

**TOWN OF LATTA MUNICIPAL COURT**

**LATTA, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT**

**JUNE 30, 2011**

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# 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  
FAX (803) 343-0723

### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

October 28, 2011

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

The Honorable Janette W. Dupree, Municipal Judge  
Town of Latta Municipal Court  
Latta, South Carolina

Mr. Ernie Barrentine, Town Clerk/Treasurer  
Town of Latta  
Latta, South Carolina

We have performed the procedures described below, which were agreed to by the management of the Town of Latta and the Town of Latta Municipal Court, solely to assist you in evaluating the performance of the Town of Latta Municipal Court for the fiscal year ended June 30, 2011, in the areas addressed. The Town of Latta and the Town of Latta 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 the Town of Latta Municipal Court's Criminal, Traffic, DUI and Non-Assessed Receipts reports for all cases for the fiscal year ended June 30, 2011, from the Municipal Judge. We randomly selected twenty-five cases from the reports 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.

The Honorable Nikki R. Haley, Governor  
and  
The Honorable Janette W. Dupree, Municipal Judge  
Mr. Ernie Barrentine, Town Clerk/Treasurer  
Town of Latta  
October 28, 2011

We determined that the fine, fee, assessment and/or surcharge adhered to State law and to the South Carolina Court Administration fee memoranda. We also agreed amounts to the Court's cash receipt records.

We found no exceptions as a result of the procedures.

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 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, 2011 agreed 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 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 tested all victim assistance expenditures to ensure that the Town expended victim assistance funds in accordance with State law and South Carolina Court Administration Fee Memoranda, Attachment L.
- 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 audited financial statements 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 Janette W. Dupree, Municipal Judge  
Mr. Ernie Barrentine, Town Clerk/Treasurer  
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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 Latta Town Council, Town of Latta Municipal Judge, Town of Latta Clerk/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.

## **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 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 from approximately one day to nine months late.

The Town Clerk/Treasurer stated the STRRF were submitted late due to his transition from municipal judge, implementation of a new accounting system and lack of oversight.

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.

## **ACCOUNTING FOR VICTIM ASSISTANCE FUNDS**

During our testing of victim assistance funds, we noted the Town recorded \$8,398 in victim assistance revenue during the fiscal year and expended it to fund a portion of the police chief's and a lieutenant's salaries and fringe benefits. The Town had an allocation plan for payroll expenditures in place; however, the Town did not perform or maintain any statistical data or time and activity reports, as required by the State Office of Victim Assistance, to support the plan. We further noted the Town did not allocate the costs in accordance with its plan because it did not receive sufficient victim assistance revenue.

The Town Clerk/Treasurer stated he did not realize documentation was needed to support the allocation plan.

Section 14-1-208(D) of the 1976 South Carolina Code of Laws, as amended, 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.” Also, 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...These funds must be appropriated for the exclusive purpose of providing victim services as required by Chapter 3, 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 24, 2010, 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. Further, the Frequently Asked Questions portion of the State Office of Victim Assistance’s website outlines the procedures that should be followed when allocating a portion of a salary to victim assistance funds.

We recommend the Town reimburse the victim assistance funds for the expenditures that were not adequately supported by source documentation. We also recommend the Town establish and implement policies and procedures to ensure victim assistance revenue is used only for expenditures in accordance with State law, including providing support for its allocation of payroll expenditures to victim assistance funds.

**TOWN'S RESPONSE**

MAYOR

Nancy G. Brigman

MAYOR PRO-TEM

Alex Stoops

CLERK & TREASURER

Ernest M. Barrentine



*Town of Latta*

107 NW Railroad Avenue  
Latta, South Carolina 29565  
Telephone (843) 752-5115 • Fax (843) 752-4355

COUNCIL

Trudy Drawhorn  
O.C. Lane, Jr.  
Brian Mason  
James P. Reaves  
Alex Stoops  
Lutherine Williams

December 13, 2011

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

Dear Mr. Gilbert:

In response to the preliminary audit report recently submitted for review, I would like to respond to the following findings which were detailed in the report.

In regards to the timely submission of the State Treasurer's Revenue Remittance Form, I can concur with the finding of your office. The first report which was filed one day late occurred during the time I was transitioning from the Municipal Court to the Clerk/Treasurer's Office. During that time I was having to cover the duties of both offices until my successor could be sworn in and complete her work notice with her previous employer.

The second and third submissions concerned the forms for November and December of 2010. During that time, the Town of Latta was changing the accounting software that is utilized in my office. During that transition process, all financial records had to manually be rekeyed into the new software system. With our fiscal year beginning on July 1, essentially the first six months of our financial records for the year had to be re-entered into the new system. During that time, the submissions were unfortunately and unintentionally over-looked. When I found that the forms had not been submitted, I corrected the oversight immediately.

The fourth submission that was submitted late was submitted on the seventeenth of the month instead of the fifteenth. Unfortunately, I do not recall the reason for that delay. In speaking with fellow co-workers, I was told that the deadline for that submission occurred during a time that I was ill and also experienced a death in the family. However, I can not submit that as a verifiable reason as to the lateness of this filing since I do not recall the specifics surrounding that filing.

In order to correct any questions regarding the timeliness of filing the State Treasurer's Revenue Remittance Form, we began submitting the form on-line via the remittance website. Beginning with the September 2011 remittance, the Court now files the report electronically and submits the paperwork to the Clerk. The Clerk then reviews the electronic report for accuracy and submits it to the State Treasurer's Office. Previously, the report had been faxed to the State Treasurer. This should correct any questions regarding the timeliness of filing the reports with the State Treasurer.

In regards to the accounting for the victim assistance funds, I offer the following explanation. During the fiscal year, these funds are collected and booked into our general ledger. After the close of our fiscal year, the books are audited by an external audit. During the audit, the auditor assigns these funds to the salary of the Town's Victims' Advocate who is also Lieutenant of the Police Department. In her absence the Chief of Police fulfills these duties. Again, this is my first year as Clerk/Treasurer, but in speaking with the Town's external auditor, it is my understanding that these funds are distributed according to a formula that he has calculated. However, I was not made aware of the documentation required to support this allocation. After discussing this matter with the Mayor and the external auditor, this matter has since been corrected.

Since assuming the responsibilities of the Office of Clerk/Treasurer for the Town of Latta, it has been my intention to improve the services we offer to our residents as well as streamline the functions of the office. Fortunately, this audit revealed two areas in which improvement was warranted and has been accomplished. It has also provided me personally with more insight on some of my functions as Clerk/Treasurer. As a new Clerk/Treasurer, this audit has also provided me valuable resources in the area of Victim Assistance Funds.

Thank you for the opportunity to respond to these findings.

Sincerely,



Ernest M. Barrentine  
Clerk/Treasurer

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