

TOWN OF LAMAR MUNICIPAL COURT

LAMAR, 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
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March 22, 2015

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

The Honorable Antoinette Marra, Chief Judge
Ms. Sherrill P. Dorriety, Town Clerk/Treasurer
Town of Lamar
Lamar, South Carolina

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

STEVEN L. BLAKE, CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

March 22, 2015

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

The Honorable Antoinette Marra, Chief Judge
Town of Lamar Municipal Court
Lamar, South Carolina

Ms. Sherrill P. Dorriety, Town Clerk/Treasurer
Town of Lamar
Lamar, South Carolina

I have performed the procedures described below, which were agreed to by the Town of Lamar Municipal Court, solely to assist you in evaluating the performance of the Town of Lamar Municipal Court for the period July 1, 2013 through June 30, 2014, in the areas addressed. The Town of Lamar 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 Lamar 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.
- I tested twenty-five judgmentally selected recorded court receipt transactions to determine that the receipts were allocated in accordance with applicable State law.

The Honorable Nikki R. Haley, Governor
and
The Honorable Antoinette Marra, Chief Judge
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Town of Lamar
March 22, 2015

My findings as a result of these procedures are presented in Timely Reporting by the Clerk of Court, Adherence to Fine Guidelines and Improper Classification of Offenses 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 and Cash Receipt Registers 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
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Town of Lamar
March 22, 2015

- 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. 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.

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 Lamar Council, Town of Lamar Clerk of Court, Town of Lamar 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 prepare and submit three of the twelve State Treasurer's Revenue Remittance Forms (STRRF) timely. (A similar finding was noted in the State Auditor's Report for the procedures period ended June 30, 2008 dated September 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 clerk works part time and therefore is not always available to timely prepare all STRRF.

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

TIMELY, ACCURATE RECORDING AND REPORTING BY THE TOWN

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 \$28.43 and another \$14.94 for speeding, 10 mph or less over the speed limit. A similar finding was noted in the State Auditor's Report for the procedures period ended June 30, 2008 dated September 15, 2008.

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

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

Improper Classifications of Offenses

The collections for Open Container and Simple Possession were not properly classified when input in the court software. As a result the conviction surcharge and surcharge allocation were incorrectly classified and allocated. (A similar finding in the State Auditor's Report for the procedures period ended June 30, 2008 dated September 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 judge input these charges as misdemeanor traffic offenses rather than non-traffic, criminal offenses.

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

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).

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 seven of the twelve STRRF were not timely submitted to the State Treasurer as required by State law. Also, when testing the December 2011, STRRF, I determined that the Town had not remitted \$445.01 to the State Treasurer. (A similar finding was noted in the State Auditor's Report for the procedures period ended June 30, 2008 dated September 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 that working only two and a half days per week, her work schedule 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.

VICTIM ASSISTANCE FUNDS

During my tests of Municipal 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, at June 30, 2013, the bank balance is \$1,134.41 lower than the carry forward ledger balance.
- The Town does not timely deposit Victim Assistance funds.
- The Town did not make December 2013, May or June 2014 deposits during the procedures period.

A similar finding was noted in the State Auditor's Report for the procedures period ended June 30, 2008 dated September 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 that because she worked part time, her work schedule did not allow for timely deposits. Upon learning of her oversight, the Town Treasurer deposited the December 2013, May 2014 and June 2014 receipts.

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.

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.

CASH RECEIPT REGISTERS

I was unable to trace offender ticket payments from court receipts to the Town's bank deposit for the months of November and December 2013 because the Town Treasurer was unable to provide the original cash receipt register. Along with the individual receipts that comprise its bank deposit, the register documents which receipts are combined in the daily deposit.

Supreme Court Justice Toal issued a court order to county magistrates, dated March 13, 2007. Section II, item C. states, "At the end of each day, all receipts issued shall be totaled, and the total indicated on the Daily Cash Summary Report." 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 she did not know what occurred with the missing cash receipt registers.

I recommend the Town maintain all original records to ensure compliance with State law.

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 Lamar Municipal Court System for the twelve months ended June 30, 2008 and dated September 15, 2008. I determined that the Town of Lamar has taken adequate corrective action on the deficiencies titled Court Dispositions Not Completed, Receipt Omissions, Supplemental Schedule of Fines and Assessments and Accuracy in Filed Remittance Reports. This corrective action included ensuring all receipts and tickets are key punched into their court software and they have completed an audit which contained the Schedule of Fines and Assessments.

I have repeated Timely Reporting by the Clerk of Court, Timely, Accurate Recording and Reporting by the Town including Adherence to Fine Guidelines and Improper Classification of Offenses, Proper Victims Assistance Funds Accounting and Timely Accurate Reporting to the State Treasurer.

MUNICIPALITY'S RESPONSE

City of Lamar



*William R. Reynolds, Mayor
Guy Clements, Councilman
Willie J. Howell, Councilman
Mike Lloyd, Councilman
Jackie Thomas, Councilman
Sherrill P. Dorriety, Clerk and Treasurer*

*Post Office Box 267
Lamar, SC 29069
Phone (843) 326-5551
Fax (843) 326-5280*

April 7, 2015

To Whom It May Concern:

The City of Lamar maintains a separate bank account for the Victim Assistance funds. That bank account is audited annually as part of the City's financial statement audit. Included with the audit report is a schedule of fines assessments and surcharges which provides a recapitulation of the victim assistance activity. This schedule is used for tracking purposes only and may not agree with the bank balance at a specific point in time due to the timing of remittances of the victim assistance funds and also the proper posting of related expenses in the bookkeeping system.

Sincerely,

A handwritten signature in cursive script that reads "Sherrill P. Dorriety".

*Sherrill P. Dorriety
Clerk*