

CITY OF EASLEY MUNICIPAL COURT

EASLEY, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2013

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State of South Carolina



Office of the State Auditor

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

February 11, 2014

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

The Honorable Donita J. Crowe, Chief Judge
City of Easley Municipal Court
Easley, South Carolina

Ms. Natasha Hamby, Clerk of Court
City of Easley
Easley, South Carolina

We have performed the procedures described below, which were agreed to by the City of Easley and the City of Easley Municipal Court, solely to assist you in evaluating the performance of the City of Easley Municipal Court for the fiscal year ended June 30, 2013, in the areas addressed. The City of Easley and the City of Easley 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 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.
- We tested recorded court receipt transactions to determine that the receipts were remitted in a timely manner to the City's finance department in accordance with State law.

The Honorable Nikki R. Haley, Governor
and
The Honorable Donita J. Crowe, Municipal Judge
Ms. Natasha Hamby, Clerk of Court
City of Easley
February 11, 2014

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. Senior Accounting Clerk

- We gained an understanding of the policies and procedures established by the City 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 City for the fiscal year ended 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 City on its supplemental schedule of fines and assessments for the fiscal year ended June 30, 2013 agreed to the State Treasurer's Revenue Remittance Forms and to the City'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 Timely Submission of State Treasurer's Revenue Remittance Form and Supplementary Schedule in the Accountant's Comments section of this report.

3. Victim Assistance

- We gained an understanding of the policies and procedures established by the City to ensure proper accounting for victim assistance funds.
- We made inquiries and performed substantive procedures to determine if any funds retained by the City for victim assistance were accounted for in a separate account.
- We tested judgmentally selected victim assistance expenditures to ensure that the City expended victim assistance funds in accordance with State law and South Carolina Court Administration Fee Memoranda, Attachment L.
- We determined if the City reported victim assistance financial activity on the supplemental schedule of fines and assessments in accordance with State law.
- We inspected the City'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.

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 Donita J. Crowe, Municipal Judge
Ms. Natasha Hamby, Clerk of Court
City of Easley
February 11, 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 City of Easley City Council, City of Easley Municipal Judge, City of Easley Clerk of Court, 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 one instance where the individual was fined \$70 for possession of drug paraphernalia.

City of Easley Code Section 134.99 (D) states, “Any person who violates the provisions of Code Section 134.06 shall in addition to any civil penalties which may be applicable under the laws of this state, up conviction thereof, be fined not more than \$500, plus a state assessment fee, but not less than \$100, or imprisoned for not more than 30 days, but not less than 10 days, or both”.

The Chief Judge stated this was a judicial error during sentencing.

We recommend the Municipal Court implement procedures to ensure that fines levied by the court adhere to the applicable City code.

TIMELY SUBMISSION OF STATE TREASURER’S REVENUE REMITTANCE FORM

During our testing of the City’s State Treasurer Revenue Remittance Forms (STRRF), we noted four 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 three to fifteen days late.

The City contracts with a CPA to perform certain accounting duties, including the preparation of the STRRF. The noted STRRF were submitted late due to his other outside responsibilities.

Section 14-1-208(B) of the 1976 South Carolina Code of Laws, as amended, requires the City 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 City implement procedures to ensure the STRRF are submitted by the fifteenth day of each month in compliance with State law.

CONVICTION SURCHARGE

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

The Chief Judge stated this was a judicial error during sentencing.

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 magistrates and 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 properly assessed and collected in accordance with State law.

ACCOUNTING FOR VICTIM ASSISTANCE FUNDS

During our testing of victim assistance expenditures, we noted the City charged the following expenditures to the victim assistance fund: (1) \$258.08 for electric, street lights, water and sewer charges; (2) \$68.00 for municipal insurance; and (3) \$1,020 for attorney fees for criminal domestic violence work.

According to the City's Senior Accounting Clerk, she has continued to follow policies regarding victim assistance expenditures put in place by the former Clerk.

South Carolina Code of Laws, Section 14-1-208(D), states, "The revenue retained by the municipality under subsection (B) must be used for the provision of services for the victims of crime including those required by law. These funds must be appropriated for the

exclusive purpose of providing victim services as required by Article 15 of Title 16; specifically, those service requirements that are imposed on local law enforcement, local detention facilities, prosecutors, and the summary courts.” In addition, the South Carolina Court Administration Memorandum, Attachment L, dated June 29, 2012, and the South Carolina Victim Service Coordinating Council, Approved Guide for Expenditures of Monies Collected for Crime Victim Service in Municipalities and Counties, effective January 2010, set forth guidelines for expenditures of monies collected for crime victim services.

We also contacted Ethel Ford, Senior Manager for Community Victim Assistance of the State Office of Victim Assistance, in regards to the expenditures noted above. She stated that utilities are not allowable charges if the victim advocate is housed in the same building as the city’s police department which is the case for the City of Easley. She also stated that liability insurance is the responsibility of the police department and/or town and since the victim advocate is an extension of the police department, victim assistance funds may not be used for this purpose. Furthermore, Ms. Ford stated that attorney fees are not allowed to be paid out of victim assistance funds regardless of the type of work being performed by the attorney.

We recommend the City reimburse the victim assistance funds for the unallowable expenditures. We also recommend the City establish and implement policies and procedures to ensure victim assistance revenue is used only for allowable expenditures.

SUPPLEMENTARY SCHEDULE

During our testing of the schedule of court fines, assessments and surcharges included in the City's financial statements for the year ended June 30, 2013, we noted amounts reported for the City's court fines and assessments retained, court fines and assessments remitted to the State Treasurer, court surcharges collected, and court surcharges remitted to the State Treasurer did not agree to amounts recorded in the City's accounting records. Additionally, victim assistance fund expenditures and victim assistance fund ending balance available for carryforward did not agree to the City's accounting records.

According to the independent auditor who prepared the City's annual financial statements, amounts reported for victim assistance assessments and surcharges were improperly included in certain amounts and improperly omitted from others. In addition, other amounts were improperly reported as surcharges and should not have been reported on the schedule.

Section 14-1-208(E)(1) of the 1976 South Carolina Code of Laws, as amended, states, "The supplementary schedule must include the following elements: (a) all fines collected by the clerk of court for the municipal court; (b) all assessments collected by the clerk of court for the municipal court; (c) the amount of fines retained by the municipal treasurer; (d) the amount of assessments retained by the municipal treasurer; (e) the amount of fines and assessments remitted to the State Treasurer pursuant to this section; and (f) the total funds, by source, allocated to victim services activities, how those funds were expended, and any balances carried forward."

We recommend the City implement procedures to ensure amounts reported on the supplementary schedule are accurately reported in accordance with State law.

CITY'S RESPONSE

City of Easley



March 24, 2014

Richard H. Gilbert, Jr., CPA
Deputy State Auditor
Office of the State Auditor
1401 Main Street
Columbia, SC 29201

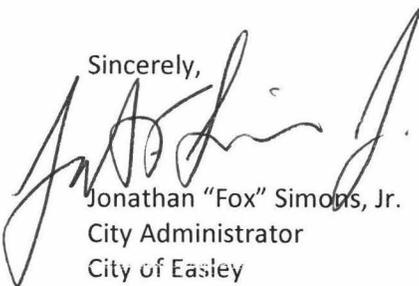
Dear Mr. Gilbert:

The City of Easley is in receipt of the audit your office recently completed regarding the City of Easley's Municipal Court.

City staff has reviewed the audit and we authorize its release.

Per the request in your letter, we have attached the City's comments to the audit's findings.

Sincerely,



Jonathan "Fox" Simons, Jr.
City Administrator
City of Easley

CC: Donita Crowe, Chief Judge, Easley Municipal Court
Natasha Hamby, Clerk of Court
Gary Harris, Accountant
Jason White, Independent Auditor

Adherence to Fine Guidelines

Judicial and Clerk of Court staff has implemented procedures to ensure accurately imposed fines, court costs and collections.

Timely Submission of State Treasurer's Revenue Remittance Form

The audit found that the city was late on four of the twelve State Treasurer Remittance Forms. As the audit pointed out these forms are due to the State by the 15th of the month.

In an effort to be in compliance with State law in remitting these monies the city will work with our outside accountant on trying to get these reports submitted in a more timely fashion.

Conviction Surcharge

Judicial and Clerk of Court staff has implemented procedures to ensure accurately imposed fines, court costs and collections.

Accounting for Victim Assistance Funds

The audit discovered the city was placing a few expenditures in the Victim Assistance Fund that are not compliant with State Law. Specifically, the audit found that utility charges (\$258.08), liability insurance (\$68), and city attorney fees to prosecute criminal domestic violence (\$1,020) were made in error.

The City will make the necessary accounting adjustments to remedy this wrong and try to make the necessary accounting adjustments to prevent this from occurring in the future.

Supplementary Schedules

The audit stated the City's independent auditor completed the state's supplementary schedule incorrectly.

We have made the independent auditor aware of this and will make the necessary corrections on future reports.

4 copies of this document were published at an estimated printing cost of \$1.46 each, and a total printing cost of \$5.84. Section 1-11-425 of the South Carolina Code of Laws, as amended, requires this information on printing costs be added to the document.