

TOWN OF OLANTA MUNICIPAL COURT

OLANTA, 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

(803) 253-4160
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May 21, 2015

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

The Honorable Luci M. Coleman, Chief Judge
Ms. Joyce Hayes, Clerk of Court
Town of Olanta
Olanta, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of Olanta 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 21, 2015

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

The Honorable Luci M. Coleman, Chief Judge
Town of Olanta Municipal Court
Olanta, South Carolina

Ms. Dana Jordan, Town Treasurer
Town of Olanta
Olanta, South Carolina

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

My findings as a result of these procedures are presented in Payment Omissions, Adherence to Fine Guidelines, Criminal Justice Academy Surcharge and Driving Under Suspension Pullouts in the Accountant's comments section of this report.

The Honorable Nikki R. Haley, Governor
and
The Honorable Luci M. Coleman, Chief Judge
Ms. Dana Jordan, Town Treasurer
Town of Olanta
May 21, 2015

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 Opinion on Supplementary Schedule 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.
- 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.

The Honorable Nikki R. Haley, Governor
and
The Honorable Luci M. Coleman, Chief Judge
Ms. Dana Jordan, Town Treasurer
Town of Olanta
May 21, 2015

There were no findings as a result of these procedures.

4. Calculation of Over/(Under) Reported Amounts

- I obtained copies of monthly State Treasurer Revenue Remittance Forms and the Non-Resident Violators Compact payments for the procedures period ended June 30, 2014. I recalculated the amount under/over reported by the Municipality by category.

The results of my procedures disclosed that the Municipality under reported amounts due the State and Victim Assistance Fund. My finding as a result of these procedures is presented in Under Reported Amounts 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 Olanta Council, Town of Olanta Clerk of Court, Town of Olanta 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

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.

PAYMENT OMISSIONS

Court fine payments made for Non-Resident Violator Compact [NRVC] tickets that were not already entered in the court software 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 Clerk of Court stated she was unable to determine how they would be reported because the tickets were not originally entered in the court software system.

In the future, I recommend the Town enter these fines in the court software currently with the relevant information of the original offense included to enable the reporting of these fines. See the Under Reported Amounts finding below.

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:

The Court fined one individual \$25.06, another \$27.41 and another 28.92 for speeding, in excess of the above posted limit but not in excess of ten miles an hour.

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 Clerk of Court stated these exceeded fine guidelines due to rounded fine amounts and the Criminal Justice Academy surcharge addition. See Criminal Justice Academy Surcharge finding below.

The Court fined four individuals either \$77.11 or \$77.41 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: (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;

The Clerk of Court stated these exceeded fine guidelines due to the Criminal Justice Academy surcharge addition. See Criminal Justice Academy Surcharge finding below.

The Court fined one individual \$302.41 and another \$601.45 for Driving Under Suspension not for DUI 1st 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;

The Clerk of Court stated the \$302.41 was due to the Criminal Justice Academy surcharge addition. See Criminal Justice Academy Surcharge finding below. The ticket for the \$601.45 was unable to be found and thus the court software description of the violation was the only information available for the offense code. With the exception of the Criminal Justice Academy surcharge addition, this appeared to be the fine for a second offense.

The Court fined one individual \$601.45 for Driving Under Suspension not for DUI 2nd 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: (b) for a second offense, fined six hundred dollars or imprisoned for up to sixty consecutive days, or both;

The Clerk of Court stated this exceeded fine guidelines due to the Criminal Justice Academy surcharge addition. See Criminal Justice Academy Surcharge finding below.

The Court fined one individual \$202.41 for Simple Possession of Marijuana.

Section 44-53-370(d)(4) of the 1976 South Carolina Code of Laws, as amended, states, "A person who violates this subsection with respect to twenty-eight grams or one ounce or less of marijuana or ten grams or less of hashish is guilty of a misdemeanor and, upon conviction, must be imprisoned not more than thirty days or fined not less than one hundred dollars nor more than two hundred dollars."

The Clerk of Court stated this exceeded fine guidelines due to the Criminal Justice Academy surcharge addition. See Criminal Justice Academy Surcharge finding below.

The Court fined one individual \$135.90 for Open Container of Alcohol in a vehicle.

Section 61-4-110 of the 1976 South Carolina Code of Laws, as amended, states “A person who violates the provisions of this section is guilty of a misdemeanor and, upon conviction, must be fined not more than one hundred dollars or imprisoned not more than thirty days.”

The Clerk of Court did not know why this fine exceeded the guidelines.

The Court fined one individual \$100 for parking in a Handicapped Parking Zone.

Section 56-3-1970 of the 1976 South Carolina Code of Laws, as amended, states “(C) A person violating the provisions of this section is guilty of a misdemeanor and, upon conviction, must be fined not less than five hundred dollars nor more than one thousand dollars or imprisoned for not more than thirty days for each offense..

The Clerk of Court did not know why this fine was below the guidelines.

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

Criminal Justice Academy Surcharge

During my test of Court collections and remittances, I noted the Town added five dollars to every fine which resulted in eight of the twenty-five violations tested exceeding the fine guidelines.

The Court Administration Fee Memorandum from Robert L. McCurdy dated June 28, 2013, states, “1. **Effective July 1, 2013**, Section 118.5 of the Temporary Provisions of the 2013 - 2014 General Appropriations Act requires that, in addition to all other assessments and surcharges, a \$5.00 surcharge to fund training at the South Carolina Criminal Justice Academy is also levied on all fines ... **This proviso has been included in the last several General Appropriations Acts and is repeated verbatim in this year’s Appropriations Act and is not an addition to collections.**”

The Town Police Chief stated his department misunderstood the memorandum and added five dollars to the roadside bond amount for every ticket that was written during the procedures period.

I recommend the Town correct the policy by making the necessary adjustment(s) to the fine amounts they write on the uniform traffic tickets for roadside bond amounts.

Driving Under Suspension Pullouts

Two of the three Driving Under Suspension [**DUS**] not for DUI offenses tested did not include the mandated \$100 DUS Pullout.

Section 56-1-460 (C) of the 1976 South Carolina Code of Laws, as amended, states “One hundred dollars of each fine imposed pursuant to this section must be placed by the Comptroller General into a special restricted account to be used by the Department of Public Safety for the Highway Patrol.”

The Clerk of Court did not know why this occurred.

I recommend the Town determine why this error occurred and also determine if this occurred multiple times. I also recommend the Town submit an additional \$200 in line F of their next STRRF submission. See the Under Reported Amounts finding below.

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 one of the twelve STRRF was not timely submitted to the State Treasurer as required by State law. It was submitted 4 days late.

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 the late filing was due to scheduling out of the office during the time the form was to be filed.

I recommend the Town implement procedures to ensure the STRRF are submitted by the fifteenth day of each month in compliance with State law.

OPINION ON SUPPLEMENTARY SCHEDULE

During my testing of the schedule of court fines, assessments and surcharges included in the Town’s financial statements for the year ended June 30, 2014, I noted the auditors’ opinion was not an “in-relation-to” opinion. In fact, no form of assurance was given on the supplementary schedule.

Town personnel could not provide an explanation.

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..”

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/OVER REPORTED AMOUNTS

As reported in the finding Payment Omissions, the Town did not include NRVC payments in the monthly reporting. I recalculated NRVC allocations to determine the proper fines, assessments and surcharges in accordance with State laws. Based on the tests performed, I determined the Town underreported the following amounts:

STRRF LINE	DESCRIPTION	
F.	Municipal DUS DPS Pullout \$100	200.00
K.	Municipal Law Enforcement Surcharge - \$25 per case	125.00
KA.	Municipal CJA Surcharge - \$5	25.00
L.	Municipal Court -107.5%	<u>656.31</u>
M.	TOTAL REVENUE REMITTED TO STATE TREASURER	<u><u>1,006.31</u></u>
	COUNTY VICTIM FUND	
N.	Assessments - Municipal -107.5%	<u>82.49</u>
P.	TOTAL VICTIM MONEY RETAINED BY LOCAL GOVERNMENT	<u><u>82.49</u></u>
		\$

I recommend the Town submit the amounts due the State Treasurer.

MUNICIPALITY'S RESPONSE



Mary M. Huggins
Mayor
Lossie J. Hyman
Mayor Pro-Tem

TOWN OF OLANTA
POST OFFICE BOX 396
OLANTA, SOUTH CAROLINA 29114
Phone 843.396.4301 Fax 843.396.4414
Email townofolanta@yahoo.com

Warren Coker
Levi Mims
Tripp Welch, III
Council Members

June 1, 2015

Steve Blake
209 Brittany Road
Gaffney, S.C. 29341

Dear Mr. Blake:

The Town of Olanta has reviewed the Independent Accountant's Report. The Town would like to submit a response in reference to the "Criminal Justice Academy Report":

"During my test of Court collections and remittances, I noted the Town added five dollars to every fine which resulted in eight of the twenty-five violations tested exceeding the fine guidelines.

The Court Administration Fee Memorandum from Robert L. McCurdy dated June 28, 2013, states, "1. **Effective July 1, 2013**, Section 118.5 of the Temporary Provisions of the 2013 - 2014 General Appropriations Act requires that, in addition to all other assessments and surcharges, a \$5.00 surcharge to fund training at the South Carolina Criminal Justice Academy is also levied on all fines ... **This proviso has been included in the last several General Appropriations Acts and is repeated verbatim in this year's Appropriations Act and is not an addition to collections.**"

The Town Police Chief stated his department misunderstood the memorandum and added five dollars to the roadside bond amount for every ticket that was written during the procedures period.

I recommend the Town correct the policy by making the necessary adjustment(s) to the fine amounts they write on the uniform traffic tickets for roadside bond amounts."

Per Chief Chamberlain, the Olanta Police Department and Town of Olanta were unaware of the change in the surcharge but the Town has now made the appropriate corrections to rectify this issue.

Thank you for your time and consideration in this matter.

Sincerely,

Dana W. Jordan
Town Clerk