

TOWN OF STARR MUNICIPAL COURT

STARR, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2010

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State of South Carolina



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

July 12, 2011

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

The Honorable Dennis C. Bannister, Municipal Judge
Town of Starr
Starr, South Carolina

Ms. Alison Rainey, Town Clerk/Treasurer
Town of Starr
Starr, South Carolina

We have performed the procedures described below, which were agreed to by the Town of Starr Municipal Court, solely to assist you in evaluating the performance of the Town of Starr Municipal Court for the fiscal year ended June 30, 2010, in the areas addressed. The Town of Starr and the Town of Starr 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.
- We tested recorded court receipt transactions to determine that the receipts were remitted in a timely manner to the Town Treasurer in accordance with State law.

The Honorable Nikki R. Haley, Governor
and
The Honorable Dennis C. Bannister, Municipal Judge
Ms. Alison Rainey, Town Clerk/Treasurer
Town of Starr
July 12, 2011

Our findings as a result of these procedures are presented in Installment Fee and Timely Submission of Clerk of Court's Monthly Remittance Form 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, 2010. We agreed the amounts reported on the State Treasurer's Revenue Remittance Forms to the general ledger, monthly court remittance reports and to the State Treasurer's receipts.
- 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.

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 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.

Our findings as a result of these procedures are presented in Accounting for Victim Assistance Funds and Supplementary Schedule in the Accountant's Comments section of this report.

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, 2010, 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.

The Honorable Nikki R. Haley, Governor
and
The Honorable Dennis C. Bannister, Municipal Judge
Ms. Alison Rainey, Town Clerk/Treasurer
Town of Starr
July 12, 2011

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 Starr Town Council, Town of Starr Municipal Judge, Town of Starr Clerk of Court, Town of Starr 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

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 court collections and remittances, we found that the Court did not assess and collect a three percent installment fee from individuals who paid on installment.

The Clerk of Court stated she was unaware of this requirement.

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, magistrate, or municipal court from the defendant...”.

We recommend the Court implement procedures to ensure the three percent installment fee is charged and collected in accordance with State law.

TIMELY SUBMISSION OF CLERK OF COURT’S MONTHLY REMITTANCE FORM

We noted that the Clerk of Court did not submit the Court’s financial data to the Town Treasurer in accordance with State law on four separate occasions.

We used the submission date printed on the State Treasurer’s Revenue Remittance Form by the State’s court accounting software (CMS) to determine if the forms were submitted timely. The forms were submitted from six to twenty-eight days late. The Clerk of Court stated the late submissions were due to computer issues and because no court was held one month during the engagement period.

Section 14-25-85 of the 1976 South Carolina Code of Laws, as amended, states, “All fines and penalties collected by the municipal court shall be forthwith turned over by the clerk to the treasurer of the municipality for which such court is held.” We determined forthwith to mean no more than five business days after collection.

We recommend the Court implement procedures to ensure its monthly remittance forms are submitted to the Town Treasurer in compliance 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 that the Town did not submit seven out of twelve STRRF to the State Treasurer by the fifteenth day of the month as required by State law. The forms were submitted from one to twenty-seven days late.

The Town Clerk/Treasurer stated she was not aware of this requirement.

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 court collections and remittances, we determined that the Town had not established a separate general ledger account to account for its victim assistance revenue and expenditure transactions as required by State law. Instead the Town commingled victim assistance activity with other accounting transactions in its general fund. Using the Court's cash receipt records and State Treasurer's Revenue Remittance forms, we determined that the Town had collected \$5,554.75 related to victim assistance during the 36 month period ended June 30, 2010. During this period the Town did not incur any victim assistance expenditures.

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.” In addition, 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 Town Clerk/Treasurer stated she was not aware of this requirement.

We recommend the Town establish and implement policies and procedures to ensure victim assistance revenue and expenditures are accounted for in accordance with State law. We recommend the Town establish a separate account for victim assistance activities and transfer the victim assistance funds from its general fund accounts to the victim assistance account.

SUPPLEMENTARY SCHEDULE

The Town did not prepare financial statements for fiscal year ended December 31, 2009 or fiscal year ended December 31, 2010 nor did the Town provide for an independent audit of the financial records and transactions for those periods. As a result, the Town has not prepared a supplementary schedule of fines and assessments as required by State law.

According to the Town Clerk/Treasurer, the Town has no plans to contract an audit of the Town at this time.

Section 5-7-240 of the South Carolina Code of Laws, as amended, states, “The council shall provide for an independent annual audit of all financial records and transactions of the municipality and any agency funded in whole by municipal funds...”. In addition, Section 14-1-208(E) of the South Carolina Code of Laws, as amended, states, “To ensure that fines and assessments imposed pursuant to this section and Section 14-1-209(A) are properly collected...the annual independent external audit required to be performed for each municipality...must include...a supplementary schedule detailing all fines and assessments collected...” .

We recommend the Town contract with an independent Certified Public Accountant to conduct an audit of its financial statements annually. In addition, we recommend the Town prepare a schedule of fine and assessments and include it as a supplementary schedule to its financial statements.

TOWN'S RESPONSE

Town of Starr
PO Box 122
Starr, SC 29684

Richard Thompson, Mayor
Alison Rainey, Clerk

August 14, 2011

We have reviewed and are authorizing release of the State Auditor's report for the year ending June 30, 2010.

Accountants Comments:

Installment Fee: The Clerk of Court will ensure the 3% installment fee will be charged and collected for all installment plans

Timely Submission of Clerk of Court's Monthly Remittance Form: The Clerk of Court's monthly remittance form will be submitted within five business days after collection. This information will be available by the first Tuesday of each month.

Timely Submission of State Treasurer's Revenue Remittance Form: We concur with this finding and will make sure the remittance form is submitted by the fifteenth day of each month.

Accounting for Victim's Assistance: A separate account for victim's assistance will be established.

Supplementary Schedule: This will be brought up for discussion at the next town council meeting.

6 copies of this document were published at an estimated printing cost of \$1.43 each, and a total printing cost of \$8.58. Section 1-11-125 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.