

LOS ANGELES COUNTY

Final Audit Report

COURT REVENUES

July 1, 2019, through June 30, 2023



MALIA M. COHEN

CALIFORNIA STATE CONTROLLER

May 2026



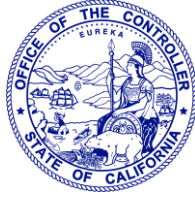
STATE CONTROLLER'S OFFICE | DIVISION OF AUDITS

Post Office Box 942850 | Sacramento, CA 94250

Sacramento Office: 3301 C Street, Suite 700 | Sacramento, CA 95816 | 916-324-8907

Monterey Park Office: 901 Corporate Center Drive, Suite 200 | Monterey Park, CA 91754 | 323-981-6802

www.sco.ca.gov



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

May 1, 2026

The Honorable Oscar Valdez, Auditor-Controller
Los Angeles County
Kenneth Hahn Hall of Administration
500 West Temple Street, Suite 525
Los Angeles, CA 90012

Mr. David Slayton, Court Executive Officer
Superior Court of California, Los Angeles County
111 North Hill Street, Room 105E
Los Angeles, CA 90012

Dear Auditor-Controller Valdez and Mr. Slayton:

The State Controller's Office audited Los Angeles County's (the county) court revenues for the period of July 1, 2019, through June 30, 2023.

Our audit found that the county's remittances to the State Treasurer were substantially correct. However, we found that the county and the Superior Court of California, Los Angeles County made errors related to the distribution of health and safety violations, DUI violations, and the priority of installment payments.

The findings identified in this report do not have a significant effect on those remittances.

Mr. Oscar Valdez

Mr. David Slayton

May 1, 2026

Page 2 of 2

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

Sincerely,

Original signed by

Kimberly A. Tarvin, CPA

Chief, Division of Audits

Copy: The Honorable Kathryn Barger, Chair

Los Angeles County Board of Supervisors

Joe Meyer, Manager

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

CONTENTS

SUMMARY	1
BACKGROUND	1
AUDIT AUTHORITY	2
OBJECTIVE, SCOPE, AND METHODOLOGY	2
CONCLUSION	4
FOLLOW-UP ON PRIOR AUDIT FINDINGS	5
VIEWS OF RESPONSIBLE OFFICIALS	5
RESTRICTED USE	5
FINDINGS AND RECOMMENDATIONS	6
APPENDIX—SUMMARY OF PRIOR AUDIT FINDINGS	12
ATTACHMENT A—LOS ANGELES COUNTY’S RESPONSE TO FINDINGS	13
ATTACHMENT B—SUPERIOR COURT OF CALIFORNIA, LOS ANGELES COUNTY’S RESPONSE TO FINDINGS	15

SUMMARY

The State Controller's Office (SCO) audited the propriety of court revenues remitted to the State of California by Los Angeles County (the county) on the Report to State Controller of Remittance to State Treasurer (TC-31) for the period of July 1, 2019, through June 30, 2023.

Our audit found that the county's remittances to the State Treasurer were substantially correct. However, we found that the county and the Superior Court of California, Los Angeles County (the court) made errors related to the distribution of health and safety violations, DUI violations, and the priority of installment payments.

The findings identified in this report do not have a significant effect on those remittances.

BACKGROUND

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

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

The Judicial Council of California (JCC) provides forms and worksheets to ensure the proper calculation and distribution of fines, fees, forfeitures, penalties, and assessments. The

guidance includes forms used to compute the annual maintenance-of-effort (MOE) calculation and worksheets to verify the more complex revenue distributions.

AUDIT AUTHORITY

We conducted this audit in accordance with GC section 68103, which authorizes 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 to the State Treasurer pursuant to the TC-31 process during the period of July 1, 2019, through June 30, 2023. To achieve our objective, we performed the following procedures.

General

- We gained an understanding of the county and the court's revenue collection and reporting processes, and of the criteria that were significant to our audit objective.
- We interviewed the county's personnel regarding the monthly TC-31 remittance process, the revenue distribution process, and the MOE calculation.
- We interviewed the county and court's personnel regarding the revenue distribution process and the case management systems (CMS).
- We reviewed documents supporting the transaction flow.

- We scheduled 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.
- We assessed the reliability of data from the CMSs based on interviews and our review of documents supporting the transaction flow. We determined that the data was sufficiently reliable for purposes of this report.

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 percent excess of qualified revenues remitted to the State.

Distribution Testing

- We assessed the priority of installment payments by haphazardly selecting a non-statistical sample of eight installment payments to verify priority. Errors found were not projected to the intended (total) population.
- We scheduled parking surcharge revenues collected from entities that issue parking citations within the county to ensure that revenues were correct, complete, and remitted in accordance with state statutory requirements. No errors were identified.

- We performed a risk evaluation of the county and the 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 56 cases for 11 violation types. 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. We tested the sample by recomputing the sample case distributions and comparing them to the actual distributions; errors found were not projected to the intended (total) population.

We did not audit the county or the court's financial statements. We did not review any court revenue remittances that the county or the 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 that the county's remittances to the State Treasurer are substantially correct. However, we found that the county and the court made errors related to the distribution of health and safety violations, DUI violations, and the priority of installment payments.

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, 2014, through June 30, 2018, issued on April 12, 2021. The implementation status of corrective actions is described in the Appendix.

VIEWS OF RESPONSIBLE OFFICIALS

We discussed our audit results with the county and the court's representatives during an exit conference conducted on December 2, 2025. At the exit conference, the representatives agreed with the audit results and requested to bypass the draft audit report. The court representative responded by letter on December 17, 2025, agreeing with the audit results. The county representative responded by letter on January 15, 2026, agreeing with the audit results. This final report includes the county and court's responses as Attachments A and B.

RESTRICTED USE

This report is solely for the information and use of the county, the court, the JCC, and the SCO; it is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record and is available on the SCO website at www.sco.ca.gov.

Original signed by

Kimberly A. Tarvin, CPA

Chief, Division of Audits

May 1, 2026

FINDINGS AND RECOMMENDATIONS

Finding 1—Failure to Enhance Base Fines on Health and Safety Violations

During our testing of health and safety violations, we found that the court did not impose the criminal laboratory analysis fee (Health and Safety Code [HSC] section 11372.5) as a base fine enhancement in its CMS. The error occurred because the court misinterpreted the *Distribution Guidelines*.

We verified, on a sample basis, distributions made by the court using its CMS. For each sample, we recomputed the distributions and compared them to the actual distributions. We tested four health and safety cases distributed by the court. We found that the criminal laboratory analysis fee was not imposed as a base fine enhancement in all four of the cases. The court distributes \$50 for each Health and Safety Code convictions at the end of the month and is a separate process from entering the fine information into the CMS. The failure to enhance the base fine results in an under-collection of each penalty assessment calculated by the base fines.

We did not perform a revenue analysis of this error as the court cannot retroactively collect from defendants or recalculate the base fine enhancements.

Criteria

HSC section 11372.5 requires defendants convicted of violating specific Health and Safety Code sections regulating controlled substances to pay a \$50 criminal laboratory analysis fee for each separate offense and the court to increase the total fine as necessary to include the increment.

Recommendation

We recommend that the county:

- Correct its CMS to comply with statutory requirements;
- Ensure that the criminal laboratory analysis fee is programmed as a base fine enhancement in the court's CMS; and
- Periodically verify the accuracy of its distributions using the JCC's testing sheets.

Court's Response

The Court agrees with the recommendations but will seek further clarification on how to implement them correctly given possible timing issues with the "upon conviction" language. Currently, the Court assesses and distributes the criminal laboratory analysis fee upon conviction, pursuant to [HSC] section 11372.5. However, this statute appears to conflict with the JCC's Distribution Guidelines and testing sheets, which require the fee to be treated as a "base fine enhancement" within the case management system .

Finding 2—Incorrect Distribution of the Two Percent State Automation Fee

During our testing of court cases, we found that the court had not properly distributed revenues for the two percent state automation fee (GC section 68090.8). This error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its CMS.

We verified, on a sample basis, distributions made by the court using its CMS. For each sample case, we recomputed the distributions and compared them to the actual distributions. We tested four health and safety violations and found that the court did not properly distribute revenues for the two percent State automation fee in one of the four cases. For the one case,

the court failed to distribute two percent of the drug program fee (HSC section 11372.7) for the state automation fee.

We discussed this issue with the court's staff and found that the distribution error was corrected upon switching from its legacy system to a new CMS during the audit period. We performed a revenue analysis and found that the errors did not result in a material underremittance to the State.

Criteria

GC section 68090.8(b) requires the county treasurer, prior to making other required distribution, to transmit two percent of all fines, penalties, and forfeitures collected in criminal cases to the State Trial Court Improvement and Modernization Fund to be used exclusively to pay the costs of automated systems for the trial courts.

Recommendation

We recommend that the county:

- Continue to monitor its CMS to ensure that revenues are distributed in accordance with statutory requirements; and
- Periodically verify the accuracy of its distributions using the JCC's testing sheets.

Court's Response

The Court agrees with the recommendations. As noted, the Court has already corrected the incorrect distribution issue as part of its migration from the legacy case management system to the new case management system. The Court will continue to monitor its case management systems to ensure adherence with statutory requirements and will continue to use the JCC's testing sheets periodically to corroborate accuracy of revenue distributions.

Finding 3—Incorrect Distribution of Revenues from DUI Violations

During our testing of DUI violations, we found that the county's probation department had not properly distributed revenues for the DNA Identification penalties (GC sections 76104.6 and 76104.7). The error occurred because the department misinterpreted the *Distribution Guidelines* and incorrectly configured its CMS.

We verified, on a sample basis, distributions made by the department using its CMS. For each sample case, we recomputed the distributions and compared them to the actual distributions. We tested four probation department cases; one case included assessments for the DNA Identification penalties. In the one case, we found that the department did not properly distribute revenues for the DNA Identification penalties.

We found that the department distributed \$2 of every \$10 portion of base fine for the DNA Identification penalty (GC section 76104.6) and \$3 of every \$10 of base fine for the DNA Identification penalty (GC section 76104.7) rather than the required \$1 and \$4, respectively. The error resulted in overremittances to the county and underremittances to the State as three-fourths of the GC section 76104.6 penalty is distributed to the county, while the entire GC section 76104.7 penalty is distributed to the State.

We performed a revenue analysis of this error and determined that it did not result in a material underremittance to the State.

Criteria

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

GC section 76104.7(a) requires that an additional penalty of \$4 for every \$10, or fraction thereof, be imposed upon each fine, penalty, or forfeiture imposed and collected on criminal offenses, including traffic offenses but excluding parking offenses.

Recommendation

We recommend that the county's probation department:

- Correct its CMS to ensure that revenues are distributed in accordance with statutory requirements; and
- Periodically verify the accuracy of its distributions using the JCC's testing sheets.

County's Response

The County agrees with this recommendation. A request has been submitted to the Probation Department's Information Technology team to update the Adult Probation System (APS), the department's Case Management System, to ensure accurate revenue distribution. The requested changes have been implemented in the APS test environment, and the enhancements are expected to be deployed to the production environment within the next 30 days.

Finding 4—Incorrect Prioritization of Installment Payments

During our testing of the county's probation department cases, we found that the department had incorrectly prioritized distributions of installment payments. The error occurred because the court misinterpreted the *Distribution Guidelines* and incorrectly configured its CMS.

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

We tested four cases and found that the department had not distributed payments according to PC section 1203.1d, subparagraph (b) in all four cases. The distributions were incorrect due to

the department distributing the criminal conviction assessment (GC section 70373) as a priority-three revenue instead of a priority-four revenue.

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

Criteria

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

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

Recommendation

We recommend that the county's probation department ensure that all surcharges, fines, penalties, and fees are distributed in accordance with the statutory priority requirements.

County's Response

The County agrees with this recommendation. The Probation Department submitted a request to the Treasurer and Tax Collector to review the RevQ application. The request seeks a review of the current payment allocation rules for all fines, fees, and assessments to identify and implement any necessary corrections to ensure distributions comply with statutory priority requirements.

APPENDIX—SUMMARY OF PRIOR AUDIT FINDINGS

The following table shows the implementation status of Los Angeles County’s corrective actions related to the findings contained in our prior audit report dated April 12, 2021.

Prior Audit Finding	Status
Finding 1— Underremitted 50 percent excess of qualified fines, fees, and penalties	Fully implemented
Finding 2— Overremitted Emergency Medical Air Transportation penalty	Fully implemented
Finding 3— County’s probation department did not consistently assess penalties and assessments	Fully implemented
Finding 4— Overremitted Traffic Violator School Fees	Fully implemented
Finding 5— Incorrect distribution of fish and game violations	Fully implemented

ATTACHMENT A—LOS ANGELES COUNTY’S RESPONSE TO AUDIT FINDINGS



OSCAR VALDEZ
AUDITOR-CONTROLLER

CONNIE YEE
CHIEF DEPUTY AUDITOR-CONTROLLER

COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

ASSISTANT AUDITOR-CONTROLLERS

MAJIDA ADNAN
RACHELLE ANEMA
ROBERT G. CAMPBELL

January 15, 2026

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

Attn: Kimberly Tarvin, Division Chief
Compliance Audits Bureau

RESPONSE TO DRAFT FINDING NARRATIVE FOR COURT REVENUES JULY 1, 2019 THROUGH JUNE 30, 2023

We have reviewed the Finding Narrative of Los Angeles County’s court revenues audit for the period July 1, 2019 through June 30, 2023. Below are our responses to the audit findings and recommendations:

FINDING 1 – Failure to enhance base fines on health and safety violations

State’s Recommendation 1

Superior Court of California will respond to this finding.

FINDING 2 – Incorrect distribution of the 2% state automation fee

State’s Recommendation 2

Superior Court of California will respond to this finding.

FINDING 3 – Incorrect distribution of revenues from DUI violations

State’s Recommendation 3

We recommend that the County’s Probation Department correct its Case Management System to ensure that revenues are distributed in accordance with statutory requirements; and periodically verify the accuracy of its distributions using Judicial Council of California’s testing sheets.

*Help Conserve Paper – Print Double-Sided
“To Enrich Lives Through Effective and Caring Service”*

State Controller's Office
January 15, 2026
Page 2

County's Response

The County agrees with this recommendation. A request has been submitted to the Probation Department's Information Technology team to update the Adult Probation System (APS), the department's caseload management system, to ensure accurate revenue distribution. The requested changes have been implemented in the APS test environment, and the enhancements are expected to be deployed to the production environment within the next 30 days.

FINDING 4 – Incorrect prioritization of installment payments

State's Recommendation 4


We recommend that the County's Probation Department ensure that all surcharges, fines, penalties, and fees are distributed in accordance with the statutory priority requirements.

County's Response

The County agrees with this recommendation. The Probation Department submitted a request to the Treasurer and Tax Collector to review the RevQ application. The request seeks a review of the current payment allocation rules for all fines, fees, and assessments to identify and implement any necessary corrections to ensure distributions comply with statutory priority requirements.

If you have any questions or comments, please contact Elaine Wu of my staff at ewu@auditor.lacounty.gov.

Very truly yours,



Oscar Valdez
Auditor-Controller

OV:CY:RA:EW:LS:JP:pw

H:\Acctg Control\Court\Audits\FY 2020 to 2023\Reports and Responses\LA County Response to SCO audit.docx

c: Joseph M. Nicchitta, Acting Chief Executive Officer
Guillermo Viera Rosa, Chief Probation Officer
David Slayton, Court Executive Officer, Superior Court

ATTACHMENT B—SUPERIOR COURT OF CALIFORNIA, LOS ANGELES COUNTY’S RESPONSE TO AUDIT FINDINGS



DAVID W. SLAYTON
EXECUTIVE OFFICER / CLERK OF COURT

111 NORTH HILL STREET
LOS ANGELES, CA 90012-3014

*Superior Court of California
County of Los Angeles*

December 17, 2025

Kimberly Tarvin, Chief
State Controller’s Office, Division of Audits
Post Office Box 942850
Sacramento, CA 94250

RE: Superior Court of California, County of Los Angeles (Court) Response to Audit Report
FY2019-2023

Dear Ms. Tarvin:

We have reviewed the Los Angeles County Court Revenues Audit Report for the period of July 1, 2019, through June 30, 2023. Below are our responses to the audit findings and recommendations directed to the Court:

FINDING 1 – Failure to enhance base fines on health and safety violations

Recommendation #1

We recommend that the court:

- Correct its CMS to comply with statutory requirements;
- Ensure that the criminal laboratory analysis fee is programmed as a base fine enhancement in the court’s CMS; and
- Periodically verify the accuracy of its distributions using the JCC’s testing sheets.

Response

The Court agrees with the recommendations but will seek further clarification on how to implement them correctly given possible timing issues with the “upon conviction” language. Currently, the the Court assesses and distributes the criminal laboratory analysis fee upon conviction, pursuant to Health and Safety Code section 11372.5. However, this statute appears to conflict with the JCC’s Distribution Guidelines and testing sheets, which require the fee to be treated as a “base fine enhancement” within the case management system (CMS).

To be able to implement the recommendation correctly, the Court will seek further guidance from the JCC and explore reprogramming its CMS to ensure compliance with all statutory requirements. The Court will also continue to perform periodic verification of its distributions using the JCC's testing sheets to monitor accuracy and maintain compliance.

FINDING 2 – Incorrect distribution of the 2% state automation fee

Recommendation #2

We recommend that the court:

- Continue to monitor its CMS to ensure that revenues are distributed in accordance with statutory requirements; and
- Periodically verify the accuracy of its distributions using the JCC's testing sheets.

Response

The Court agrees with the recommendations. As noted, the Court has already corrected the incorrect distribution issue as part of its migration from the legacy case management system to the new case management system. The Court will continue to monitor its case management systems to ensure adherence with statutory requirements and will continue to use the JCC's testing sheets periodically to corroborate accuracy of revenue distributions.

We appreciate the professionalism the auditors displayed during this review. If you have any questions regarding our response, please let me know or you may contact Raymond Low at 626-293-2180.

Sincerely,



David Slayton
Executive Officer/Clerk of Court

cc: Jeremy Cortez, Chief Finance & Administration Officer
 Kristine Swensson, Chief Revenue Officer
 Raymond Low, Chief Compliance Officer