted State Penalties and Surcharges from Probation DU Violations</b>								
State Penalty Fund–PC §1464	1,078	1,250	1,254	1,361	1,085	1,103	1,409	8,540
State Court Facilities Construction Fund–GC §70372	462	536	537	583	775	788	1,007	4,688
State DNA Fund–GC §76104.7	154	179	179	194	465	473	604	2,248
State General Fund (20% Surcharges)–PC §1465.7	261	302	304	329	310	315	403	2,224
State DNA Fund–GC §76104.6	38	45	45	49	39	39	50	305
<b>Underremitted State Penalties and Surcharges from Court DUI Violations</b>								
State Penalty Fund–PC §1464	33,325	46,206	44,448	42,887	43,702	44,439	16,363	271,370
State Court Facilities Construction Fund–GC §70372	14,282	19,803	19,049	18,380	31,216	31,742	11,688	146,160
State General Fund (20% Surcharges)–PC §1465.7	7,732	11,479	11,131	10,759	13,832	14,114	5,185	74,232
State DNA Fund–GC §76104.7	4,761	6,601	6,350	6,126	18,729	19,045	7,013	68,625
State DNA Fund–GC §76104.6	1,190	1,650	1,588	1,532	1,561	1,587	584	9,692
<b>Over-remitted Emergency Medical Air Transportation (EMAT) Penalties</b>								
State EMAT Fund–GC §76000.1	—	—	—	—	(107,815)	(403,030)	(69,000)	(579,845)
Net amount underpaid (overpaid) to the State Treasurer	<u>\$ 56,171</u>	<u>\$ 82,836</u>	<u>\$ 80,123</u>	<u>\$ 77,228</u>	<u>\$ 37,939</u>	<u>\$ (141,704)</u>	<u>\$ (2,101)</u>	<u>\$ 190,492</u>

Legend: GC = Government Code; PC = Penal Code

**Schedule 2—  
Summary of Underremittances by Month  
Trial Court Improvement Fund  
July 1, 2006, through June 30, 2013**

Month	Fiscal Year						
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
July	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
August	—	—	—	—	—	—	—
September	—	—	—	—	—	—	—
October	—	—	—	—	—	—	—
November	—	—	—	—	—	—	—
December	—	—	—	—	—	—	—
January	—	—	—	—	—	—	—
February	—	—	—	—	—	—	—
March	—	—	—	—	—	—	—
April	—	—	—	—	—	—	—
May	—	—	—	—	—	—	—
June <sup>1</sup>	—	—	—	—	34,040	147,681	22,593
Total underremittances to the State Treasurer	\$ —	\$ —	\$ —	\$ —	\$ 34,040	\$ 147,681	\$ 22,593

NOTE: Delinquent Trial Court Improvement 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 amount after the county pays the underlying amount owed.

<sup>1</sup> The amounts are entirely from maintenance-of-effort (MOE) (Finding 1)

**Schedule 3—  
Summary of Underremittances by Month  
State Court Facilities Construction Fund  
July 1, 2006, through June 30, 2013**

Month	Fiscal Year						
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
July	\$ 1,082	\$ 1,790	\$ 1,794	\$ 1,574	\$ 2,573	\$ 2,536	\$ 2,437
August	1,317	1,675	1,666	1,583	2,475	2,432	2,388
September	1,090	1,570	1,549	1,602	2,452	2,473	2,374
October	1,227	1,554	1,638	1,592	2,493	2,631	2,484
November	1,274	1,700	1,309	1,332	2,635	2,684	2,380
December	1,086	1,548	1,561	1,501	2,490	2,664	65
January	1,257	1,722	1,519	1,528	2,639	2,438	73
February	1,167	1,818	1,487	1,479	2,649	2,872	62
March	1,380	1,688	1,703	1,762	2,967	3,118	88
April	1,184	1,900	1,783	1,790	2,944	3,079	83
May	1,380	1,700	1,852	1,547	2,678	2,772	161
June	1,300	1,673	1,725	1,673	2,996	2,831	101
Total underremittances to the State Treasurer	<u>\$ 14,744</u>	<u>\$ 20,338</u>	<u>\$ 19,586</u>	<u>\$ 18,963</u>	<u>\$ 31,991</u>	<u>\$ 32,530</u>	<u>\$ 12,696</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 amount after the county pays the underlying amount owed.

**Schedule 4—  
Summary of Overremittances by Month  
July 1, 2006, through June 30, 2013**

Month	Fiscal Year						
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
July	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 35,788	\$ 34,276
August	—	—	—	—	—	36,716	34,724
September	—	—	—	—	—	33,987	—
October	—	—	—	—	—	33,190	—
November	—	—	—	—	—	29,900	—
December	—	—	—	—	—	31,971	—
January	—	—	—	—	677	32,155	—
February	—	—	—	—	7,762	34,227	—
March	—	—	—	—	18,772	34,855	—
April	—	—	—	—	22,272	33,990	—
May	—	—	—	—	28,106	34,137	—
June	7,112	5,215	4,762	4,972	30,226	32,114	—
Total underremittances to the State Treasurer	<u>\$ 7,112</u>	<u>\$ 5,215</u>	<u>\$ 4,762</u>	<u>\$ 4,972</u>	<u>\$ 107,815</u>	<u>\$ 403,030</u>	<u>\$ 69,000</u>

**Attachment A—  
The County of San Diego's Response to  
Draft Audit Report**

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# County of San Diego

TRACY M. SANDOVAL  
DEPUTY CHIEF ADMINISTRATIVE OFFICER/  
AUDITOR AND CONTROLLER  
(619) 531-5413  
FAX: (619) 531-5219

FINANCE & GENERAL GOVERNMENT GROUP  
1600 PACIFIC HIGHWAY, SUITE 166, SAN DIEGO, CA 92101-2422

August 15, 2014

Jeffrey V. Brownfield, CPA  
Chief, Division of Audits  
California State Controller  
PO Box 942850  
Sacramento, CA 94250-5874

Dear Mr. Brownfield:

## RESPONSE TO DRAFT AUDIT REPORT OF COURT REVENUES

### **FINDING 1 – Under remitted excess of qualified fines, fees and penalties**

#### Recommendation:

The County should remit \$182,253 to the State Treasurer and report on the remittance advice form (TC-31) an increase to the Trial Court Improvement Fund- GC Section 77205. The County also should make the corresponding account adjustments.

#### County Response:

The County agrees with the findings. The County will make the corresponding account adjustments and remit \$182,253 to the State Treasurer.

### **FINDING 2 – Under remitted surcharges and penalties on DUI alcohol violations**

#### Recommendation:

The County should remit \$18,005 to the State Treasurer and report on the remittance advice form (TC-31) increases of \$8,540 to the State Penalty Fund – PC Section 1464, \$4,688 to the State Court Facilities Construction Fund – GC Section 70372, \$2,248 to the State DNA Fund – GC Section 76104.7, \$2,224 to the State General Fund (20% Surcharge) – PC Section 1465.7, and \$305 to the State DNA Fund – GC Section 76104.6. The County also should make the corresponding account adjustments.

ASSESSOR/RECORDER/COUNTY CLERK  
AUDITOR AND CONTROLLER  
CHIEF ADMINISTRATIVE OFFICE  
CIVIL SERVICE COMMISSION

CLERK OF THE BOARD  
COUNTY COMMUNICATIONS OFFICE  
COUNTY COUNSEL  
COUNTY TECHNOLOGY OFFICE

GRAND JURY  
HUMAN RESOURCES  
RETIREMENT ASSOCIATION  
TREASURER-TAX COLLECTOR

Response to Draft Audit Report of Court Revenues  
Page Two  
August 15, 2014

County Response:

The County agrees with the findings. The County will make the corresponding account adjustments and remit \$18,005 to the State Treasurer.

**FINDING 3 – Erroneous distribution priority**

Recommendation:

The San Diego Revenue and Recovery Department should take steps to ensure that all surcharges, fines, penalties and fees are distributed in accordance with the statutory requirements under PC Section 1203.1d.

County Response:

The County does not dispute this finding but requests that the narrative be revised to acknowledge that, at present, procedures **have been implemented** by the County to correct this error. As of February 2014, the collection system used by the County of San Diego Office of Revenue and Recovery has been corrected to distribute collections of the 20% State surcharge as the next priority after restitution, consistent with PC Section 1203.1d.

**FINDING 4 – Under remitted surcharges and penalties on DUI alcohol violations**

Recommendation:

The County should remit \$570,079 to the State Treasurer and report on the remittance advice (TC-31) increases of \$271,370 to the State Penalty Fund – PC Section 1464, \$146,160 to the State Court Facilities Construction Fund – GC Section 70372, – \$74,232 to State General Fund (20% Surcharge) PC 1465.7 - \$68,625 to GC Section 76104.7, – \$9,692 to the State DNA Identification Fund – GC Section 76101.6. The County should also make the corresponding account adjustments.

County Response:

The County agrees with the findings. The County will make the corresponding account adjustments and coordinate with the Superior Court of California, County of San Diego to remit \$570,079 to the State Treasurer.

**FINDING 5 – Over remitted emergency medical air transportation (EMAT) penalties from Traffic Violator School (TVS) Violations**

Recommendation:

The County should offset subsequent remittances by \$579,845 to the State Treasurer to be reported on a TC-31 a decrease to the State Emergency Medical Air Transportation Act Fund. The Court should take steps to insure that EMAT penalties are distributed in accordance with the statutory requirements. A redistribution should be made for the period of July 2013 through the date the current system is revised.

Response to Draft Audit Report of Court Revenues  
Page Three  
August 15, 2014

County Response:

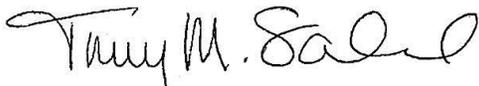
The County agrees with the findings. The County will coordinate with the Superior Court of California, County of San Diego to ensure that the over-remittance of EMAT in the amount of \$579,845 will be offset from subsequent remittances to the Emergency Medical Air Transportation Act Fund.

**FINDING 6 – Erroneous distribution priority**

The Superior Court of California, County of San Diego will respond to these findings and recommendations.

If you have any questions regarding our responses, please contact Sean Sander, Director of Office of Revenue and Recovery at (858) 637-5861 or Brenda Jaeger-Das, Manager of the Fiscal Division at (858) 637-5828.

Sincerely,



TRACY M. SANDOVAL  
Deputy Chief Administrative Officer/Auditor and Controller

ORR:ADM:lc

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

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# The Superior Court of California

COUNTY OF SAN DIEGO

EXECUTIVE OFFICE OF THE COURT

MICHAEL M. RODDY  
Executive Officer and Clerk  
Jury Commissioner

Post Office Box 122724  
San Diego, California 92112-2724  
(619) 450-5478

July 30, 2014

**SENT VIA REGISTERED MAIL**

Jeffrey V. Brownfield, CPA  
Chief, Division of Audits  
California State Controller  
PO Box 942850  
Sacramento, CA 94250-5874

**Re: Response to Draft Audit Report of Court Revenues**

Dear Mr. Brownfield:

The Superior Court of California, County of San Diego received the draft audit report on July 21, 2014. The Court has reviewed the audit findings and recommendations on the court's revenue collections and distributions covering the period July 1, 2006 to June 30, 2013. Below are our responses:

## **FINDINGS 1 to 3**

The County of San Diego will respond to these findings and recommendations.

## **FINDING 4 – Underremitted surcharges and penalties on DUI alcohol violations**

### Recommendation

The county should remit \$570,079 to the State Treasurer and report on the remittance advice (TC-31) increases of \$271,370 to the State Penalty Fund – PC Section 1464, \$146,160 to the State Court Facilities Construction Fund – GC Section 70372, – \$74,232 to State General Fund (20% Surcharge) PC 1465.7 - \$68,625 to GC Section 76104.7, – \$9,692 to the State DNA Identification Fund – GC Section 76101.6. and The county should also make the corresponding account adjustments.

### Court Response:

The Court agrees with the findings. The Court will coordinate with the County of San Diego and all affected cities to make the corresponding account adjustments and remit \$570,079 to the State Treasurer.

## **FINDING 5 – Overremitted emergency medical air transportation (EMAT) penalties from Traffic Violator School (TVS) Violations**

### Recommendation:

The County should offset subsequent remittances by \$579,845 to the State Treasurer to be reported on a TC-31 a decrease to the State Emergency Medical Air Transportation Act Fund. The Court should take steps to insure that EMAT penalties are distributed in accordance with the statutory requirements. A redistribution should be made for the period of July 2013 through the date the current system is revised.

**Mr. Jeffrey V. Brownfield, CPA**  
**Response to Draft Audit Report of Court Revenues**  
**July 29, 2014**  
**Page 2 of 2**

Court Response:

The Court agrees with the findings. The Court will coordinate with the County of San Diego to ensure that the over-remittance of EMAT in the amount of \$579,845 will be offset from subsequent remittances to the Emergency Medical Air Transportation Act Fund. The Court is now in full compliance with the statutory requirements on the distribution of EMAT penalties as of May 1, 2013. A redistribution starting July 2013 is no longer necessary.

**FINDING 6 - Erroneous distribution priority**

Recommendation:

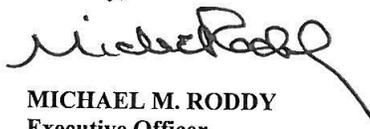
The Superior Court of San Diego County should take steps to insure that all surcharges, fines, penalties and fees are distributed in accordance with the statutory requirements under *Penal Code* Section 1203.1d.

Court Response:

The Court partly complies with the statutory requirements under Penal Code Section 1203.1d on distribution priorities. Restitution orders to victims are distributed as the first priority. However, as noted in the Court's response to the State Controller's Office audit of the San Diego County Court Revenues for the period of July 2000 through June 2006, the current financial system of the Court is an antiquated system and cannot handle the subsequent priorities. The implementation of CCMS (V-4) was intended to address this issue but the funding for the project was eliminated. Additional work was also done in an effort to include the 20% surcharge authorized by PC1465.7 as the next priority, however, the system could not be modified to incorporate the change. The Court anticipates to fully comply with the audit recommendation through the implementation of a new financial system. This project has officially started in June 2014 and is expected to be completed in 30 months.

If you have any questions regarding our responses, please contact Jeffrey Gately, Chief Financial Officer, at (619) 450-7199.

Sincerely,



**MICHAEL M. RODDY**  
**Executive Officer**

c: Tracy Sandoval, Deputy Chief Admin Officer, Auditor-Controller, San Diego County  
John Judnick, Manager, Internal Audit Services, Administrative Office of the Courts  
Jeffrey Gately, Chief Financial Officer, San Diego Superior Court

**State Controller's Office  
Division of Audits  
Post Office Box 942850  
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**<http://www.sco.ca.gov>**