

**DILLON COUNTY CIRCUIT,
PROBATE AND FAMILY COURT SYSTEMS**

DILLON, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2016

CONTENTS

	<u>PAGE</u>
I. STATE AUDITOR'S OFFICE TRANSMITTAL LETTER	1
II. INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	2-5
III. ACCOUNTANT'S COMMENTS	6
VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS	7
TIMELY, ACCURATE REPORTING BY THE CLERK OF COURT	8
Motion Fees	8
Manual Override	8
Daily Closeout Procedures	8
Installment Fee	9
Office of Indigent Defense	9
TIMELY, ACCURATE RECORDING AND REPORTING BY THE COUNTY TREASURER	10
Timely Submission of the State Treasurer's Revenue Remittance Form	10
Supplementary Schedule	10
VICTIM ASSISTANCE FUNDS	11
UNDER REPORTED AMOUNTS	11
COUNTY'S RESPONSE	13



**South Carolina
Office of the State Auditor**

**George L. Kennedy, III, CPA
State Auditor**

February 6, 2017

The Honorable Henry McMaster, Governor
State of South Carolina
Columbia, South Carolina

The Honorable Gwen T. Hyatt, Clerk of Court
The Honorable Jamie Calhoun Estes, Treasurer
Dillon County
Dillon, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Dillon County Circuit, Probate and Family Court System as of and for the year ended June 30, 2016, was issued by Steven L. Blake, CPA, 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 blue ink that reads "George L. Kennedy, III".

George L. Kennedy, III, CPA
State Auditor

GLKIII/trb

STEVEN L. BLAKE, CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

February 6, 2017

The Honorable Gwen T. Hyatt, Clerk of Court
Dillon County Circuit, Probate and Family Court System
Dillon, South Carolina

The Honorable Jamie Calhoun Estes, Treasurer
Dillon County
Dillon, South Carolina

I have performed the procedures described below, which were agreed to by the County of Dillon and the Dillon County Circuit, Probate and Family Courts, solely to assist you in evaluating the performance of the Dillon County Circuit, Probate and Family Court Systems for the fiscal year ended June 30, 2016, in the areas addressed. The County of Dillon and the Dillon County Circuit, Probate and Family Courts 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 Office of the State Auditor and the Dillon County Circuit, Probate and Family Court Systems. Consequently, I 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

- I 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.
- I obtained the General Sessions' beginning and ending indictment numbers for all cases for the period under review from the Clerk of Court. I randomly selected twenty-five cases 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. I 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 Gwen T. Hyatt, Clerk of Court
The Honorable Jamie Calhoun Estes, Treasurer
Dillon County
February 6, 2017

- I obtained the population of case numbers for all new cases filed in the Court of Common Pleas during the period under review from the Clerk of Court. I randomly selected twenty-five case numbers to determine that filing and motion fees adhered to State law and the Clerk of Court Manual.
- I obtained the population of case numbers for all new cases filed in Family Court during the period under review from the Clerk of Court. I randomly selected twenty-five cases to determine that filing fees, motion fees, support collection fees, and fines adhered to State law and the Clerk of Court Manual.
- I tested twenty-five randomly selected, recorded court receipt transactions in each court to determine that the receipts were remitted in a timely manner to the County Treasurer in accordance with State law.
- I agreed all amounts reported on the monthly court transmittal reports to the Court's summary cash receipt report or equivalent.

My findings as a result of these procedures are presented in Timely, Accurate Reporting by the Clerk of Court in the Accountant's Comments section of this report.

2. Probate Judge

- I gained an understanding of the policies and procedures established by the Probate Court to ensure proper accounting for all domestic violence fees.
- I obtained the population of marriage license numbers for all new marriage licenses issued by the Probate Court during the period under review from the Probate Judge. I tested all licenses to determine that the domestic violence fee included in the marriage license fee adhered to State law.

There were no findings as a result of these procedures.

The Honorable Gwen T. Hyatt, Clerk of Court
The Honorable Jamie Calhoun Estes, Treasurer
Dillon County
February 6, 2017

3. County Treasurer

- I gained an understanding of the policies and procedures established by the County to ensure proper accounting for court fines, fees, assessments, surcharges, forfeitures, escheatments, or other monetary penalties.
- I obtained copies of all State Treasurer's Revenue Remittance Forms submitted by the County which reported court generated monies for the fiscal year ended June 30, 2016. I agreed the line item amounts reported on the State Treasurer's Revenue Remittance Forms to the monthly court remittance reports, general ledger, and to the State Treasurer's receipts for four randomly selected months.
- I determined if the State Treasurer's Revenue Remittance Forms were submitted in a timely manner to the State Treasurer in accordance with State law.
- I verified that the amounts reported by the County on its supplementary schedule of fines and assessments for the fiscal year ended June 30, 2016 agreed to the State Treasurer's Revenue Remittance Forms and to the County's general ledger.

My findings as a result of these procedures are presented in Timely, Accurate Recording and Reporting by the County Treasurer in the Accountant's Comments section of this report.

4. Victim Assistance

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

My findings as a result of these procedures are presented in Victim Assistance Funds in the Accountant's Comments section of this report.

The Honorable Gwen T. Hyatt, Clerk of Court
The Honorable Jamie Calhoun Estes, Treasurer
Dillon County
February 6, 2017

5. Calculation of Over/(Under) Reported Amounts

- I obtained court transmittal forms for the thirty-six-month period ended June 30, 2016. I calculated the amount under reported by the clerk of court for the period.

The results of my procedures disclosed that the County under reported amounts due to the State. My finding as a result of these procedures is presented in Under Reported Amounts in the Accountant's Comments section of this report.

I was 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 the county level of court for the twelve months ended June 30, 2016, and, furthermore, I was 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, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my 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 Dillon County Council, Dillon County Clerk of Court, Dillon County Treasurer, Dillon County Probate Judge, State Treasurer, State Office of Victim Assistance, State Office of Indigent Defense, the Chief Justice and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Steven L. Blake, CPA

**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 I 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.

TIMELY, ACCURATE REPORTING BY THE CLERK OF COURT

Motion Fees

I tested civil court cases and the associated fees. I determined that the motion fee was allocated on a manual transmittal sheet from the clerk of court at 56% county share and 44% state share. According to the law, one hundred percent should be remitted to the State.

Section 8-21-320 of the 1976 South Carolina Code of Laws, as amended, states, "There is assessed for every motion . . . a fee of twenty-five dollars. ... The revenue from this fee must be collected by the clerk of court in each court and remitted to the State Treasurer"

The clerk of court stated the manual sheet had been developed and used for several years. No one was sure who initiated the allocation percentages.

I recommend the court properly allocate the motion fee in accordance with State law and monitor the allocations on the transmittals for future compliance.

Manual Override

I determined one fine and its system calculated assessments, surcharges and fees was manually overridden.

Various code sections of the 1976 South Carolina Code of Laws, as amended, require assessments, surcharges and fees that related to that specific charge to be assessed.

The clerk of court stated the system had properly calculated the assessments, surcharges and fees on this case but it was determined they should be overridden. It was acknowledged the override was incorrect and the case was reset to the system calculated assessments, surcharges and fees and therefore correctly reported on the next monthly report.

I recommend the county not override the system calculations except in the very rare instance of an exception to the system calculated assessments, surcharges and fees.

Daily Closeout Procedures

I determined family court cutoff procedures allowed collections to go unrecorded in daily reporting which is then summarized into monthly transmittals. This causes the monthly summaries, based on the daily reports, not to reconcile with the monthly system-generated reports. Thus, the transmittals are incomplete at times, causing underreported amounts.

Section 14-1-220 of the 1976 South Carolina Code of Laws, as amended states, "...each county clerk of court, magistrate, or other person who receives monies from the cost of court assessments in general sessions or magistrates' courts shall transmit all these

monies to the county treasurer of the county. These transmittals must be made no less frequently than once each month,”

The clerk of court stated timely transmittal preparation required daily closeout procedures be initiated before the system is closed out thereby preventing overtime to prepare the daily report. However, because the system is not closed out until the office closes, payments have been made and posted to the system after system reports have been generated to prepare the daily report.

I recommend the Court implement procedures to ensure the monthly transmittals reconcile to the system generated reports by including all payments entered after daily reports were printed for daily report preparation.

Installment Fee

During my test of General Sessions Court collections and remittances, I noted three out of three applicable instances of the twenty-five cases where the Court assessed and collected the three percent installment fee from individuals that paid the total amount due in one payment after the court date.

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.”

The clerk of court stated the system is preprogrammed to assess the three percent and human error was responsible for not removing the assessed three percent when one payment was made.

I recommend the Court implement procedures to ensure the installment fee is assessed and collected only from individuals who pay in installments.

Office of Indigent Defense

The Clerk of Court’s office does not prepare the check for the Office of Indigent Defense fee collections monthly.

South Carolina Appropriations Bill 2015-2016, Proviso 61.6, ratified June 23, 2015 states “Every person placed on probation on or after July 1, 2003, who was represented by a public defender or appointed counsel, shall be assessed a fee of five hundred dollars. The revenue generated from this fee must be collected by the clerk of court and sent on a monthly basis to the Commission on Indigent Defense. ... This assessment shall be collected and paid over before any other fees.”

The Clerk of Court’s office stated, since they went on draft with the State

Treasurer's office, human error has caused them to overlook writing the required checks monthly for the other fees required to be transmitted under various State laws.

I recommend the Court implement procedures to ensure they transmit the fee in accordance with State law.

TIMELY, ACCURATE RECORDING AND REPORTING BY THE COUNTY TREASURER

Timely Submission of the State Treasurer's Revenue Remittance Form

During my testing of the County's State Treasurer's Revenue Remittance Forms (STRRF), I noted three out of twelve STRRF were not submitted to the State Treasurer by the fifteenth day of the month as required by State law. The County submitted the forms from two to five days late.

Section 14-1-206(B) of the 1976 South Carolina Code of Laws, as amended, requires the County 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.

The County Treasurer stated workloads during heavy volume times cause priorities to shift.

I recommend the County implement procedures to ensure the STRRF are submitted by the fifteenth day of each month in compliance with State law.

Supplementary Schedule

During my testing of the June 30, 2016 audited financial statement schedule of court fines, assessments and surcharges, prepared as a draft copy, I noted the County did not include any victim services' beginning fund balance carry forward, as required by State law. I also noted no expense detail in victim services' as required. I could not reconcile the expense total to the general ledger expense detail and no reconciliation was provided.

Section 14-1-206(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 court of general sessions; (b) all assessments collected by the clerk of court for the court of general sessions; (c) the amount of fines retained by the county treasurer; (d) the amount of assessments retained by the county 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."

The treasurer's assistant stated the schedule appeared to be missing final journal entries prepared to close out the general ledger. She further stated that there had been no funds carried forward in prior years as all victim services' funds are spent each year. Finally, they stated that the balance forwards would be shown in the statement in the future even if they are zero.

I recommend the County develop and implement procedures to ensure that amounts reported on the supplementary schedule agree and/or reconcile to the County's general ledger and subsidiary ledgers. The County should also develop and implement procedures to ensure that the schedule is prepared in accordance with State law.

VICTIM ASSISTANCE FUNDS

During my tests of Municipal Court collections and remittances I noted the following:

- The County has not established a separate bank account or special revenue fund to account for Victim Assistance funds as required by State law but instead deposits funds in the general fund
- The County also deposits the Drug Surcharge in the general fund general ledger account used for Victim Assistance revenues and expenses the payment of the Drug Surcharge to the State Treasurer in the same revenue account.

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."

The county treasurer's office stated the fund has historically had a zero balance because of continually spending more than is collected, therefore a separate fund or bank account was not considered necessary or cost effective. The deposit of the Drug Surcharge will be corrected.

I recommend the County establish and implement policies and procedures to ensure Victim Assistance revenue is accounted for in accordance with State law. I also recommend the County establish a separate general ledger account to ensure the transparency of its Victims' Assistance funds.

UNDER REPORTED AMOUNTS

As reported in the finding Motion Fees, the Clerk of Court improperly allocated the

Section 8-21-320 motion fee between the County and the State Treasurer on the transmittal. I requested and obtained a summary schedule of court collections and allocations of the motion fee for the period July 1, 2013 through June 30, 2016. Based on the tests performed, I determined the County underreported the following cumulative amounts:

STRRF LINE	DESCRIPTION	AMOUNT
E.	Circuit/Family Motion Fee - \$25 Per Motion	3,984.00
CC.	TOTAL REVENUE DUE TO STATE TREASURER	3,984.00

I recommend the County implement a process to ensure proper allocation and transmittal of amounts due the State Treasurer.

COUNTY RESPONSE



**Dillon County Clerk of Court
Gwen T. Hyatt
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Dillon, SC 29536
Telephone: (843) 774-1425 Fax: (843) 841-3706
Email: dilloncoc@bellsouth.net**

April 26, 2017

Mr. Steve Blake, CPA, CFE, CICA, CGMA

Mr. Blake it was a pleasure to work with you and have someone to also give us all the information for us to make corrections. I agree fully with your audit, and we are making changes to all that was needed to be done.

We really work hard for Dillon County and try and do the best job we can do. Sometimes with all the work that we do we all make mistakes but that is what we learn from. Again thanks for all your help and kindness to all of us at ROD OFFICE AND CHILD SUPPORT.

Sincerely

A handwritten signature in blue ink, appearing to read "Gwen Hyatt", is written over the word "Sincerely". The signature is fluid and cursive.

Gwen Hyatt