

**TOWN OF WARE SHOALS MUNICIPAL COURT
WARE SHOALS, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT
JUNE 30, 2013**

CONTENTS

| | <u>PAGE</u> |
|---|-------------|
| I. STATE AUDITOR'S OFFICE TRANSMITTAL LETTER | |
| II. INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES | 1-3 |
| III. ACCOUNTANT'S COMMENTS | |
| SECTION A - VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS | 4 |
| INSTALLMENT FEE | 5 |
| TIMELY SUBMISSION OF STATE TREASURER'S REVENUE REMITTANCE FORM | 5 |
| SECTION B – OTHER WEAKNESS | 6 |
| MONTHLY COLLECTIONS RECONCILIATIONS | 7 |
| TOWN'S RESPONSE | |

**SAO
Transmittal
Letter**

State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

RICHARD H. GILBERT, JR., CPA
DEPUTY STATE AUDITOR

(803) 253-4160
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May 16, 2014

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

The Honorable Helen A. Phillips, Municipal Judge
Town of Ware Shoals
Ware Shoals, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of Ware Shoals Municipal Court System as of and for the year ended June 30, 2013, was issued by Cline Brandt Kochenower & Co., P.A., Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

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

RHGjr/trb

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

April 30, 2014

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

The Honorable Helen A. Phillips, Municipal Judge
Town of Ware Shoals Municipal Court
Ware Shoals, South Carolina

Ms. Heather Fields, Town Clerk
Town of Ware Shoals
Ware Shoals, South Carolina

We have performed the procedures described below, which were agreed to by the Town of Ware Shoals and the Town of Ware Shoals Municipal Court, solely to assist you in evaluating the performance of the Town of Ware Shoals Municipal Court for the period July 1, 2012 to June 30, 2013, in the areas addressed. The Town of Ware Shoals and the Town of Ware Shoals 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. Town Clerk

- We gained an understanding of the policies and procedures established by the Town Clerk and Judge to ensure proper accounting for all fines, fees, assessments, surcharges, forfeitures, escheatments, or other monetary penalties.
- We obtained Ware Shoals Municipal Court dockets from the Municipal Judge. We randomly selected twenty-five 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 whether 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 Helen A. Phillips, Municipal Judge
Ms. Heather Fields, Town Clerk
Town of Ware Shoals
April 30, 2014

- We tested recorded court receipt transactions to determine that the receipts were remitted in a timely manner to the Town's finance department in accordance with State law.
- We obtained copies of all State Treasurer's Revenue Remittance Forms submitted by the Town for the period July 1, 2012 through June 30, 2013. We agreed the line item 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 June 30, 2012 and obtained the reconciliation to the State Treasurer's Revenue Remittance Forms and to the Town's general ledger. We also determined if the supplemental schedule of fines and assessments contained all required elements in accordance with State law.

Our findings as a result of these procedures are presented in Installment Fee, Timely Submission of State Treasurer's Revenue Remittance Form and Monthly Collections Reconciliations in the Accountant's Comments section of this report.

2. **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 if 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 July 1 from the previous fiscal year in accordance with State law.

There were no findings as a result of these procedures.

The Honorable Nikki R. Haley, Governor
and
The Honorable Helen A. Phillips, Municipal Judge
Ms. Heather Fields, Town Clerk
Town of Ware Shoals
April 30, 2014

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, 2013, 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. Accordingly, we do not express such an opinion. 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 Ware Shoals Town Council, Town of Ware Shoals Municipal Judge, Town of Ware Shoals Town Clerk, 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 blue ink that reads "Cline Brandt Kochenower & Co. P.A." The signature is written in a cursive, flowing style.

Cline Brandt Kochenower & Co. P.A.

**ACCOUNTANT'S
COMMENTS**

SECTION A – 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.

INSTALLMENT FEE

During our test of Municipal Court collections and remittances, we inquired if the Court assessed and collected the three percent installment fee from defendants that paid the total amount due in installments. The Clerk of Court stated the Court does not have such a policy.

Section 14-17-725 of the 1976 South Carolina Code of Laws, as amended, states, "... where criminal fines, assessments, or restitution payments are paid through installments, a collection cost charge of three percent of the payment also must be collected by the clerk of court."

We recommend the Court implement a policy to ensure the installment fee is charged 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 ten out of twelve STRRF were not submitted to the State Treasurer by the fifteenth day of the month as required by State law. We determined the forms were submitted from four to twenty-seven days late.

The Town Finance Director stated some of the late submissions were due to her having the responsibilities of both the Town clerk and finance director and having to prioritize workloads of both offices. Also, the municipal judge works only part time and provides necessary information for filing.

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 are submitted by the fifteenth day of each month in compliance with State law.

SECTION B – OTHER WEAKNESS

The condition described in this section has been identified while performing the agreed-upon procedures but is not considered a violation of State Laws, Rules or Regulations.

MONTHLY COLLECTIONS RECONCILIATIONS

During our testing of court fines we noted a difference in the court accounting software report's monthly collection totals and bank deposit monthly totals for amounts collected on bonds and fines. After further inquiry we determined the court does not routinely reconcile fine amounts collected and entered into the software with bank deposits made on a monthly basis. In order to determine what the differences were, the town reconciled several months and found:

- 1) Not all fines are entered in the software in the same month they are collected.
- 2) Not all fines are entered. For instance, non-assessed town ordinances [i.e. parking tickets or stray pets] are not entered.

Internal control best business practices generally include monthly reconciliations of revenue activities with bank deposits to ensure all activity was deposited. As compliance with State laws and regulations are also involved, a reconciliation process would serve a dual purpose. We recommend the Town establish and implement policies and procedures to ensure all records are properly reconciled before transmitting reports to the State in accordance with Court Administration's guidelines.

**TOWN'S
RESPONSE**

Town of Ware Shoals
P.O. BOX 510
WARE SHOALS, SOUTH CAROLINA 29692
TELEPHONE 864-456-7478
FAX 864-456-7528

March 26, 2014

Steve Blake, CPA, CFE, CICA
Cline Brandt Kochenower & Co. P.A.
1225 West Floyd Baker Boulevard
PO BOX 848
GAFFNEY SC 29342-0848

Re: Town of Ware Shoals Municipal Court Audit

Dear Mr. Blake:

The Town of Ware Shoals has reviewed the preliminary draft copy of the report resulting from your performance of agreed-upon procedures to the accounting records of the Town of Ware Shoals Municipal Court for FY ending June 30, 2013.

At this time the Town of Ware Shoals has already taken steps to correct the findings that were expressed in the draft. We immediately instated the 3% installment fee to all scheduled time payments during the court process. The Town is currently enrolling into the online upload of our court remittance forms with ACH withdrawal of the fines to the State Treasurers Office to comply with the 15th of each month status. Also the Town administrative staff has steps in place to check each deposit to make sure that it is correct and that all activity is recorded in a timely manner.

The Town of Ware Shoals agrees with the report and gives permission for the final draft to be released. If there are any questions, please contact me at 864-456-7478.

Sincerely,


Heather H. Fields
Town Clerk/Treasurer