

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

STATE AUDITOR'S REPORT

JUNE 30, 2015

CONTENTS

	<u>PAGE</u>
I. OFFICE OF THE STATE AUDITOR TRANSMITTAL LETTER	1
II. INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	2
III. ACCOUNTANT'S COMMENTS	5
SECTION A – VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS	6
TIMELY, ACCURATE REPORTING BY THE CLERK OF COURT	7
Adherence to Fine Guidelines	7
Installment Fee	8
Conviction Surcharge	8
TIMELY, ACCURATE RECORDING AND REPORTING BY THE TOWN TREASURER	8
Timely Submission of the State Treasurer's Revenue Remittance Form	8
Supplemental Schedule	9
VICTIM ASSISTANCE FUNDS	9
SECTION B - STATUS OF PRIOR FINDINGS	11
MUNICIPALITY'S RESPONSE	12



**South Carolina
Office of the State Auditor**

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

June 23, 2016

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

The Honorable Loretta B. Beckett, Chief Judge and
Sandy Cox, Clerk of Court, Town Treasurer
Town of Cottageville Municipal Court
Cottageville, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of Cottageville Municipal Court System as of and for the year ended June 30, 2015, 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/sag

STEVEN L. BLAKE, CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 23, 2016

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

The Honorable Loretta B. Beckett, Chief Judge and
Sandy Cox, Clerk of Court, Town Treasurer
Town of Cottageville Municipal Court
Cottageville, South Carolina

I have performed the procedures described below, which were agreed to by the Town of Cottageville Municipal Court, solely to assist you in evaluating the performance of the Town of Cottageville Municipal Court for the period July 1, 2014 through June 30, 2015, in the areas addressed. The Town of Cottageville 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 Cottageville 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 adjudicated 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, assessment and/or surcharge amount 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 and apportioned in accordance with applicable State law.

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.

The Honorable Nikki R. Haley, Governor
and
The Honorable Loretta B. Beckett, Chief Judge
Sandy Cox, Clerk of Court, Town Treasurer
Town of Cottageville Municipal Court
June 23, 2016

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 determined 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, 2014 through June 30, 2015. I vouched the amounts reported on the State Treasurer's Revenue Remittance forms to the court remittance forms or equivalents.
- I determined that the amounts reported by the municipality on its supplemental schedule of fines and assessments agreed to the municipality's support.
- I determined that the municipality reported court financial activity on the supplemental schedule of fines and assessments in accordance with applicable State law.

My findings as a result of these procedures are presented in Timely, Accurate Recording and Reporting by the Town Treasurer 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.

The Honorable Nikki R. Haley, Governor
and
The Honorable Loretta B. Beckett, Chief Judge
Sandy Cox, Clerk of Court, Town Treasurer
Town of Cottageville Municipal Court
June 23, 2016

- 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 or subsidiary ledgers.
- I inspected the municipality's victim assistance fund 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. Status of Prior Findings

- I inquired about the status of findings reported in the Accountant's Comments section of the State Auditor's Report on the municipality resulting from an engagement for the thirty-six months ended June 30, 2013 to determine if the municipality had taken adequate corrective action.

The results of my follow-up are presented in Section B 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, 2015 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 Cottageville Council, Town of Cottageville Clerk of Court, Town of Cottageville 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

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 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

Adherence to Fine Guidelines

Local Ordinances

The Town primarily issues tickets for violations of Town ordinances. Of the 25 tickets tested, 16 were local ordinance violations. I could not determine if the court properly sentenced the defendant in eight of the cases tested because there was no penalty listed in the Town's ordinances. Six of the defendants were sentenced to less than the Town ordinances penalties listed and the other two were sentenced to more than the Town ordinances penalties. Therefore, of the 16 Town ordinances tested, all 16 had errors. I noticed that the penalty contained in several ordinances was listed as \$155 to \$600. State law limits Town's sentencing authority to a maximum of \$500.

South Carolina Code of Laws Section 5-7-30 states "...The municipal governing body may fix fines and penalties for the violation of municipal ordinances and regulations not exceeding five hundred dollars or imprisonment not exceeding thirty days, or both.... "

The town Clerk of Court/treasurer stated the local ordinances will be addressed by Town Council at the earliest meeting possible.

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

Child Restraint

One individual was fined \$150.19 for a Child Restraint violation.

Section 56-5-6410 of the 1976 South Carolina Code of Laws, as amended, states, "A person who violates the provisions of this article, upon conviction, must be fined not more than one hundred fifty dollars."

The Clerk of Court/treasurer stated the ticket contained an incorrect roadside bond amount that was used by the court in sentencing. The correct amount was \$341.25 and the ticket had \$341.65 listed.

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

Installment Fee

During my test of Municipal Court collections and remittances, I noted one instance where the Court assessed and collected the three percent installment fee from a defendant who paid in one installment.

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 that a keypunch error led to the charging of the installment fee on one payment.

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

Conviction Surcharge

During my test of Municipal Court collections and remittances, I noted three cases where the Court improperly assessed and collected the \$25 conviction surcharge.

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." This section does not apply to misdemeanor traffic offenses or parking violations.

The Clerk of Court/treasurer stated that the violations were keypunched into the court software system as criminal violations rather than misdemeanor traffic violations.

I recommend the Municipal Court implement procedures to ensure the conviction surcharge is properly assessed and collected in accordance with State law.

TIMELY, ACCURATE RECORDING AND REPORTING BY THE TOWN TREASURER

Timely Submission of the State Treasurer's Revenue Remittance Form

I obtained copies of all State Treasurer Revenue Remittance Forms (STRRF) prepared for the period July 2014 through June 2015. I determined that the Town did not submit two of STRRFs timely to the State Treasurer as required by State law. The STRRF were submitted between sixteen and twenty-five 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 Clerk/treasurer stated that due to work load priorities, she was unable to prepare and submit them timely.

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

Supplemental Schedule

During my testing of the schedule of court fines, assessments and surcharges included in the Town's financial statements for the year ended June 30, 2015, I noted the auditors' opinion was not an "in-relation-to" opinion. In fact, no form of assurance was given on the supplementary schedule.

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."

The Clerk of Court/treasurer stated the auditor will be notified.

I recommend the Town ensure the supplementary schedule is prepared and audited in accordance with State law.

VICTIM ASSISTANCE FUNDS

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

- The Town did not deposit all funds allocable to Victim Assistance in the Victim Assistance bank account during the procedures period timely. Two deposits were made a month late.

Section 14-1-208 (B) of the 1976 South Carolina Code of Laws, as Amended, states, "The city treasurer must remit 12 percent of the revenue generated by the assessment imposed in subsection (A) to the municipality to be used for the purposes set forth in subsection (D) and 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 Clerk/treasurer stated that due to work load priorities, she was unable deposit them timely.

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

SECTION B – STATUS OF PRIOR FINDINGS

During the current engagement, I reviewed the status of corrective action taken on each of the findings reported in the Accountant's Comments section of the State Auditor's Report on the agreed upon procedures for the Town of Cottageville Municipal Court System for the thirty-six months ended June 30, 2013 and dated November 26, 2013.

I have repeated Adherence to Fine Guidelines, Convictions Surcharge, Installment Fee, Timely Submission of State Treasurer's Revenue Remittance Form, Supplementary Schedule, and Victim Assistance Funds in Section A.

I traced the reimbursement of the victim assistance funds noted as improperly spent in the prior report. The \$4,165.38 was reimbursed during the current procedures period. Also, the Town had arranged a payment plan with the State Treasurer for remittances of court fines due to the State Treasurer and is current on their payments.

MUNICIPALITY'S RESPONSE

The management of the Town of Cottageville has been provided a copy of the findings identified in the Accountant's Comments Section of this report and has elected not to provide a written response to the findings.