

**TOWN OF HAMPTON MUNICIPAL COURT  
HAMPTON, 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 6, 2015

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

The Honorable Brenda C. Jamison, Chief Judge  
Ms. Lynn Sanders, Town Clerk/Treasurer  
Town of Hampton  
Hampton, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of Hampton 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, appearing to read "Richard H. Gilbert Jr.", written in a cursive style.

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

RHGjr/trb

# STEVEN L. BLAKE, CPA

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

May 6, 2015

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

The Honorable Brenda C. Jamison, Chief Judge  
Town of Hampton Municipal Court  
Hampton, South Carolina

Ms. Lynn Sanders, Town Clerk/Treasurer  
Town of Hampton  
Hampton, South Carolina

I have performed the procedures described below, which were agreed to by the Town of Hampton Municipal Court, solely to assist you in evaluating the performance of the Town of Hampton Municipal Court for the period July 1, 2013 through June 30, 2014, in the areas addressed. The Town of Hampton 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 Hampton 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 twenty-five cases from the court dockets 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 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.

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and  
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Town of Hampton  
May 6, 2015

My findings as a result of these procedures are presented in Accurate Recording and Reporting by the Clerk, Allocation of Installment Payments - 3% Collection Fee and Final Docket Offense Descriptions 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 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, 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 determined that the amounts reported by the municipality on its supplemental schedule of fines and assessments agreed to the State Treasurer's Revenue Remittance Forms and to the Town's general ledger and/or other support documentation.
- I determined that the municipality's supplemental schedule of fines and assessments contained all required elements in accordance with State law.

My findings as a result of these procedures are presented in Supplemental Schedule In-Relation-To Paragraph and Under Reported Amounts 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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and  
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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.
- 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.

There were no findings as a result of these procedures.

#### 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 period ended April 30, 2006 dated September 7, 2006, to determine if the municipality had taken adequate corrective action.

The results of my follow-up are presented in Section C 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 Hampton Council, Town of Hampton Clerk of Court, Town of Hampton 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.

## **ACCURATE RECORDING AND REPORTING BY THE CLERK**

### **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:

The Court fined one individual \$512.05 for a Driving Under the Influence [DUI] greater than .10 but less than .16 1<sup>ST</sup> Offense.

Section 56-5-2933(A) (1) of the 1976 South Carolina Code of Laws, as amended, states "If the person's alcohol concentration is at least ten one-hundredths of one percent but less than sixteen one-hundredths of one percent, then the person must be punished by a fine of five hundred dollars ...";

The Clerk did not properly assess the breathalyzer test fine when entering this verdict in the software thus the software then allocated the breathalyzer fine collected between fine and assessment. See breathalyzer test fee finding below.

The Court fined one individual \$272.29 for a Local Ordinance violation.

Section 38-216 of the Town of Hampton Ordinances states "the violation of any section of this Code shall be punishable by a fine of not more than \$200.00."

The Town Clerk stated they did not know why this amount was used.

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

### **Improper Classifications of Offenses**

The Clerk of Court misclassified the following two traffic cases as non-traffic criminal in the court software: Operating a Car without a Registration and Possession of more than one Driver's License. As a result the conviction surcharge, fine and assessment were incorrectly allocated.

South Carolina Code of Laws Section 14-1-211(A)(1) states, "... a twenty-five dollar surcharge is imposed on all convictions obtained in ... municipal court ... . The surcharge must not be imposed on convictions for misdemeanor traffic offenses."

The Clerk input these charges as non-traffic criminal offenses rather than misdemeanor traffic, offenses.

Collections were allocated to conviction surcharge rather than between fines and assessments.

I recommend the Town correct the classification errors and make the adjustments to the Town's accounting records listed in Under Reported Amounts below.

### **Breathalyzer Test Fee**

During my test of twenty-five cases, I tested two DUI cases. In both cases the breathalyzer test was utilized and the breathalyzer test fee should have been charged. In one case the Court charged the fee, in the other case it did not assess the \$25 breathalyzer test fee to the individual who was subsequently convicted. A similar finding was noted in the State Auditor's Report for the procedures period ended April 30, 2006 dated September 7, 2006.

Section 56-5-2950 (E) of the 1976 South Carolina Code of Laws, as amended, states, "... if the person is subsequently convicted of violating Section 56-5-2930, 56-5-2933, or 56-5-2945, then, upon conviction, the person must pay twenty-five dollars for the costs of the tests."

The Town Clerk stated this finding is being addressed with the software programmers.

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

### **Remittance Form Changes Subsequent to Submission**

The Clerk of Court (or Town Treasurer) provided copies of all State Treasurer Revenue Remittance Forms (STRRF). I compared the STRRFs provided by the Town to copies of the STRRFs received by the State Treasurer's Office. Based on my comparison I noted that line item amounts and summary total amounts on two Town STRRFs did not agree with the STRRFs received by the State Treasurer's Office. In both months it appeared as though adjudicated cases had been subsequently added to STRRF, but an amended STRRF was not submitted to the State Treasurer's Office.

The STRRF instructions for various line items states "Enter 100% of collections."

The Clerk stated the Court database had crashed and the software engineers were called in to rebuild it. In the course of rebuilding the database not all tickets were restored to the original months in which they were reported causing the variations from the original reports when these reports were subsequently rerun for the procedures period.

I inquired of the software engineers and they confirmed this had been the case and that the original reports were more reliable than subsequent reports.

I recommend when an event like this occurs that a contemporaneous narrative is prepared addressing all the relevant reporting issues so as to memorialize the event and its effects.

### **ALLOCATION OF INSTALLMENT PAYMENTS - 3% COLLECTION FEE**

During my test of Municipal Court collections and remittances, I noted nine out of twenty-five instances where the Court did not allocate the three percent collection fee on installment payments on a pro rata basis. The three percent fee was deducted in full from the first payment and all payments thereafter were allocated properly.

Section 14-1-209 of the 1976 South Carolina Code of Laws, as amended, provides guidance when the fine and assessment are paid in installments. The Court Administration Fee Memorandum dated June 28, 2013, states, "The intent of Section 14-1-209(B) is that each installment payment be allocated on a pro rata basis to each applicable fine, assessment, and surcharge."

The software the Town uses is not programmed to allocate the three percent on a prorated basis.

I recommend the Municipal Court implement procedures to ensure that installment payments are allocated in accordance with State law.

### **SUPPLEMENTAL SCHEDULE IN-RELATION-TO PARAGRAPH**

The Town's February 28, 2014 audited financial statements included the required supplementary schedule of court fines, assessments and surcharges. However, the auditors' opinion did not include the required "in-relation-to" paragraph on the supplemental schedule. In fact, no form of assurance was given on the supplemental 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.."

Town personnel could not provide an explanation for the omission.

I recommend the Town inform their auditor of the requirement to provide an "in-relation-to" opinion on its supplementary schedule in accordance with State law.

**UNDER REPORTED AMOUNTS**

The Breathalyzer Test Fee and Remittance Form Changes Subsequent to Submission findings described above resulted in the Town under reporting fines, fees and assessment line items in the STRRF. Based on the tests performed, I determined the Town under reported the following amounts:

<b>STRRF LINE</b>	<b>DESCRIPTION</b>	
<b>IA.</b>	DUI Breathalyzer Test Conviction Fee SLED \$25	25.00
<b>L.</b>	Municipal Court -107.5%	<u>11.51</u>
<b>M.</b>	TOTAL REVENUE REMITTED TO STATE TREASURER	<u>31.51</u>
	<b>COUNTY VICTIM FUND</b>	
<b>N.</b>	Assessments - Municipal -107.5%	<u>(48.56)</u>
<b>P.</b>	TOTAL VICTIM MONEY RETAINED BY LOCAL GOVERNMENT	<u>(48.56)</u>
		\$ <u><u>          </u></u>

I recommend the Town implement procedures to ensure timely filing and payment of amounts due the State Treasurer.

**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.

## **FINAL DOCKET OFFENSE DESCRIPTIONS**

During my test of the twenty-five Town cases, I noted that the offense description on the final docket for five cases did not agree with the charge on the adjudicated ticket.

Section B.11 of the South Carolina Bench Book for Magistrates and Municipal Court Judges states, "While the Order of the Chief Justice did not specifically include municipal courts ... the accounting provisions contained therein are sound and would comply with S.C. Code Ann. § 22-1-80, .... Regardless of the docket design chosen, all judges should use a system which reflects the defendant's name, charge(s), charging paper number, disposition of case, sentence (a breakdown of court costs is helpful), and bond information.

The Town Clerk stated this happened because law enforcement requested the charge be amended prior to court and the docket was changed to reflect the new charge without a notation made on the ticket.

I recommend the Town be consistent in recording the charge from the ticket onto the docket so the docket accurately reflects the charge.

**SECTION C – 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 Hampton Municipal Court System for the twelve months ended April 30, 2006 and dated September 7, 2006. I determined that the Town of Hampton has taken adequate corrective action on the deficiencies titled Timely Reporting by the Clerk of Court – Timely Filing and Timely Accurate Reporting to the State Treasurer – Timely Filing and Schedule of Fines and Assessments and Timely, Accurate Recording and Reporting by the Town - Accrual Basis Accounting.

I have repeated Timely, Accurate Recording and Reporting by the Town – Proper Assessments on Fines finding in Allocation of Installment Payments - 3% Collection Fee.

# MUNICIPALITY'S RESPONSE



# Town of Hampton Municipal Court



608 First Street, West • Hampton, South Carolina 29924  
Tel.: (803) 943-2421 • Fax.: (803) 943-0494  
For Emergencies Dial 911

## STATE AUDIT REPORT RESPONSES

### Page 7 – Adherence to Fine Guidelines

1. Program software not entering Breathalyzer Fee was addressed with the programmer and research into the problem was initiated. This should be resolved shortly.
2. Local Ordinance charge on #97536GW which individual was fined \$272.29 was researched and no explanation could be found as to why this amount was used. Procedures to ensure correct fines are levied on town ordinances have been implemented to prevent this from occurring again.

### Page 7 – Improper Classifications of Offenses

1. Misclassified cases have been corrected and adjustments have been completed. Extra emphasis will be placed on correct classifications in the future.

### Page 8 – Breathalyzer Test Fee

1. Procedures for levying the \$25.00 fee have been implemented to ensure that all convictions will be charged by applicable state law.

### Page 12 – Final Docket Offense Descriptions

1. We have corrected the errors found. This happened because there was a request from LEO to amend the charge before court. Either the docket was changed to reflect the amended charge or vice versa. Both documents were not changed to agree. Emphasis on this **NOT** occurring again has been implemented and verification procedures established.



# Town of Hampton Municipal Court



608 First Street, West • Hampton, South Carolina 29924  
Tel.: (803) 943-2421 • Fax.: (803) 943-0494  
For Emergencies Dial 911

## STATE AUDIT REPORT RESPONSES

Lt. Witt

### Page 7 – Improper Classifications of Offenses

1. The misclassified traffic cases (T#31947GI, T#32480GI, and T#40603GR) have been properly classified. The breathalyzer fee for T#40603GR was not charged in error.

### Page 8 – Remittance Form Changes Subsequent to Submission

1. The remittance reports for October 2013 and May 2014 were different due to a glitch in the software program. The software support staff is aware of the discrepancy.