

**TOWN OF BRANCHVILLE MUNICIPAL COURT
BRANCHVILLE, SOUTH CAROLINA**

STATE AUDITOR'S REPORT

JUNE 30, 2014

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State of South Carolina



Office of the State Auditor

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May 8, 2015

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

The Honorable John F. Quattlebaum, Chief Judge
Ms. Jenny Elliott, Town Treasurer
Town of Branchville
Branchville, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of Branchville Municipal Court System as of and for the year ended June 30, 2014, 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 black ink that reads "Richard H. Gilbert, Jr." with a stylized flourish at the end.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

RHGjr/trb

STEVEN L. BLAKE, CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

May 8, 2015

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

The Honorable John F. Quattlebaum, Chief Judge
Town of Branchville Municipal Court
Branchville, South Carolina

Ms. Jenny Elliott, Town Clerk/Treasurer
Town of Branchville
Branchville, South Carolina

I have performed the procedures described below, which were agreed to by the Town of Branchville Municipal Court, solely to assist you in evaluating the performance of the Town of Branchville Municipal Court for the period July 1, 2013 through June 30, 2014, in the areas addressed. The Town of Branchville Municipal Court is 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 Town of Branchville Municipal Court. 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 timely reporting by the Clerk of Court's Office.
- I obtained the court dockets from the Clerk of Court. I judgmentally 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 and the South Carolina Court Administration fee memoranda.
- I tested twenty-five judgmentally selected recorded court receipt transactions to determine that the fine, fee, and/or assessment charge adheres to State law and the South Carolina Court Administration fee memoranda.
- I tested twenty-five judgmentally selected recorded court receipt transactions to determine that the receipts were allocated in accordance with applicable State law.

The Honorable Nikki R. Haley, Governor
and
The Honorable John F. Quattlebaum, Chief Judge
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Town of Branchville
May 8, 2015

My findings as a result of these procedures are presented in Timely Processing by the Clerk of Court, Adherence to Fine Guidelines and Installment Fee not Collected in the Accountant's comments section of this report.

2. Municipal Treasurer

- I gained an understanding of the policies and procedures established by the municipal treasurer to ensure timely reporting by the municipality.
- I obtained copies of all court remittance forms or equivalents and tested each monthly remittance form to ensure that the forms were completed in accordance with instructions and submitted timely in accordance with State law.
- I verified that amounts reported on the monthly court remittance forms or equivalents agreed to the municipality's support.
- I scanned the municipality's support to determine if the municipality had misclassified fine, fee, assessment, and surcharge receipts.
- I obtained copies of all State Treasurer's Revenue Remittance Forms for the period July 1, 2013 through June 30, 2014. I vouched the amounts reported on the State Treasurer's Revenue Remittance forms to the court remittance forms or equivalents.
- I verified that the amounts reported by the municipality on its supplemental schedule of fines and assessments agreed to the municipality's support.
- I agreed amounts reported on the municipality's supplemental schedule of fines and assessments to the municipality's support.

My 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

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

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Town of Branchville
May 8, 2015

- I verified that the amounts reported by the municipality on its supplemental schedule of fines and assessments applicable to the Victim Assistance fund agreed to the Municipality's general ledger bank account.
- I inspected the Municipality's victim assistance bank account 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.

4. Calculation of Under Reported Amounts

- I obtained the information related to the ten remittances that were deposited late. I determined that these remittances had not yet been allocated for submission to the State Treasurer. I recalculated the fine, assessments and surcharges related to the original amounts of these ten remittances. I summarized these amounts by State Treasurer's Revenue Remittance Form line items.

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 any level of court for the twelve months ended June 30, 2014 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, Chairmen of the House Ways and Means Committee, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, members of the Town of Branchville Council, Town of Branchville Clerk of Court, Town of Branchville Treasurer, State Treasurer, State Office of Victim Assistance, 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 PROCESSING BY THE CLERK OF COURT

A former Clerk of Court did not deposit ten defendant remittances. The current Clerk of Court found the old remittances upon assuming office and subsequently deposited the fines. Due to time passage between payment date and deposit date, some payments were either not collectable (e.g., payee bank account was closed) or service charges were incurred thereby reducing the payment amount to a lesser amount at the time of deposit.

Section 14-1-208(A) of the 1976 South Carolina Code of Laws, as amended, states "...This assessment must be paid to the municipal clerk of court and deposited with the Town treasurer for remittance to the State Treasurer." 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.

The current Town Clerk did not know why the remittances were not deposited timely.

I recommend the Town implement procedures to ensure remittances are timely deposited in accordance with State law.

ADHERENCE TO FINE GUIDELINES

During my test of Municipal Court collections and remittances, I noted the following instances in which the Court did not fine the defendant in accordance with State law:

Speeding

The Court fined seven individuals either \$25.06 or \$28.43 for speeding, 10 mph or less over the speed limit.

Section 56-5-1520(G) of the 1976 South Carolina Code of Laws, as amended, states " A person violating the speed limits established by this section is guilty of a misdemeanor and, upon conviction for a first offense, must be fined or imprisoned as follows: (1) in excess of the above posted limit but not in excess of ten miles an hour by a fine of not less than fifteen dollars nor more than twenty-five dollars;

In addition, the Court fined one individual \$71.33 for speeding, 10 mph to 15mph over the speed limit.

Section 56-5-1520(G) of the 1976 South Carolina Code of Laws, as amended, states " A person violating the speed limits established by this section is guilty of a misdemeanor and, upon conviction for a first offense, must be fined or imprisoned as follows: (2) in excess of ten miles an hour but less than fifteen miles an hour above the posted limit by a fine of not less than twenty-five dollars nor more than fifty dollars;

Seatbelt

I noted one instance where an individual was fined \$82 for a seatbelt violation.

Section 56-5-6540(A) of the 1976 South Carolina Code of Laws, as amended, states, "A person who is adjudicated to be in violation of the provisions of this article must be fined not more than twenty-five dollars, no part of which may be suspended."

Handicapped Parking

I noted one instance where an individual was fined \$100 for a handicapped parking violation.

Section 56-3-1970 (C) states "A person violating the provisions of this section ... must be fined not less than five hundred dollars nor more than one thousand dollars"

Local Ordinance Violations

I noted three instances where defendants were fined differing amounts for unlawful operation of a motor vehicle than the local code mandated.

The Town Clerk stated it appeared to her the Judge had used the amounts listed on the ticket instead of the amounts stipulated by the sentencing guidelines. In some cases the amounts on the ticket were rounded.

I recommend the Municipal Court implement procedures to ensure fines levied by the court adhere to applicable State law.

INSTALLMENT FEE NOT COLLECTED

In my test of Municipal Court collections and remittances, one of twenty-five tickets selected was paid on installment. Based on my tests I determined the Court did not assess and collect the three percent installment fee from the individual.

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...".

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

I recommend the Municipal Court implement procedures to ensure the installment fee is charged and collected in accordance with State law.

TIMELY SUBMISSION OF STATE TREASURER'S REVENUE REMITTANCE FORM

I obtained copies of all State Treasurer Revenue Remittance Forms (STRRF) prepared during the procedures period. I determined that ten out of twelve STRRF were not submitted

to the State Treasurer by the fifteenth day of the month as required by State law. The Town Treasurer submitted the forms from four to seventeen days late.

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.

The Town Treasurer stated her predecessor stated her work load did not always allow for timely filing.

I recommend the Town 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 schedule of court fines, assessments and surcharges included in the Town's financial statements for the year ended December 31, 2012, the latest available audit, I noted the auditors' opinion was not an "in-relation-to" opinion. In fact, no form of assurance was given on the supplementary schedule and the Town had a modified opinion.

Section 14-1-208(E)(2) and 14-1-211(D)(2) of the 1976 South Carolina Code of Laws, as amended, states, "The supplementary schedule must be included in the external auditor's report by an "in relation to" paragraph as required by generally accepted auditing standards when information accompanies the basic financial statements in auditor submitted documents.."

I also noted amounts reported for the Town's court assessments and court surcharges collected and remitted to the State Treasurer did not agree to amounts recorded in the Town's accounting records.

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."

The Town Treasurer stated the schedule appeared to treat seatbelt fines as surcharges and did not know why assessments were not reconciled. The Treasurer was aware that the Town had received a modified opinion

I recommend the Town implement procedures to ensure amounts reported on the supplementary schedule are accurately reported and inform their auditor of the requirement to provide an "in-relation-to" opinion on its supplementary schedule in accordance with State law.

VICTIM ASSISTANCE FUNDS

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

- The Town has established a separate bank account for Victim Assistance funds as required by State law however, no deposits were made into this account from July 1, 2011 until January 2014. Instead, the Town has comingled the money in the general fund bank account.
- The Town's Victim Assistance bank account balance at December 31, 2012 did not agree with the schedule of fines and assessments fund balance carry forward for Victim Assistance. The balance was \$34,412 below the required amount.
- By comingling the money in the general fund account, not having a Victims' Advocate funded position and not having the required carry forward fund balance available in cash in the Victim Assistance account, the Town has by default spent Victim Assistance money on unallowable, undocumented expenses of the general fund.
- The Town did not make deposits since the December 31, 2012 carry forward balance was calculated. The January 2013 through June 2013 balance due Victim Assistance is \$2,328.87
- The Town also did not make deposits for July 2013 through November 2013 during the procedures period. The balance due Victim Assistance for this period is \$1,600.74.

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 Town 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 Town 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 current Town Clerk stated it was previous administration policy not to make separate deposits but to comingle monies.

I recommend the Town establish and implement policies and procedures to ensure Victim Assistance revenue is accounted for and deposited timely in accordance with State law.

UNDER REPORTED AMOUNTS

As reported in the finding Timely Processing by the Clerk of Court, the former Clerk of Court did not deposit ten defendant remittances. These old remittances were subsequently found and deposited late. Based on the tests performed, I determined the Town had not properly allocated the fines, fees and/or assessments collected and that the Town had under reported the amounts on the STRRF.

STRRF LINE	DESCRIPTION	
K.	Municipal Law Enforcement Surcharge - \$25 per case	\$ 250.00
KA.	Municipal CJA Surcharge - \$5	50.00
L.	Municipal Court -107.5%	<u>375.57</u>
M.	TOTAL REVENUE DUE TO STATE TREASURER	<u>\$ 675.57</u>
	COUNTY VICTIM FUND	
N.	Assessments - Municipal -107.5%	<u>47.18</u>
P.	TOTAL REVENUE DUE TO VICTIM ASSISTANCE	\$ <u>47.18</u>

MUNICIPALITY'S RESPONSE

Glenn Miller
Mayor

Tom Jennings
Mayor Pro Tem

Aldermen

Chris Ott
Amy Bryant
Sam Whisenhunt
Michael Blankenship
Gregory Oliver



Town of Branchville
Oldest Railroad Junction in the World

Frank Quattlebaum
Judge

Randy Clark
Chief of Police

Lee Hendren
Clerk of Court

Jenny Elliott
Clerk and Treasurer

RESPONSES BY THE CLERK OF COURT AND THE CLERK/TREASURER

Recommendation #1: Implement procedures to ensure remittances are timely deposited.

Action taken: The State Auditor's Report reflects conditions that existed prior to the hiring of the current Clerk/Treasurer and the current Clerk of Court. New procedures were implemented and are being followed and will be included in the procedure manuals for the clerks.

Recommendation #2: Implement procedures to ensure fines levied by the court adhere to applicable State law.

Action taken: The Clerk of Court collects fines in the amounts ordered by the Municipal Judge. The \$82 fine for a seat belt violation was a one-time error resulting from a plea agreement that was requested by an attorney and agreed to by all parties.

Recommendation #3: Implement procedures to ensure the installment fee is charged and collected in accordance with State law.

Action taken: The Clerk of Court learned of this fee in late December 2014 from Steve Blake. It is being applied to all installment payment plans approved after Jan. 1, 2015, and will be included in the procedure manual for the Clerk of Court.

The Clerk of Court notes this fee does create accounting problems. A real example: A defendant is fined \$155 in court and pays with a \$133 money order and \$22 cash. If it is entered into the computer as one money order payment and one cash payment, auditors will see two partial payments and will object that the installment fee has not been paid. If it is entered as one payment, it must be designated as either a money order payment or a cash payment, and auditors will protest that the computerized bank deposit sheet does not match the deposit slip for cash vs. non-cash receipts.

Recommendation #4: Implement procedures to ensure the State Treasurer's Revenue Remittance Form (STRRF) is submitted by the 15th day of each month.

Action taken: The State Auditor's Report reflects conditions that existed prior to the hiring of the current Clerk/Treasurer and the current Clerk of Court. New procedures were implemented and are being followed and will be included in the procedure manuals for the clerks.

Recommendation #5: Supplementary schedule

Action taken: The State Auditor's Report reflects conditions that existed prior to the hiring of the current Clerk/Treasurer and the current Clerk of Court. New procedures were implemented and are being followed and will be included in the procedure manuals for the clerks. The Clerk/Treasurer has informed the external auditor of the recommendations in the State Auditor's Report.

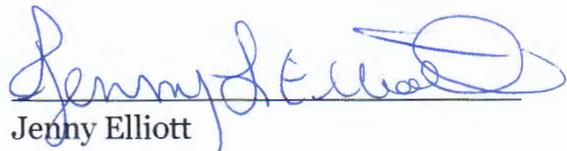
Recommendation #6: Implement procedures to ensure that Victim Assistance revenue is accounted for and deposited timely in accordance with State law.

Action taken: The State Auditor's Report reflects a previous employee's activities and her training of her successor. New procedures were implemented and are being followed and will be included in the procedure manuals for the clerks.

Signed at Branchville, South Carolina, this 8th day of May, 2015.



Lee Hendren
Clerk of Court



Jenny Elliott
Town Clerk/Treasurer