

**TOWN OF HOLLY HILL MUNICIPAL COURT
HOLLY HILL, SOUTH CAROLINA**

STATE AUDITOR'S REPORT

JUNE 30, 2011

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State of South Carolina



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

September 16, 2011

The Honorable Nikki R. Haley, Governor
State of South Carolina
Columbia, South Carolina

The Honorable Warren C. Connor, Municipal Judge
Town of Holly Hill
Holly Hill, South Carolina

Ms. Gayle Austin, Clerk of Court/Treasurer
Town of Holly Hill
Holly Hill, South Carolina

We have performed the procedures described below, which were agreed to by the Town of Holly Hill Municipal Court, solely to assist you in evaluating the performance of the Town of Holly Hill Municipal Court for the fiscal year ended June 30, 2011, in the areas addressed. The Town of Holly Hill and the Town of Holly Hill Municipal Court are responsible for its financial records, internal controls and compliance with State laws and regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. **Clerk of Court**

- We gained an understanding of the policies and procedures established by the Clerk of Court to ensure proper accounting for all fines, fees, assessments, surcharges, forfeitures, escheatments, or other monetary penalties.
- We obtained certain judgmentally selected court dockets from the Clerk of Court. We randomly selected 25 cases from the court dockets and recalculated the fine, fee, assessment and surcharge calculation to ensure that the fine, fee, assessment or surcharge was properly allocated in accordance with applicable State law. We also determined that the fine, fee, assessment and/or surcharge adhered to State law and to the South Carolina Court Administration fee memoranda.

The Honorable Nikki R. Haley, Governor
and
The Honorable Warren C. Connor, Municipal Judge
Ms. Gayle Austin, Clerk of Court/Treasurer
Town of Holly Hill
September 16, 2011

Our findings as a result of these procedures are presented in Adherence to Fine Guidelines and Conviction Surcharge in the Accountant's Comments section of this report.

2. **Town Treasurer**

- We gained an understanding of the policies and procedures established by the Town to ensure proper accounting for court fines, fees, assessments, surcharges, forfeitures, escheatments, or other monetary penalties.
- We obtained copies of all State Treasurer's Revenue Remittance Forms submitted by the Town for the fiscal year ended June 30, 2011. We agreed the amounts reported on the State Treasurer's Revenue Remittance Forms to the monthly court remittance reports and to the State Treasurer's receipts. We also agreed the total revenue due to the State Treasurer to the general ledger.
- We determined if the State Treasurer's Revenue Remittance Forms were submitted in a timely manner to the State Treasurer in accordance with State law.
- We verified that the amounts reported by the Town on its supplemental schedule of fines and assessments for the fiscal year ended August 31, 2010 agreed to the State Treasurer's Revenue Remittance Forms and to the Town's general ledger.

Our finding as a result of these procedures is presented in Timely Submission of State Treasurer's Revenue Remittance Form in the Accountant's Comments section of this report.

3. **Victim Assistance**

- We gained an understanding of the policies and procedures established by the Town to ensure proper accounting for victim assistance funds.
- We made inquiries and performed substantive procedures to determine that any funds retained by the Town for victim assistance were accounted for in a separate account.
- We determined if the Town reported victim assistance financial activity on the supplemental schedule of fines and assessments in accordance with State law.
- We inspected the Town's general ledger to determine if the Victim Assistance Fund balance was retained as of September 1 from the previous fiscal year in accordance with State law.

Our finding as a result of these procedures is presented in Accounting for Victim Assistance Funds in the Accountant's Comments section of this report.

The Honorable Nikki R. Haley, Governor
and
The Honorable Warren C. Connor, Municipal Judge
Ms. Gayle Austin, Clerk of Court/Treasurer
Town of Holly Hill
September 16, 2011

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on compliance with the collection and distribution of court generated revenue at any level of court for the twelve months ended June 30, 2011, and, furthermore, we were not engaged to express an opinion on the effectiveness of internal controls over compliance with the laws, rules and regulations described in paragraph one and the procedures of this report. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Governor, Chairman of the House Ways and Means Committee, Chairman of the Senate Finance Committee, Chairman of the House Judiciary Committee, Chairman of the Senate Judiciary Committee, members of the Town of Holly Hill Town Council, Town of Holly Hill Municipal Judge, Town of Holly Hill Clerk of Court/Treasurer, State Treasurer, State Office of Victim Assistance, and the Chief Justice and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Richard H. Gilbert, Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

ACCOUNTANT'S COMMENTS

VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS

Management of the entity is responsible for establishing and maintaining internal controls to ensure compliance with State Laws, Rules or Regulations governing court collections and remittances. The procedures agreed to by the entity require that we plan and perform the engagement to determine whether any violations of State Laws, Rules or Regulations occurred.

The conditions described in this section have been identified as violations of State Laws, Rules or Regulations.

ADHERENCE TO FINE GUIDELINES

During our test of Municipal Court collections and remittances, we noted the following instances in which the judge did not fine the defendant in accordance with State law:

- 1) An individual was fined \$166.27 for littering less than 15 lbs. or 27 cu. ft. in volume, 1st offense. Section 16-11-0700(C)(1) of the 1976 South Carolina Code of Laws, as amended, states, "A person who violates the provisions of this section in an amount less than fifteen pounds in weight or twenty-seven cubic feet in volume is guilty of a misdemeanor and, upon conviction, must be fined two hundred dollars or imprisoned for not more than thirty days for a first or second conviction..." .
- 2) An individual was fined \$9.64 for violation of Holly Hill Town Code 9.04.130, Loitering. The penalty for this violation is established by Holly Hill Town Code Section 9.04.130(a) which states that said offense is punishable by a fine not less than one hundred dollars for the first offense.

The Municipal Judge stated that the error in the fine assessments was an oversight.

We recommend the Municipal Court implement procedures to ensure that fines levied adhere to the minimum and maximum required by State law.

CONVICTION SURCHARGE

During our test of Municipal Court collections and remittances, we noted three instances where the Court did not assess and collect the \$25 conviction surcharge.

The Town Clerk stated this was due to oversight.

Section 14-1-211(A)(1) of the 1976 South Carolina Code of Laws, as amended, states, "In addition to all other assessments and surcharges, ...a twenty-five dollar surcharge is imposed on all convictions obtained in...municipal courts in this State. No portion of the surcharge may be waived, reduced, or suspended."

We recommend the Municipal Court implement procedures to ensure the conviction surcharge is assessed and collected in accordance with State law.

TIMELY SUBMISSION OF STATE TREASURER'S REVENUE REMITTANCE FORM

During our testing of the Town's State Treasurer's Revenue Remittance Forms (STRRF), we noted five out of twelve STRRF were not submitted to the State Treasurer by the fifteenth day of the month as required by State law. The forms were submitted from one to three weeks late.

The Town Clerk stated the STRRF was submitted when the Town had funds available.

Section 14-1-208(B) of the 1976 South Carolina Code of Laws, as amended, requires the Town to remit the balance of the assessment revenue to the State Treasurer on a monthly basis by the fifteenth day of each month and make reports on a form and in a manner prescribed by the State Treasurer.

We recommend the Town implement procedures to ensure the STRRF is submitted by the fifteenth day of each month in compliance with State law.

ACCOUNTING FOR VICTIM ASSISTANCE FUNDS

During our test of Municipal Court collections and remittances, we noted the Town did not properly retain victim services revenue for 12 out of 25 cases tested. The funds collected for victim assistance were not deposited into a separate account as required by State law but were pooled with the Town's general fund. The Town Clerk stated that as of January 1, 2011 the Town began to deposit victim assistance revenue into a separate account upon advice of its external auditor.

Because the Town did not separately report victim assistance revenue on its general ledger, victim assistance beginning balance, ending balance and current year victim assistance revenue per the general ledger did not agree to amounts reported on the required schedule of fines, assessments and surcharges included in the Town's fiscal year ended

August 31, 2010 audited financial statements. The Town Clerk stated the victim assistance balance reported on the supplementary schedule was carried forward each year and updated to reflect current victim assistance revenue and expenditures.

Section 14-1-211(B) of the 1976 South Carolina Code of Laws, as amended, states, "The revenue collected pursuant to subsection (A)(1) must be retained by the jurisdiction which heard or processed the case and paid to the city or county treasurer, for the purpose of providing services for the victims of crime, including those required by law. Any funds retained by the county or city treasurer pursuant to subsection (A)(1) must be deposited into a separate account for the exclusive use for all activities related to the requirements contained in this provision."

We recommend the Town continue to enforce its policies and procedures to ensure victim assistance revenue is accounted for in accordance with State law. We further recommend the Town transfer the unexpended balance pertaining to victim assistance funds from its general fund account to the victim assistance account.

TOWN'S RESPONSE



TOWN OF HOLLY HILL

WILLIAM R. JOHNSON
MAYOR

GAYLE D. AUSTIN
CLERK AND TREASURER

P.O. Box 1108 • 8807 Old State Road
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COUNCILPERSONS
HENRY LOUIS DAMON
JAN C. WILES
WOODROW WILSON, JR.
LEANNE TROUTMAN

November 15, 2011

Richard H. Gilbert, Jr., CPA
Deputy State Auditor
State of South Carolina
Office of the State Auditor
1401 Main Street
Suite 1200
Columbia, South Carolina 29201

RE: Release Authorization and Management Response of the State Accountant's Comments for the Town of Holly Hill Municipal Court and Victim's Assistance Fund for the Fiscal Year Ending June 30, 2011.

Dear Mr. Gilbert:

Please accept our letter as authorization to release the report regarding your findings noted for the Town of Holly Hill Municipal Court and Victim's Assistance Fund for the Fiscal Year Ending June 30, 2011.

In addition, we would like to respond to your findings in the draft report as follows:

Adherence to Fine Guidelines:

The State Accountant noted two instances in which the Judge did not fine the defendant in accordance with State Law. The Municipal Judge stated that the error in the fine assessments was an oversight.

The Municipal Court is implementing procedures to ensure that fines levied adhere to the minimum and maximum required by State Law.

Conviction Surcharge:

This surcharge was actually corrected by our computer software people to correct this problem in the future.

Timely submission of State Treasurer's Revenue Remittance Form:

Our Accounts Payable staff has been instructed to submit this report as required by State Law by the 15th of the month.

Accounting for Victim Assistance Funds:

The Town of Holly Hill has always been able to account for these funds on a monthly basis due to our software program. We do maintain a separate bank account for these funds.

Upon advice of the Town of Holly Hill's external auditor, the Town was advised to deposit these funds on a monthly basis. As for the amount owed from the General Fund to the Victim's Assistance Fund our Mayor has been discussing these funds being transferred to the County of Orangeburg, but an agreement between the County and the Town will have to be signed. We are hoping that these funds can be transferred over a period so as not to drain our General Fund. The Town has taken steps to include a budget for expenses and revenues on a yearly basis for the Victim's Assistance Fund.

Town staff, Municipal Court employees as well as the Mayor and Police Department have discussed these findings and have taken corrective action to correct these deficiencies. Our goal is to conduct daily activities to the highest standards and in accordance with the law.

Thank you for your assistance and if you have any questions, please feel free to contact us at (803) 496-3330.

With regards,


Judge Warren C. Connor

Gayle D. Austin
Town Clerk

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