

**TOWN OF IVA MUNICIPAL COURT  
IVA, 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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RICHARD H. GILBERT, JR., CPA  
DEPUTY STATE AUDITOR

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May 4, 2015

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

The Honorable Dennis C. Bannister, Jr., Chief Judge  
Mr. Tim Taylor, Town Treasurer  
Town of Iva  
Iva, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of Iva 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 4, 2015

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

The Honorable Dennis C. Bannister, Jr., Chief Judge  
Town of Iva Municipal Court  
Iva, South Carolina

Mr. Tim Taylor, Town Clerk/Treasurer  
Town of Iva  
Iva, South Carolina

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

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and  
The Honorable Dennis C. Bannister, Jr., Chief Judge  
Mr. Tim Taylor, Town Clerk/Treasurer  
Town of Iva  
May 4, 2015

- I tested twenty-five judgmentally selected recorded court receipt transactions to determine that the receipts were allocated in accordance with applicable State law.

My findings as a result of these procedures are presented in Timely Reporting by the Clerk of Court, Payment Omissions, Adherence to Fine Guidelines, Improper Classification of Offenses, State Treasurer's Revenue Remittance Form Errors, Civil Drug Violations Surcharge, Drug Surcharge, Installment Payments, Installment Payment Fee and Manual Calculations 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, 2011 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, Accuracy in Submitted State Treasurer's Revenue Remittance Forms, Supplementary Schedule, Lack of Collections Reconciliations and Segregation of Duties and Cross-training 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.

The Honorable Nikki R. Haley, Governor  
and  
The Honorable Dennis C. Bannister, Jr., Chief Judge  
Mr. Tim Taylor, Town Clerk/Treasurer  
Town of Iva  
May 4, 2015

- 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.
- 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 finding as a result of these procedures is presented in Victim Assistance Funds in the Accountant's Comments section of this report.

#### 4. Calculation of Over/(Under) Reported Amounts

- I obtained copies of monthly State Treasurer Revenue Remittance Forms and the Court allocation worksheets for the procedures period ended June 30, 2014. I recalculated the amount under/over reported by the Municipality by category.

My finding as a result of these procedures is presented in Under/Over Reported Amounts in the Accountant's Comments section of this report.

#### 5. 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 June 30, 2008 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.

The Honorable Nikki R. Haley, Governor  
and  
The Honorable Dennis C. Bannister, Jr., Chief Judge  
Mr. Tim Taylor, Town Clerk/Treasurer  
Town of Iva  
May 4, 2015

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 Iva Council, Town of Iva Clerk of Court, Town of Iva 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 REPORTING BY THE CLERK OF COURT**

The Clerk of Court did not submit eleven of the twelve State Treasurer's Revenue Remittance Forms (STRRF) timely. The forms were submitted from 36 to 111 days late. A similar finding was presented in the State Auditor's Report for the procedures period ended June 30, 2008 dated July 15, 2008.

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 Town Clerk stated his workload does not always allow for timely preparation of the STRRF.

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

## **PAYMENT OMISSIONS**

Court fine payments made using a credit card were excluded from the monthly collections.

Section 14-1-220 of the 1976 South Carolina Code of Laws, as amended, states, "Each...municipal clerk of court or other person who receives monies from the cost of court assessments in criminal or traffic cases in the municipal courts shall transmit all these monies to the Office of the State Treasurer." and further "The municipal clerk of court or county treasurer shall then forward the total sum collected to the State Treasurer ..."

The Town Treasurer stated the Water Department was the only department with a credit card machine and the Town Treasurer used the Water Department credit card machine to

accept court fines payments. The Town Treasurer stated he does not reconcile and/or separate water department payments and court fine payments on a monthly basis.

I recommend the Town obtain or perform a separate accounting of the omitted receipts. This accounting, in conjunction with an amended STRRF, should be submitted to the State Treasurer.

## **TIMELY, ACCURATE RECORDING AND REPORTING BY THE TOWN**

### **Adherence to Fine Guidelines**

During my test of Court collections and remittances, I noted the following instances in which the Court did not fine the defendant in accordance with State law (A similar finding was presented in the State Auditor's Report for the procedures period ended June 30, 2008 dated September 15, 2008):

#### **Moving Violations**

- The Court fined one individual \$26.51 for speeding, in excess of the above posted limit but not in excess of ten miles an hour.
- The Court fined one individual \$74.69 for speeding, in excess of ten miles an hour but less than fifteen miles an hour above the posted 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; (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;

## DUS

- The Court fined one individual \$299.76 for Driving Under Suspension not for DUI 1<sup>st</sup> offense.

Section 56-01-460 (A)(1) of the 1976 South Carolina Code of Laws, as amended, states, "Except as provided in item (2), a person who drives a motor vehicle on a public highway of this State when the person's license to drive is canceled, suspended, or revoked must, upon conviction, be punished as follows: (a) for a first offense, fined three hundred dollars or imprisoned for up to thirty days, or both;

## Other Violations

- The Court fined one individual \$97.83 for Possession of Beer when under 21 years of age.

Section 63-19-2440 of the 1976 South Carolina Code of Laws, as amended, states, "(A) ... A person who violates the provisions of this section is guilty of a misdemeanor and, upon conviction, must be fined not less than one hundred dollars nor more than two hundred dollars or must be imprisoned for not more than thirty days, or both."

- The Court fined one individual \$200.00 for allowing an unlicensed driver to operate a vehicle.

Section 56-1-500 of the 1976 South Carolina Code of Laws, as amended, states, "Every person convicted ... shall be punished by a fine of not more than one hundred dollars or by imprisonment for not more than thirty days."

The Town Clerk stated the judge had used the rounded amounts listed on the ticket instead of the amounts stipulated by the sentencing guidelines.

## Seatbelt Violation

The Court fined one individual \$30 for a Seatbelt offense.

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.

The Clerk stated that until February 2014 the Court regularly fined violators \$30 for seatbelt violations.

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

### **Improper Classifications of Offenses**

During my test of Court collections and remittances, I noted the Court did not always classify “Open Container” offense as a criminal offense, “No South Carolina Driver’s License” offense as a traffic offense and “parking” violations as a non-assessed violation when manually processing assessments during the procedures period. When violations are misclassified, the conviction surcharge and other assessments’ are not allocated in accordance with State law. A similar finding was presented in the State Auditor’s Report for the procedures period ended June 30, 2008 dated July 15, 2008.

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 Court Administration Fee Memorandum dated June 28, 2013, states “The assessment may not be imposed on convictions for violations of Sections 56-3-1970, 56-5-2510, and 56-5-2530, or another State law or municipal ordinance restricting parking” and further states in regards to the Law Enforcement and Criminal Justice Surcharges “The surcharge does not apply to state or local laws regulating parking.”

The Town Treasurer stated human error caused the misclassifications.

I recommend the Town correct the classification error(s) and make the necessary adjustment(s) to the Town’s accounting records, (e.g., Victim Assistance). See the Under/Over Reported Amounts finding below.

## **STATE TREASURER'S REVENUE REMITTANCE FORM ERRORS**

The Town's August 2013 and February 2014 STRRF did not contain the \$100 DUS pullouts. The July 2013 STRRF did not contain the \$150 Drug Surcharge. Also, for the months of November 2013 through April 2014, line OA was used to report Victim Assistance surcharges rather than line O. A similar finding was presented in the State Auditor's Report for the procedures period ended June 30, 2008 dated July 15, 2008.

The STRRF instructions require specific assessments and surcharges be reported in their corresponding line items.

The Town Treasurer stated the errors and omissions were caused by human error.

I recommend the Town correct the omissions and make the necessary adjustment(s) to the Town's accounting records, (e.g., Victim Assistance). See the Under/Over Reported Amounts finding below.

## **MANUAL ASSESSMENT WORKSHEET ERRATUM**

### **Civil Drug Violations Surcharge**

I noted a "Civil Drug Violation" surcharge on the manual assessment allocation worksheet. The Town allocated the "Civil Drug Violation" on the assessment allocation worksheet throughout the procedures period. A similar finding was presented in the State Auditor's Report for the procedures period ended June 30, 2008 dated July 15, 2008.

No current State law requires or allows municipalities to impose a civil drug violation surcharge. The South Carolina Attorney General Opinion dated May 8, 1984, states, "the recovery and allowance of cost rests entirely on statutory provisions...no right to or liability for cost exists in the absence of statutory authorization."

The Town Treasurer could not explain why this was listed on the assessment worksheet.

I recommend the Court implement procedures to ensure only authorized assessments and surcharges are used in the collections allocations. See Under/Over Reported Amounts below.

### **Drug Surcharge**

I noted the Town recorded a \$100 as the Drug Surcharge in its manual assessment worksheet.

Section 14-1-213 (A) of the 1976 South Carolina Code of Laws, as amended, states, “In addition to all other assessments and surcharges required to be imposed by law, a one hundred fifty dollar surcharge is also levied on all fines, forfeitures, escheatments, or other monetary penalties imposed in general sessions court or in magistrates or municipal court for misdemeanor or felony drug offenses. No portion of the surcharge may be waived, reduced, or suspended.”

The Town Treasurer stated the error was discovered and corrected in June 2014.

I recommend the Court implement procedures to ensure surcharges are properly assessed and collected in accordance with State law. See Under/Over Reported Amounts below.

### **INSTALLMENT PAYMENTS**

During my test of Court collections and remittances, I noted the Court did not allocate installment payments on a pro rata basis and submit them to the State Treasurer’s Office when collected. A similar finding was presented in the State Auditor’s Report for the procedures period ended June 30, 2008 dated July 15, 2008.

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

surcharge.” The memo further states “Funds collected as installments should not be held until full payment is received but must be remitted each month...”

The Town Treasurer stated he has found no simple way to allocate and track installment payments using the Town’s manual process.

I recommend the Court implement procedures to ensure that installment payments are allocated and submitted in accordance with State law. I also recommend the Town obtain an audit of the installment payments collected and therefore due the State Treasurer and remit those payments in accordance with State law.

### **INSTALLMENT PAYMENT FEE**

During my testing of Municipal Court collections and remittances, I noted the Town assessed and collected the three percent installment fee from individuals who paid the total amount due in one payment after the court date. A similar finding was presented in the State Auditor’s Report for the procedures period ended June 30, 2008 dated July 15, 2008.

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 Town Treasurer stated that the Court’s policy was to charge the three percent installment fee on all cases where the defendant does not pay on the court date. The Treasurer was unaware that the Court’s policy was not in accordance with State law.

I recommend the Clerk of 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. During my testing of the Town’s STRRF, I noted eleven of the

twelve STRRF were not timely submitted to the State Treasurer as required by State law. A similar finding was presented in the State Auditor's Report for the procedures period ended June 30, 2008 dated July 15, 2008.

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 his workload and Town cash flows sometimes did not 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.

### **ACCURACY IN SUBMITTED STATE TREASURER'S REVENUE REMITTANCE FORMS**

Because the Town Clerk made errors and omissions, incorrect calculations, and errors in transferring data from their manual system to the Revenue Remittance forms the STRRF submitted to the State Treasurer's Office were incomplete and inaccurate. A similar finding was presented in the State Auditor's Report for the procedures period ended June 30, 2008 dated July 15, 2008.

South Carolina Code of Laws Section 14-1-208(B) states "the city treasurer must 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 proscribed by the State Treasurer."

The Town Treasurer stated his workload did not allow him to perform proper reconciliation procedures prior to submission of the monthly remittance forms.

The Town has not reported the accurate or complete amounts to the State Treasurer.

The Town should determine the amounts due to the State Treasurer and submit an amended STRRF.

## **SUPPLEMENTARY SCHEDULE**

The Town provided its financial statements (unaudited) for the fiscal year ended June 30, 2012, the latest available financial statements. The statements included a schedule of fines and assessments, which I tested to ensure compliance with State law. I determined that the schedule contained the items required by State law. However, the Town's financial statements were compiled by a certified public accountant and not audited in accordance with State law and the Town could not provide documentation demonstrating that the schedule reconciled to the Town's accounting records. Therefore I was unable to verify that the schedule was complete and accurate. A similar finding was presented in the State Auditor's Report for the procedures period ended June 30, 2008 dated July 15, 2008.

Section 5-7-240 of the South Carolina Code of Laws, as amended, states, "The council shall provide for an independent annual audit of all financial records and transactions of the municipality and any agency funded in whole by municipal funds..." In addition, Section 14-1-208(E) states, "To ensure that fines and assessments imposed pursuant to this section and Section 14-1-209(A) are properly collected...the annual independent external audit required to be performed for each municipality ...must include...a supplementary schedule detailing all fines and assessments collected..."

The Town Treasurer stated that because of the Town's cash flow issues it could not afford to hire an independent certified public accountant to conduct an audit of the Town's accounting records.

I recommend the Town contract with an Independent Certified Public Accountant to conduct an audit of its financial statements annually in accordance with State law.

## VICTIM ASSISTANCE FUNDS

During my tests of 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, the bank balance at June 30, 2014 was \$-0- because the Town discontinued the Victim Assistance program as of January 31, 2014. Even though the Town discontinued the program it continued to collect Victim Assistance money after January 31, 2014. The Town's subsequent collections for the procedures period ending June 30, 2014 were \$905.38.
- During the procedures period the Town deposited \$97.63 of its installment payments three percent fee in Victim Assistance funds in error. See Under/Over Reported Amounts below.

A similar finding was presented in the State Auditor's Report for the procedures period ended June 30, 2008 dated July 15, 2008.

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."

The Town Treasurer stated his work load did not allow for the verification procedures required for the manual process.

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/OVER REPORTED AMOUNTS

As reported in the findings State Treasurer's Revenue Remittance Form Errors, Improper Classification of Offenses, Civil Drug Violations Surcharge, Victims Assistance Funds and Drug Surcharge, the Town submitted the monthly STRRF to the State Treasurer with errors. I recalculated allocations to determine the proper fines, assessments and surcharges in accordance with State laws. Based on the tests performed, I determined the Town under/over reported the following amounts:

<b>STRRF LINE</b>	<b>DESCRIPTION</b>	
F.	Municipal DUS DPS Pullout - \$100.00	200.00
J.	Municipal Drug Surcharge \$100	450.00
K.	Municipal Law Enforcement Surcharge - \$25 per case	25.00
KA.	Municipal CJA Surcharge - \$5	5.00
L.	Municipal Court -107.5%	<u>(230.36)</u>
M.	TOTAL REVENUE REMITTED TO STATE TREASURER	<u><u>449.64</u></u>
<b>COUNTY VICTIM FUND</b>		
N.	Assessments - Municipal -107.5%	(28.93)
O.	Surcharges -Municipal	<u>(88.92)</u>
P.	TOTAL VICTIM MONEY RETAINED BY LOCAL GOVERNMENT	<u><u>(117.85)</u></u>

I recommend the Town implement a process to ensure timely, accurate filing and payment of amounts due the State Treasurer. I also recommend the Town have its financial statements audited in accordance with State law and provide an accounting for the other findings not included here; Payment Omissions and Installment Payments.

## **SECTION B – OTHER WEAKNESSES**

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

## **MANUAL CALCULATIONS**

The Town performs manual calculations to allocate amounts due to the State Treasurer, the Town and Victims' Assistance. The sum of these individual calculations often do not equal the total amount allocated due to rounding. The rounding errors occur because formulas used are not precise. While the amount of the difference is immaterial, the rounding errors cause differences between the amount remitted and the amount due to each entity.

In Supreme Court Justice Toal's March 13, 2007 court order regarding Magistrate Court Financial Accounting, section V, item B. it states, "Remittances must balance with the appropriate docket sheet(s)."

The Town Treasurer stated he was not aware of the rounding errors.

I recommend the Town correct the formulas to ensure reporting all collections in compliance with State law.

## **LACK OF COLLECTIONS RECONCILIATIONS**

I noted that collections of court fines paid with a credit card were omitted from the STRRF during the month end close process. See Payment Omissions finding above. One reason this may have happened is a lack of reconciliation of the Water Department collections with the accounts receivable payment postings to the Water Department accounts receivable subsidiary ledger which would have disclosed the additional credit card payments.

Section V, item B. of Justice Toal's March 13, 2007 court order to county magistrates states, "The remittance must include a full and accurate statement of all monies collected ... on account of fines during the past month together with the title of each case in which a fine, fee, or cost has been paid. Remittances must balance with the appropriate docket sheet(s)." While this order is directed to county magistrate courts, it could also be applied to municipal courts to improve overall internal control over financial activity.

The Town Treasurer stated his work load did not allow for the verification procedures required for the manual process.

I recommend the Town implement good internal accounting controls and obtain an independent audit of its financial statements.

### **SEGREGATION OF DUTIES AND CROSS-TRAINING**

The Town Treasurer also functions as the Clerk of Court and in this capacity maintains all court finance and court records. The Town Treasurer duties include preparing the STRRF and performing other allocation and reconciliation tasks for the Court.

Section II, item F of Supreme Court Justice Toal's March 13, 2007 court order to county magistrates states, "Unless a magistrate court has only one employee, receiving of funds shall be done by a person not responsible for maintaining and reconciling financial records". Section VII, item A. states, "All magistrates and their staff shall be cross-trained so as to ensure that proper procedures are followed in the absence of a staff member or a magistrate." This order is directed to county magistrate courts, but it could also be applied to municipal courts to improve overall internal control over financial activity.

The Town Treasurer stated that since the long-term Clerk of Court retired in April 2014, he has not had time to hire another employee or train others to assist in court procedures.

I recommend the Town consider if it is using its resources efficiently to provide the optimum internal control opportunities.

## **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 Iva Municipal Court System for the twelve months ended June 30, 2008 and dated July 15, 2008. I determined that the Town of Iva has taken adequate corrective action on the deficiencies titled Timely, Accurate Recording and Reporting by the Town including Incorrect Assessment.

I have repeated Timely Reporting by the Clerk of Court, Timely, Accurate Recording and Reporting by the Town including Adherence to Fine Guidelines, Installment Payment Collections Fee/Court Costs, Installment Payments Allocation and Manual System Omissions, Proper Victims Assistance Funds Accounting and Timely Accurate Reporting to the State Treasurer including Timely Filing, Supplemental Schedule of Fines and Assessments and Accuracy in Filed Remittance Reports.

# MUNICIPALITY'S RESPONSE

# Town of Iva

INCORPORATED SINCE 1904  
GATEWAY TO THE FRESH WATER COAST

April 30, 2015

Mr. Steven Blake, CPA  
South Carolina Auditor's Office  
Columbia, South Carolina

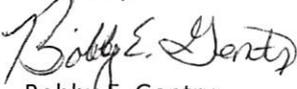
Dear Mr. Blake:

The Town of Iva appreciates your recommendations and review concerning our Municipal Court Procedures. We are taking the necessary actions to become compliant with the law and are implementing policies and procedures to ensure we are timely and accurate in our reporting.

- The town is purchasing software applicable to our court size that will benefit the system greatly. This will allow for on-time reporting with more detail and accuracy.
- We will ensure that our judge is within the appropriate schedules for fines.
- The town has a contract with an independent accounting firm to conduct an annual audit of the town's financial statements.
- The town has hired an individual to serve as clerk of court, to provide assistance to the town's clerk/treasurer and Municipal Judge.
- The town has remitted the amounts determined payable to the State Treasurer.

We appreciate your proficiency and your recommendations.

Sincerely,

  
Bobby E. Gentry  
Mayor