

# **SACRAMENTO COUNTY**

Audit Report

## **COURT REVENUES**

*July 1, 2016, through June 30, 2020*



**MALIA M. COHEN**  
California State Controller

January 2023



**MALIA M. COHEN**  
**California State Controller**

January 18, 2023

Ben Lamera, Finance Director  
Sacramento County  
Department of Finance  
700 H Street, Suite 3650  
Sacramento, CA 95814

Lee Seale, Court Executive Officer  
Superior Court of California,  
Sacramento County  
720 Ninth Street  
Sacramento, CA 95814

Dear Mr. Lamera and Mr. Seale:

The State Controller's Office (SCO) audited Sacramento County's court revenues for the period of July 1, 2016, through June 30, 2020.

Our audit found that the county underremitted \$2,417,106 in state court revenues to the State Treasurer because it:

- Understated the State Trial Court Improvement and Modernization Fund (Government Code section 77205) by \$2,380,847;
- Understated the State Transportation Fund (Penal Code section 1463.22[b]) by \$8,367; and
- Understated the State's General Fund (Penal Code section 1463.22[c]) by \$27,892.

We also found that the county and court made distribution errors related to the priority of installment payments and cases referred to the Department of Revenue Recovery.

The county made payments totaling \$36,259 in its monthly Report to State Controller of Remittance to State Treasurer (TC-31) remittances from July 2021 through June 2022. The county should remit the remaining balance of \$2,380,847 to the State Treasurer.

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

The underremitted amount is due no later than 30 days after receipt of this final audit report. The SCO will add a statutory 1.5% per month penalty on the applicable delinquent amounts if payment is not received within 30 days of issuance of this final audit report.

Once the county has paid the underremitted amounts, the Tax Programs Unit will calculate interest on the underremitted amounts and bill the county in accordance with Government Code sections 68085, 70353, and 70377.

Please mail a copy of the TC-31 and documentation supporting the corresponding adjustments to the attention of the following individual:

Tax Programs Unit Supervisor  
Bureau of Tax, Administration, and Government Compensation  
Local Government Programs and Services Division  
State Controller's Office  
Post Office Box 942850  
Sacramento, CA 94250

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

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

Sincerely,

*Original signed by*

KIMBERLY TARVIN, CPA  
Chief, Division of Audits

KT/ac

cc: The Honorable Don Nottoli, Chair  
Sacramento County Board of Supervisors  
Dawn Tomita, Manager  
Internal Audit Services  
Judicial Council of California  
Lynda Gledhill, Executive Officer  
California Victim Compensation Board  
Anita Lee, Senior Fiscal and Policy Analyst  
Legislative Analyst's Office  
Sandeep Singh, Manager  
Local Government Policy Unit  
State Controller's Office  
Jennifer Montecinos, Manager  
Tax Administration Section  
State Controller's Office

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# Audit Report

## Summary

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

Our audit found that the county underremitted \$2,417,106 in state court revenues to the State Treasurer. We also found that the county and court made distribution errors related to the priority of installment payments and cases referred to the Department of Revenue Recovery.

## Background

State statutes govern the distribution of court revenues, which include fines, penalties, assessments, fees, restitutions, bail forfeitures, and parking surcharges. Whenever the State is entitled to receive a portion of such money, the court is required by Government Code (GC) section 68101 to deposit the State's portion of court revenues with the County Treasurer as soon as is practical and provide the County Auditor with a monthly record of collections. This section further requires that the County Auditor transmit the funds and a record of the money collected to the State Treasurer at least once a month.

The SCO publishes the *Trial Court Revenue Distribution Guidelines (Distribution Guidelines)* to provide direction on the distribution of fines, fees, forfeitures, penalties, and assessments. The *Distribution Guidelines* group code sections that share similar exceptions, conditions, or distributions into a series of nine tables.

The Judicial Council of California provides forms and worksheets to ensure the proper calculation and distribution of fines, fees, forfeitures, penalties, and assessments. The guidance includes forms used to compute the annual maintenance-of-effort (MOE) calculation and worksheets to verify the more complex revenue distributions.

## Audit Authority

We conducted this audit under the authority of GC section 68103, which requires the SCO to review the county's reports and records to ensure that all fines and forfeitures have been transmitted. In addition, GC section 68104 authorizes the SCO to examine records maintained by the court. Furthermore, GC section 12410 provides the SCO with general audit authority to superintend the fiscal concerns of the State.

## Objective, Scope, and Methodology

Our audit objective was to determine the propriety of the court revenues remitted to the State Controller's Office Treasurer pursuant to the TC-31 process.

The audit period was July 1, 2016, through June 30, 2020.

To achieve our objective, we performed the following procedures.

#### General

- We gained an understanding of the county and court's revenue collection and reporting processes, and of the criteria that were significant to our audit objective.
- We interviewed county and court personnel regarding the monthly TC-31 remittance process, the revenue distribution process, the case management system, and the MOE calculation.
- We reviewed documents supporting the transaction flow.
- We scheduled the monthly TC-31 remittances prepared by the county and the court showing court revenue distributions to the State.
- We performed a review of the complete TC-31 remittance process for revenues collected and distributed by the county and the court.

#### Cash Collections

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

#### Distribution Testing

- We assessed the priority of installment payments by haphazardly selecting a non-statistical sample of four installment payments to verify priority. Errors found were not projected to the intended (total) population.
- We scheduled parking surcharge revenues collected from entities that issue parking citations within the county to ensure that revenues were correct, complete, and remitted in accordance with state statutory requirements. No errors were found.
- We performed a risk evaluation of the county and court, and identified violation types that are prone to errors due to either their complexity or statutory changes during the audit period. Based on the risk evaluation, we haphazardly selected a non-statistical sample of 52 cases for 11 violation types.<sup>1</sup> Then, we:
  - Recomputed the sample case distributions and compared them to the actual distributions; and

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

- Calculated the total dollar amount of significant underremittances and overremittances to the State and county.

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

We did not audit the financial statements of the county, the court, or the various agencies that issue parking citations. We did not review any court revenue remittances that the county and court may be required to make under GC sections 70353 and 77201.1(b), included in the TC-31.

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

## Conclusion

As a result of performing the audit procedures, we found instances of noncompliance with the requirements described in our audit objective. We found that the county underremitted \$2,417,106 in state court revenues to the State Treasurer because it:

- Underremitted the State Trial Court Improvement and Modernization Fund GC section 77025) by \$2,380,847;
- Underremitted the State Transportation Fund (Penal Code [PC] section 1463.22[b]) by \$8,367; and
- Underremitted the State's General Fund (PC section 1463.22[c]) by \$27,892.

These instances of noncompliance are quantified in the Schedule and described in the Findings and Recommendations section of this audit report.

We also found that the county and court made distribution errors related to the priority of installment payments and cases referred to the county's Department of Revenue Recovery. These instances of noncompliance are non-monetary; they are described in the Findings and Recommendations section.

The county made payments totaling \$36,259 in its monthly TC-31 remittances from July 2021 through June 2022. The county should remit the remaining balance of \$2,380,847 to the State Treasurer.

## Follow-up on Prior Audit Findings

The county has satisfactorily resolved the findings noted in our prior audit report, for the period of July 1, 2006, through June 30, 2012, issued January 14, 2016, with the exception of Finding 1 of this audit report.

**Views of  
Responsible  
Officials**

We issued a draft report on November 17, 2022. The county and court responded by letter dated December 2, 2022 (Attachment), agreeing with the audit results.

**Restricted Use**

This audit report is solely for the information and use of Sacramento County; Superior Court of California, Sacramento County; 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 audit report, which is a matter of public record and is available on the SCO website at [www.sco.ca.gov](http://www.sco.ca.gov).

*Original signed by*

KIMBERLY TARVIN, CPA  
Chief, Division of Audits

January 18, 2023



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

Finding <sup>1</sup>	Fiscal Year				Total	Reference <sup>2</sup>
	2016-17	2017-18	2018-19	2019-20		
<b>Incorrect calculation of 50% excess of qualified revenues</b>						
State Trial Court Improvement and Modernization Fund — GC §77205	\$ 606,232	\$ 648,841	\$ 671,973	\$ 453,801	\$ 2,380,847	Finding 1
<b>Incorrect distribution of proof of financial responsibility violations</b>						
State Transportation Fund — PC §1463.22(b)	-	-	(6,533)	14,900	8,367	Finding 2
State General Fund — PC §1463.22(c)	-	-	(21,775)	49,667	27,892	
Total <sup>3</sup>	-	-	(28,308)	64,567	36,259	
Total amount underremitted to the State Treasurer	\$ 606,232	\$ 648,841	\$ 643,665	\$ 518,368	\$ 2,417,106	

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

<sup>2</sup>See the Findings and Recommendations section.

<sup>3</sup>The court repaid the underremitted amount on a monthly basis within the TC-31 remittances from June 2021 through June 2022.

# Findings and Recommendations

**FINDING 1—  
Underremitted 50%  
excess of qualified  
revenues (repeat  
finding)**

During our recalculation of the 50% excess of qualified revenues, we found that the county used an incorrect qualified revenue amount in its calculation for each fiscal year. As a result of these errors, the county underremitted the 50% excess of qualified revenues by a net of \$2,380,847 for the audit period. The 50% excess of qualified revenues was incorrectly calculated because the county misinterpreted the required calculations.

For the audit period, the county provided support for its calculations of the 50% excess of qualified revenues. We reviewed the county's calculations and reconciled the qualified revenues to revenue collection reports provided by the court and county. We noted that qualified revenues in the calculations did not reconcile to the county collection reports due to input errors.

Furthermore, we noted that the county incorrectly excluded revenues collected for the Emergency Medical Services Fund (GC section 76104), the Maddy Emergency Medical Services Fund (GC section 76000.5), and city base fines (Vehicle Code [VC] section 42007[c]) from its calculation of the Traffic Violator School fee (VC section 42007) during the audit period.

During testing of court cases, we noted that the court incorrectly distributed PC section 1463.001 base fine revenues in fiscal year (FY) 2018-19 and FY 2019-20. The errors resulted in a net overremittance to the county's general fund (PC section 1463.001).

We recalculated the county's qualified revenues based on actual court revenues collected for each fiscal year. After our recalculation, we found that the county had understated qualified revenues by \$4,761,689 for the audit period.

Qualified revenues were understated as follows:

- The county overstated qualified revenues by \$2,000 for the audit period because it made input errors while calculating the VC section 42007.1 qualified revenues.
- The county understated qualified revenues by \$36,000 for the audit period because it made input errors while calculating the VC section 42007 qualified revenues.
- The county overstated qualified revenues by \$48,586 for the audit period because the court incorrectly distributed PC section 1463.001 base fines collected for violations related to proof of financial responsibility.
- The county incorrectly excluded the following revenues from its calculation of the Traffic Violator School fee (VC section 42007):
  - Emergency Medical Services Fund (GC section 76104) – \$1,213,546;

- Maddy Emergency Medical Services Fund (GC section 76000.5) – \$547,933; and
- City base fines (VC section 42007[c]) – \$3,014,796.

The following table shows the audit adjustments to qualified revenues:

	Fiscal Year				Totals
	2016-17	2017-18	2018-19	2019-20	
Qualified revenues reported	\$ 9,330,172	\$ 9,149,862	\$ 7,398,361	\$ 6,940,695	\$ 32,819,090
Audit adjustments:					
VC section 42007.1 input error	(2,000)	-	-	-	(2,000)
VC section 42007 input error	-	-	36,000	-	36,000
PC section 1463.001 misstatements	-	-	28,063	(76,649)	(48,586)
GC section 76104 understatements	358,818	361,392	285,532	207,804	1,213,546
GC section 76000.5 understatements	-	79,599	269,276	199,058	547,933
VC section 42007(c) understatements	855,646	856,690	725,073	577,387	3,014,796
Total	1,212,464	1,297,681	1,343,944	907,600	4,761,689
Adjusted qualified revenues	<u>\$ 10,542,636</u>	<u>\$ 10,447,543</u>	<u>\$ 8,742,305</u>	<u>\$ 7,848,295</u>	<u>\$ 37,580,779</u>

As a result of miscalculating the qualified revenues, the county underremitted the 50% excess of qualified revenues by a net of \$2,380,847 for the audit period.

The following table shows the excess qualified revenues, and—by comparing the 50% excess amount due to the State to the county’s actual remittance—the county’s underremittance to the State Treasurer.

Fiscal Year	Qualifying Revenues	Base Amount	Excess Amount Above the Base	50% Excess Amount Due the State	County Remittance to the State Treasurer	County Underremittance to the State Treasurer <sup>1</sup>
2016-17	\$ 10,542,636	\$ 5,937,204	\$ 4,605,432	\$ 2,302,716	\$ (1,696,484)	\$ 606,232
2017-18	10,447,543	5,937,204	4,510,339	2,255,170	(1,606,329)	648,841
2018-19	8,742,305	5,937,204	2,805,101	1,402,551	(730,578)	671,973
2019-20	7,848,295	5,937,204	1,911,091	955,546	(501,745)	453,801
Total						<u>\$ 2,380,847</u>

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

As discussed in Finding 1 of our prior audit reported dated January 14, 2016, the county underremitted 50% excess of qualified revenues. This is a repeat finding, as the county did not correct the distribution errors noted in our prior audit report.

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

Recommendation

We recommend that the county:

- Remit \$2,380,847 to the State Treasurer and report on the TC-31 an increase to the State Trial Court Improvement and Modernization Fund; and
- Ensure that the proper accounts are included in the calculation of each line item on the 50-50 Excess Split Revenue Computation Form.

County's Response

The County of Sacramento Department of Finance, Auditor-Controller's Division agrees with the underremittances of \$2,380,847 to the State Treasurer for the court revenues for the audit period of July 1, 2016 through June 30, 2020. To ensure the proper accounts are included in the calculation of each line item on the 50-50 Excess Split Revenue Computation Form, the Auditor-Controller's Office will confirm with the Court Financial Services/Budget office quarterly if there will be any changes in code sections for the Trial Court Distribution guidelines. In addition, we also review and confirm the updates directly on the State Controller's Office *Trial Court Revenue Distribution Guidelines* website and attend the California Courts Judicial Council of California for Court and County Revenue Distribution and Collections training programs to address impacts of newly enacted legislation to trial court revenue calculation and distributions. The Auditor-Controller will use the future Court collections to cover this underremittance payment to State Controller's Office.

Court's Response

The Court agrees with this finding. The Court has corrected the formula error for the PC 1463.001 base fine revenues and has updated the monthly distribution reports to facilitate the reporting of the Traffic Violator School distributions for the 50/50 report more accurately. The Court will continue to collaborate with the County to ensure all distribution changes are communicated and updated accordingly.

**FINDING 2—  
Incorrect distribution  
of revenues from  
proof of financial  
responsibility cases**

During testing of proof of financial responsibility cases, we found that the court did not properly distribute PC section 1463.22 base fine reductions during FY 2018-19 and FY 2019-20 resulting in a net underremittance to the State of \$36,259. This error occurred because of errors in the financial responsibility case reports generated by the court's case management system.

We verified, on a sample basis, distributions made by the court using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During testing, we found that the court made incorrect distributions to the following funds for proof of financial responsibility violations:

- PC section 1463.22(a) County Special Account;
- PC section 1463.22(b) State Transportation Fund; and
- PC section 1463.22(c) State General Fund.

Court staff members informed us that in July 2019, they discovered that proof of financial responsibility case reports generated by the case management system were grossly overstating the number of these cases. These errors resulted in overremittances to the above three special accounts and underremittances to the county and city base fines. The issue began when the court switched to a new distribution system in January 2019.

After discovering the errors, the court requested revised reports from its third-party provider and ceased making distributions to the PC section 1463.22 special accounts. The court did not receive the revised reports until May 2021; as a result, no distributions were made to the PC section 1463.22 special accounts in FY 2019-20. Therefore, the special accounts were underremitted and base fines were overremitted in FY 2019-20.

We requested the updated case reports from the court, and determined the material effect of the errors in FY 2018-19 and FY 2019-20. We found that the distribution errors resulted in a net underremittance to the State of \$36,259 and a net overstatement of \$48,586 in qualified revenues for the audit period.

The incorrect distributions had the following effect:

Account Title	FY 2018-19	FY 2019-20	Total
State Transportation Fund – PC §1463.22(b)	\$ (6,533)	\$ 14,900	\$ 8,367
State General Fund – PC §1463.22(c)	(21,775)	49,667	27,892
	<u>\$ (28,308)</u>	<u>\$ 64,567</u>	<u>\$ 36,259</u>
Sacramento County General Fund – PC §1463.22(a)	\$ (38,107)	\$ 86,917	\$ 48,810
Sacramento County General Fund – PC §1463.001	37,415	(102,200)	(64,785)
City revenue accounts – PC §1463.002			
City of Sacramento	13,342	(26,876)	(13,534)
City of Citrus Heights	4,092	(5,751)	(1,659)
City of Elk Grove	4,579	(6,680)	(2,101)
City of Folsom	949	(1,485)	(536)
City of Galt	2,533	(3,228)	(695)
City of Rancho Cordova	2,256	(3,981)	(1,725)
City of Isleton	77	-	77
Schools, Parks, and Special Districts	1,172	(1,283)	(111)
Total	<u>\$ 28,308</u>	<u>\$ (64,567)</u>	<u>\$ (36,259)</u>

Subsequent to the audit period, the court implemented a corrective action plan to correct the distribution errors. As of the date of this report, the court has corrected the distribution errors that occurred during the audit period. Remittances to correct the errors were comingled with court's monthly TC-31 remittances. Between July 2021 and June 2022, the county made payments, totaling \$36,259, in its monthly TC-31 remittances to the State Treasurer.

PC section 1463.22(a) requires that \$17.50 for each conviction of a violation of VC section 16028 be deposited by the county treasurer in a special account and allocated to defray court costs incurred in administering cases related to proof of financial responsibility.

PC section 1463.22(b) requires that \$3.00 for each conviction of a violation of VC section 16028 be remitted to the SCO for deposit in the Motor Vehicle Account of the State Transportation Fund.

PC section 1463.22(c) requires that \$10.00 for each conviction of a violation of VC section 16028 be remitted to the SCO for deposit in the State's General Fund.

#### Recommendation

We recommend that the court:

- Work with its third-party provider to verify the accuracy of monthly reports for proof of financial responsibility cases; and
- Identify corrections for prior periods on future TC-31 remittances to ensure proper processing and reporting of court revenues. Per the TC-31 instructions, each remittance should have the proper month and year identified for the period of the correction.

#### Court's Response

As reflected in the audit finding, the Court received and verified corrected reports from the case management system vendor in May 2021; therefore, the finding regarding the distribution omissions for the audit period is corrected. All corrections for July 2020 through April 2021 have been completed.

### **FINDING 3— Incorrect prioritization of installment payments**

During testing of cases from the county's Department of Revenue Recovery, we found that the county incorrectly prioritized distributions of installment payments. The errors occurred because the county misinterpreted the *Distribution Guidelines*.

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

We tested four cases, and found that the county did not distribute installment payments for any of them according to PC section 1203.1d(b). The county incorrectly distributed priority-four installment payments, including the Criminal Conviction assessment (GC section 70373), Night Court assessment (VC section 42006), and the Domestic Violence fee (PC section 1203.097) as priority-three installment payments.

We did not measure the effect of the error because it would be impractical and difficult to redistribute revenues on every case involving installment payments.

PC section 1203.1d(b) requires that installment payments be disbursed in the following order of priority:

1. Restitution orders to victims (PC section 1202.4[f]);
2. State surcharge (PC section 1465.7);
3. Fines, penalty assessments, and restitution fines (PC section 1202.4[b]); and
4. Other reimbursable costs.

#### Recommendation

We recommend that the county ensure that all surcharges, fines, penalties, and fees are distributed in accordance with the statutory priority requirements of PC section 1203.1d(b).

#### County's Response

The County agrees with the finding. The County of Sacramento Department of Finance, Revenue Recovery Division has provided the updated payment priority list to County Information Technology Department (DTECH) in accordance with the PC 1203.1d requirement in order to reflect the correct distribution [and] accurately prioritize distribution of installment payments.

#### **FINDING 4— Incorrect distribution of revenues from cases referred by the court**

During testing of cases from the county's Department of Revenue Recovery, we found that the county incorrectly collected and distributed revenues from cases referred by the court. The incorrect collections and distributions occurred due to clerical errors made by court and county probation department staff members.

We verified, on a sample basis, distributions made by the county using its case management system. For each sample case, we recomputed the distributions and compared them to the actual distributions. During testing, we found that the proper fines, penalties, and assessments set forth in court orders were not collected for a number of cases.

We tested 12 cases referred to the county's Department of Revenue Recovery, by the court or the county's probation department. We found errors in four of the 12 cases. In two cases, the criminal conviction assessment (GC section 70373) and court operations assessment (PC section 1465.8) were not imposed based on the number of actual convictions. For one case, the payment plan designed by the county's case management system did not include the Immediate and Critical Needs Account portion of the State Court Facilities Construction penalty (GC section 70372[a]). Lastly, we found one case where the DNA Identification Fund penalties (GC sections 76104.6 and 76104.7), 20% State surcharge (PC section 1465.7), and the State Court Facilities Construction Fund penalty (GC section 70372[a]) were incorrectly imposed and collected.

We discussed these issues with staff members from the county's Department of Revenue Recovery, and the court. Court staff members stated that court and probation department staff members made clerical errors before revenue information was input into the Department of Revenue Recovery's case management system. As the distribution errors do not appear to be systemic, we did not perform a revenue analysis to determine the impact of the errors.

PC section 1465.7(a) requires the courts to levy a state surcharge of 20% on the base fine used to calculate the state penalty assessment.

PC section 1465.8 requires that, to assist in funding court operations, a \$40 assessment be imposed on every conviction for a criminal offense, including traffic offenses but excluding parking offenses, related to violations of the Vehicle Code. PC section 1465.8 further requires that the assessments be remitted monthly to the SCO for deposit in the Trial Court Trust Fund.

GC section 70372(a) requires the court to levy a state court construction penalty of \$5 for every \$10 (or fraction thereof), on each fine, penalty, or forfeiture imposed and collected by the courts for all criminal offenses.

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

GC section 76104.6(a)(1) requires an additional penalty of \$1 for every \$10 (or fraction thereof) be imposed on each fine, penalty, or forfeiture imposed and collected by the courts for all criminal offenses.

GC section 76104.7(a) requires an additional penalty of \$4 for every \$10 (or fraction thereof) be imposed on each fine, penalty, or forfeiture imposed and collected by the courts for all criminal offenses.

#### Recommendation

We recommend that the county and court work together to strengthen internal controls for cases referred to the county's Department of Revenue Recovery, to ensure that fines, penalties, and assessments are imposed and collected in accordance with statutory requirements.

#### County's Response

The County agrees with the finding. County and Court will continue to work together on a daily basis to ensure that fines, penalties, and assessments are collected in accordance with statutory requirements.



Court's Response

The Court agrees with the finding and worked with Sacramento County Probation to update conditions templates for all fine/fee schedules in CJIS/JIMS [Criminal Justice Information Systems/Jail Inmate Management System] to ensure correct submissions to County of Sacramento, Revenue Recovery Division. Court staff were given updated procedures to ensure proper use of the probation conditions.

## Appendix— Summary of Prior Audit Findings

The following table shows the implementation status of Sacramento County’s corrective actions related to the findings contained in our prior audit report dated January 14, 2016:

Prior Audit Finding Number	Prior Audit Finding Title	Status
1	Underremitted excess of qualified fines, fees, and penalties	Not implemented – see current Finding 1
2	Inappropriate exclusion of county General Fund revenues – Superior Court	Fully implemented
3	Incorrect distribution of the 20% State surcharge from Health and Safety Code violation base fines – Superior Court	Fully implemented
4	Inappropriate distribution of DUI violation cases – Department of Revenue Recovery	Fully implemented

**Attachment—  
County and Court's Response to Draft Audit Report**

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**Department of Finance**  
Ben Lamera, Director  
Joyce Renison, Deputy Director



**County of Sacramento**

**Divisions**  
Administration  
Auditor-Controller  
Consolidated Utilities Billing & Service  
Investments  
Revenue Recovery  
Tax Collection & Business Licensing  
Treasury

December 02, 2022

Kimberly Tarvin, Chief  
Local Government Compliance Bureau  
State Controller's Office  
Division of Audits  
PO Box 942850  
Sacramento, CA 94250-5874

**SUBJECT: RESPONSE TO FINDINGS FOR AUDIT PERIOD JULY 1, 2016 THROUGH JUNE 30, 2020**

Dear Ms. Tarvin,

Below are the County of Sacramento's (County) and Court's comments to the audit findings in the audit report dated November 17, 2022 for the County's court revenues for the period of July 1, 2016 through June 30, 2020.

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

**County Comment:** The County of Sacramento Department of Finance, Auditor-Controller's Division agrees with the underremittance of \$2,380,847 to the State Treasurer for the court revenues for the audit period of July 1, 2016 through June 30, 2020. To ensure the proper accounts are included in the calculation of each line item on the 50-50 Excess Split Revenue Computation Form, the Auditor-Controller's Office will confirm with the Court Financial Services/Budget office quarterly if there will be any changes in code sections for the Trial Court Distribution guidelines. In addition, we also review and confirm the updates directly on the State Controller's Office Trial Court Revenue Distribution Guidelines website and attend the California Courts Judicial Council of California for Court and County Revenue Distribution and Collections training programs to address impacts of newly enacted legislation to trial court revenue calculation and distributions. The Auditor-Controller will use the future Court collections to cover this underremittance payment to State Controller Office.

**Court Comment:** The Court agrees with the finding. The Court has corrected the formula error for the PC 1463.001 base fine revenues and has updated the monthly distribution reports to facilitate the reporting of the Traffic Violation School distributions for the 50/50 report more accurately. The Court will continue to collaborate with the County to ensure all distribution changes are communicated and updated accordingly.

**FINDING 2 – Incorrect distribution of revenues from proof of financial responsibility cases**

**Court Comment:** As reflected in the audit finding, the Court received and verified corrected reports from the case management system vendor in May 2021; therefore, the finding regarding the distribution omissions for the audit period is corrected. All corrections for July 2020 through April 2021 have been completed.

**FINDING 3 – Incorrect prioritization of installment payments**

**County Comment:** The County agrees with the finding. The County of Sacramento Department of Finance, Revenue Recovery Division has provided the updated payment priority list to County Information Technology Department (DTECH) in accordance with the PC 1203.1d requirement in order to reflect the correct distribution accurately prioritize distribution of installment payments.

**FINDING 4 – Incorrect distribution of revenues from cases referred by the Court**

**County Comment:** The County agrees with the finding. County and Court will continue to work together on a daily basis to ensure that fines, penalties, and assessments are collected in accordance with statutory requirements.

**Court Comment:** The Court agrees with the finding and worked with Sacramento County Probation to update conditions templates for all fine/fee schedules in CJIS/JIMS to ensure correct submissions to County of Sacramento, Revenue Recovery Division. Court staff were given updated procedures to ensure proper use of the probation conditions.

If you have any additional questions or comments, please contact Jun Nguyen at [nguyenjun@sacounty.gov](mailto:nguyenjun@sacounty.gov) or (916) 874-3137.

Sincerely,



**Ben Lamera**  
Director of Finance

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Division of Audits  
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