

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

STATE AUDITOR'S REPORT

JUNE 30, 2016

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**South Carolina
Office of the State Auditor**

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

October 24, 2016

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

The Honorable Glynda L. Tucker, Chief Judge
Town of Gray Court Municipal Court
Gray Court, South Carolina

Ms. Doris E. Hamilton, Town Clerk/Treasurer
Town of Gray Court
Gray Court, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of Gray Court Municipal 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/cwc

STEVEN L. BLAKE, CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

October 24, 2016

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Columbia, South Carolina

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Town of Gray Court Municipal Court
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Ms. Doris E. Hamilton, Town Clerk/Treasurer
Town of Gray Court
Gray Court, South Carolina

I have performed the procedures described below, which were agreed to by the Town of Gray Court Municipal Court, solely to assist you in evaluating the performance of the Town of Gray Court Municipal Court for the period July 1, 2015 through June 30, 2016, in the areas addressed. The Town of Gray Court 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 Gray Court 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 determine timely reporting by the Clerk of Court's Office.
- I obtained the court dockets from the Clerk of Court. I judgmentally selected ten cases from the court dockets as the Town issued less than 100 citations during the procedures period and recalculated the fine, fee, assessment and surcharge calculation to determine 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 ten 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 ten judgmentally selected recorded court receipt transactions to determine that the receipts were allocated in accordance with applicable State law.

There were no findings as a result of these procedures.

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2. Municipal Treasurer

- I gained an understanding of the policies and procedures established by the municipal treasurer to determine timely reporting by the municipality.
- I obtained copies of all court remittance forms or equivalents and tested each monthly remittance form to determine 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, 2015 through June 30, 2016. 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 general ledger.
- I determined that the Town's supplementary schedule of fines and assessments contained all the required elements in accordance with State law.

My findings as a result of these procedures are presented in Section A Timely, Accurate Recording and Reporting by the Town Treasurer and Section B Recording Error 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 determine 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 determine 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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- 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 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.

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, 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, Chairmen of the House Ways and Means Committee, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, members of the Town of Gray Court Council, Town of Gray Court Clerk of Court, Town of Gray Court 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 determine 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 RECORDING AND REPORTING BY THE TOWN TREASURER

Timely Submission

The Town treasurer did not submit one of the twelve State Treasurer's Revenue Remittance Forms (STRRF) timely to the State Treasurer. The form was submitted twelve days late.

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 city 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 clerk/treasurer stated that her workload priorities that month did not permit her to submit timely.

I recommend the Town implement procedures to ensure STRRF are prepared and submitted timely in accordance with State law.

Supplementary Schedule

I was provided the Town's financial statements for the year ended June 30, 2015 which contained a schedule of court fines, assessments and surcharges. The schedule did not include total fines collected and the amount of fines retained by the Town. Also, the reconciliation provided by the auditor showed an error of including months from another fiscal year in the June 30, 2015 fiscal year amounts.

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 Clerk/treasurer stated that the auditor had prepared the schedule and would be informed of the finding.

I recommend the Town implement procedures to ensure that all amounts reported on the supplementary schedule are complete and accurate.

VICTIM ASSISTANCE FUNDS

During my tests of Court collections and remittances I noted the Town has established an agreement with Laurens County whereby they transmit, via check monthly, the Victims Assistance amount from the STRRF. I determined the Town had not transmitted the February 2016 amount during fieldwork. By the end of fieldwork, the Town had prepared, signed and mailed the check.

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." Also Section 14-1-208(D) states "All unused funds must be carried forward from year to year."

The Clerk/treasurer stated she overlooked this transmittal.

I recommend the Town establish and implement policies and procedures to ensure Victim Assistance revenue is always paid to the county timely, including the identification of omissions.

SECTION B – OTHER WEAKNESS

The condition described in this section has been identified while performing agreed-upon procedures but is not considered a violation of State Laws, Rules or Regulations.

RECORDING ERROR

The Town is tracking the reduction/reimbursement for the additional audit costs related to the supplementary schedule preparation in a manual schedule. The March through June 2016 Clerk of Court prepared STRRF line L amounts were reduced to \$0.00 when the town treasurer filed the form with the State Treasurer's Office [STO] and the amount reduced had been deducted from the manual schedule tracking the balance to be reimbursed until it reaches \$0.00. However, in April 2016 the Town treasurer subtracted the Clerk of Court prepared STRRF line M \$455.76, instead of STRRF line L, \$245.76 from the manual schedule thus deducting \$210 more from the manual schedule than necessary as the \$210 difference was paid to the STO because it related to another STRRF line. Therefore, the Town will be short \$210.00 in its final reimbursement.

The STO instructed the Town to reduce line L to zero until the balance owed them is reimbursed.

The Town treasurer later incorrectly filed a corrected April 2016 STRRF and paid another \$210.00 to the STO thus increasing the amount owed to the Town by another \$210.00.

I recommend the manual schedule be corrected by adding \$420.00 to the current balance to be reimbursed and to continue reducing this amount by the Clerk of Court prepared STRRF Line L amounts rather than Line M amounts.

MUNICIPALITY'S RESPONSE

COUNCIL MEMBERS

Adolphus Brewster

Millie Dawkins

Stella Jean Jones

Malco Mark



MAYOR John R. Carter

Doris Hamilton, Clerk/Treasurer

December 28, 2016

Steven L. Blake, CPA, CFE, CICA, CGMA
209 Brittany Road
Gaffney, SC 29341

Re: Victim Assistance Fund Audit - Municipality's Response

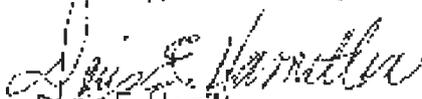
Dear Mr. Blake:

In response to the Audit - Victim Assistance funds findings:

- Reporting of payments prepared and submitted on time - procedures are in place to ensure that this will not occur again.
- Recording errors were corrected - corrections were submitted to the Office of State Treasurer - Columbia, SC.

Thank you so much for all of your suggestions and recommendations that are now implemented for the Town of Gray Court - Victim Assistance Reporting.

Sincerely,


Doris E. Hamilton
Clerk/Treasurer