

**TOWN OF HEATH SPRINGS MUNICIPAL COURT
HEATH SPRINGS, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT
JUNE 30, 2013**

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**SAO
Transmittal
Letter**

State of South Carolina



Office of the State Auditor

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RICHARD H. GILBERT, JR., CPA
DEPUTY STATE AUDITOR

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May 16, 2014

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

The Honorable Johnny R. Steele, Chief Judge
Ms. Thee Baker, Clerk of Court
Town of Heath Springs
Heath Springs, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of Heath Springs Municipal Court System as of and for the year ended June 30, 2013, was issued by Cline Brandt Kochenower & Co., P.A., Certified Public Accountants, 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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

April 30, 2014

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

The Honorable Johnny R. Steele, Chief Judge
Town of Heath Springs Municipal Court
Heath Springs, South Carolina

Ms. Thee Baker, Clerk of Court
Town of Heath Springs
Heath Springs, South Carolina

We have performed the procedures described below, which were agreed to by the Town of Heath Springs and the Town of Heath Springs Municipal Court, solely to assist you in evaluating the performance of the Town of Heath Springs Municipal Court for the period July 1, 2012 to June 30, 2013, in the areas addressed. The Town of Heath Springs and the Town of Heath Springs 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 Heath Springs Municipal Court dockets from the Clerk of Court. We 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. We also determined whether the fine, fee, assessment and/or surcharge adhered to State law and to the South Carolina Court Administration fee memoranda.

The Honorable Nikki R. Haley, Governor
and
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Ms. Thee Baker, Clerk of Court
Town of Heath Springs
April 30, 2014

- We tested recorded court receipt transactions to determine that the receipts were remitted in a timely manner to the Town's finance department in accordance with State law.

Our findings as a result of these procedures are presented in Adherence to Fine Guidelines and Assessments Calculations in the Accountant's C o m m e n t s section of this report.

2. Finance Director

- We gained an understanding of the policies and procedures established by the Town to ensure proper accounting for all court fines, fees, assessments, surcharges, escheatments, or other monetary penalties.
- We obtained copies of all State Treasurer's Revenue Remittance Forms submitted by the Town for the period July 1, 2012 through June 30, 2013. We agreed the line item amounts reported on the State Treasurer's Revenue Remittance Forms to the monthly court remittance reports and to the State Treasurer's receipts. We also agreed the total revenue due to the State Treasurer to the general ledger.
- 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.
- We verified that the amounts reported by the Town on its supplemental schedule of fines and assessments for the fiscal year ended June 30, 2013 and attempted to obtain the reconciliation to the State Treasurer's Revenue Remittance Forms and to the Town's general ledger. We also determined if the supplemental schedule of fines and assessments contained all required elements in accordance with State law.

Our finding as a result of these procedures is presented in Supplementary Schedule in the Accountant's C o m m e n t s 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 tested judgmentally selected victim assistance expenditures to ensure that the Town expended victim assistance funds in accordance with State law and South Carolina Court Administration Fee Memoranda, Attachment L.

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Town of Heath Springs
April 30, 2014

3. **Victim Assistance**, continued

- 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.

There were no findings as a result of these procedures.

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, 2013, 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. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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 Heath Springs Town Council, Town of Heath Springs Municipal Judge, Town of Heath Springs Clerk of Court, Town of Heath Springs Finance Director, 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.



Cline Brandt Kochenower & Co. P.A.

**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.

ADHERENCE TO FINE GUIDELINES

During our test of Municipal Court collections and remittances, we noted one instance in which the judge did not fine the defendant in accordance with State law. The individual was fined \$25.06 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."

The Town Clerk of Court stated the officer who issues the uniform traffic ticket populates the fine amount and in this case rounded the maximum fine amount causing the discrepancy.

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

ASSESSMENTS CALCULATIONS

During our test of Municipal Court collections and remittances, we noted fines and assessments were not properly allocated. Section 14-1-208 of the 1976 South Carolina Code of Laws, as amended, states "... a person who is convicted of, or pleads guilty or nolo contendere to, or forfeits bond for an offense tried in municipal court must pay an amount equal to 107.5 percent of the fine imposed as an assessment."

The Town used an Excel spreadsheet to allocate payments between fines, assessments and surcharges for the first eight months of the test period. This spreadsheet allocated the total collected between assessment and fine and ignored the surcharges. This caused the Town to overpay assessments as it properly paid the surcharges along with the assessment amounts calculated improperly.

ASSESSMENTS CALCULATIONS, Continued

We determined the Town over reported \$208.21 on Line L and also over reported \$140.49 on Line N of the STRRF for the eight month period.

The Town has implemented policies and procedures to ensure that assessments and surcharges are added to fines in accordance with State law. The Town should amend the STRRF to report the overpayments and thereby receive a refund of amounts over reported.

SUPPLEMENTARY SCHEDULE

During our testing of the schedule of court fines, assessments and surcharges included in the Town's financial statements for the year ended June 30, 2013 we noted the amount reported for victim services expenditures did not agree with the amount recorded in the Town's general ledger.

The Town clerk stated that the auditor had prepared the schedule and had not left a reconciliation with the Town to show how the numbers were reconciled to the revenue remittances or the general ledger.

Section 14-1-208(E) of the 1976 South Carolina Code of Laws, as amended, states, "(1) To the extent that records are made available in the format determined pursuant to subsection (E)(4), the supplementary schedule must include the following elements: . . ."

We recommend the Town implement procedures to ensure that amounts reported on the supplementary schedule are accurately reported in accordance with State law.

**MUNICIPALITY'S
RESPONSE**

MUNICIPALITY'S RESPONSE

The management of the Town of Heath Springs has been provided a copy of the finding(s) identified in the Accountant's Comments Section of this report and has elected not to provide a written response to finding(s).