

**TOWN OF RIDGEVILLE MUNICIPAL COURT
RIDGEVILLE, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT
FOR THE PERIOD JULY 1, 2009
THROUGH JUNE 30, 2012**

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State of South Carolina



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

August 30, 2013

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

The Honorable Ralph James, Chief Judge
Town of Ridgeville Municipal Court
Ridgeville, South Carolina

Ms. Sandy Winn, Town Clerk/Treasurer
Town of Ridgeville
Ridgeville, South Carolina

We have performed the procedures described below, which were agreed to by the Town of Ridgeville and the Town of Ridgeville Municipal Court, solely to assist you in evaluating the performance of the Town of Ridgeville Municipal Court for the period July 1, 2009 through June 30, 2012, in the areas addressed. The Town of Ridgeville and the Town of Ridgeville 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 Town of Ridgeville and the Town of Ridgeville Municipal Court. 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 the municipal court docket reports for the period July 1, 2009, through June 30, 2012 from the Town Clerk. We randomly selected 25 cases from the municipal court docket reports 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
The Honorable Ralph James, Chief Judge
Ms. Sandy Winn, Town Clerk/Treasurer
Town of Ridgeville
August 30, 2013

Our findings as a result of these procedures are presented in Conviction Surcharge, Installment Fee and Supporting Documentation in the Accountant's Comments section of this report.

2. **Town Treasurer**

- We gained an understanding of the policies and procedures established by the Town to ensure proper accounting for court fines, fees, assessments, surcharges, forfeitures, 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, 2009 through June 30, 2012. 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 years ended June 30, 2010; June 30, 2011 and June 30, 2012, agreed 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 findings as a result of these procedures are presented in Timely Submission of State Treasurer's Revenue Remittance Form, Accurate Reporting, Supporting Documentation and Supplementary Schedule in the Accountant's Comments 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 that any funds retained by the Town for victim assistance were accounted for in a separate account.
- 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 with State law.

Our findings as a result of these procedures are presented in Accounting for Victim Assistance Funds and Supplementary Schedule in the Accountant's Comments section of this report.

The Honorable Nikki R. Haley, Governor
and
The Honorable Ralph James, Chief Judge
Ms. Sandy Winn, Town Clerk/Treasurer
Town of Ridgeville
August 30, 2013

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

- We prepared a schedule of fines, fees, assessments and surcharges for the Town for the 36 months ended June 30, 2012 using the Court's cash receipts records, court dockets and uniform traffic tickets. We compared amounts from this schedule to amounts reported on the State Treasurer's Revenue Remittance Forms and calculated the amount over/(under) reported by the Town by category.

The results of our procedures disclosed that the Town had underreported amounts due to the State. See Attachment 1 in the Accountant's Comments section of this report for further detail.

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 thirty-six months ended June 30, 2012, 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 Ridgeville Town Council, Town of Ridgeville Municipal Judge, Town of Ridgeville Clerk/Treasurer, 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.



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

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 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.

TIMELY SUBMISSION OF STATE TREASURER'S REVENUE REMITTANCE FORM

During our testing of the Town's State Treasurer Revenue Remittance Forms (STRRF), we noted five out of thirty-six STRRF were not submitted to the State Treasurer by the fifteenth day of the month as required by State law. The forms were submitted from two to thirty-two days late. We also noted sixteen STRRF were not submitted. Out of the sixteen STRRF, seven had been prepared by the Town; however, the Town could not provide us with the State Treasurer's Receipt to document the STRRF had been submitted or received. The Town could not provide us with the other nine STRRF.

The Town Clerk/Treasurer stated she could not determine why the five STRRF were submitted late. She also stated the prior Clerk/Treasurer was responsible for submitting the sixteen STRRF that were not submitted.

South Carolina Code of Laws, Section 14-1-208(B) 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. In addition, the STRRF states, this form "is required by law and must be filed monthly, on or before the 15th, by the municipal or county treasurer, even if there are no collections."

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

CONVICTION SURCHARGE

During our test of Municipal Court collections and remittances, we noted nineteen instances where the Court improperly assessed and collected the \$25 conviction surcharge.

Section 14-1-211 (A)(1) of the 1976 South Carolina Code of Laws, as amended, states, "In addition to all other assessments and surcharges,...a twenty-five dollar surcharge is imposed on all convictions obtained in magistrates and municipal courts in this State. No portion of the surcharge may be waived, reduced, or suspended." This section does not apply to misdemeanor traffic offenses or parking violations.

The Town Clerk/Treasurer stated she was unaware of this requirement.

We recommend the Town implement procedures to ensure the conviction surcharge is properly assessed and collected in accordance with State law.

INSTALLMENT FEE

During our test of Municipal Court collections and remittances, we noted four instances where the Court assessed and collected the three percent installment fee from individuals who paid the total amount due in one payment after the plea date.

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."

The Town Clerk/Treasurer stated she was unaware of this requirement.

We recommend the Court implement procedures to ensure the installment fee is assessed and collected only from individuals who pay in installments.

ACCURATE REPORTING

During our testing of the Town's State Treasurer's Revenue Remittance Forms (STRRF), we noted several amounts reported on the STRRF did not agree to the Town's court accounting records; therefore, we prepared a schedule of court fines and fees to determine if the Court over or underreported amounts reported to the State. See Schedule of Court Fines and Fees Over/(Under) Reported (Attachment 1).

The Town Clerk/Treasurer stated the differences were due to oversight.

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.'

We recommend the Town implement procedures to ensure all court collections are reported and remitted to the State Treasurer in accordance with State law and have been reconciled to accounting records and reviewed for accuracy. We also recommend the Town revise and submit an amended STRRF in accordance with Attachment 1.

SUPPORTING DOCUMENTATION

During our testing of the Town's State Treasurer's Revenue Remittance Forms (STRRF), Town personnel could not provide us with documentation to support the amounts reported on the July 2009, January 2010, February 2010, March 2010 and April 2010 STRRF. Also, during our testing of Municipal Court collections and remittances, the Court could not provide us with the applicable cash receipt for four cases to determine if the individual paid the fine. In addition, the Court could not provide us with the uniform traffic ticket for two cases to determine the cases were sentenced in accordance with State law. Finally, we were

unable to agree twelve cash receipts to the Town's court accounting records and we were unable to determine if the receipts were properly reported and remitted to the State Treasurer in accordance with State law.

The Town Clerk/Treasurer stated the former Town Clerk/Treasurer did not properly maintain all records.

Section 14-1-208 (E)(4) of the 1976 South Carolina Code of Laws, as amended, states, "The clerk of court and municipal treasurer shall keep records of fines and assessments required to be reviewed pursuant to this subsection in the format determined by the municipal governing body and make those records available for review." In addition, the Summary Court Bench Book, Memoranda 1996-03, sets forth retention guidelines for various court documents.

We recommend the Town implement procedures to ensure court accounting records are maintained and readily available for review. We also recommend that all court records are retained in accordance with Court Administration's retention schedule.

ACCOUNTING FOR VICTIM ASSISTANCE FUNDS

During our testing of the Town's State Treasurer's Revenue Remittance Forms (STRRF), we noted the Town did not properly retain victim services revenue in accordance with State law. The Town Clerk/Treasurer stated the Town's policy is to deposit \$2,000 each year into the victim assistance account.

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."

Due to the Town's improper accounting of victim assistance funds, we prepared a schedule of court fines and fees for the 36 months ended June 30, 2012, to determine the amount the Town should reimburse the victim assistance fund. See Schedule at Attachment 1.

We recommend the Town establish and implement policies and procedures to ensure victim assistance revenue is accounted for properly in accordance with State law. We also recommend the Town reimburse the victim assistance funds in accordance with Attachment 1.

SUPPLEMENTARY SCHEDULE

The Town did not prepare financial statements for fiscal year ended June 30, 2012, nor did the Town provide for an independent audit of the financial records and transactions for this period. As a result, the Town has not prepared a supplementary schedule of fines and assessments for this period as required by State law.

According to the Town Clerk/Treasurer, the Town's certified public accountant stated that the fiscal year 2012 financial statements had not been prepared because of the unavailability of tickets and missing court revenue records. The Town's certified public accountant also recommended to the Town's mayor to prepare the fiscal year 2012 and fiscal year 2013 financial statements together.

The Town did have an independent audit performed for the fiscal years ended June 30, 2011, and June 30, 2010; however the Town did not present a schedule of court fines, assessments and surcharges as required by State law because of inadequacies in the Town's court accounting records.

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...”

We recommend the Town contract with an Independent Certified Public Accountant to conduct an audit of its financial statements annually. In addition, we recommend the Town prepare a schedule of fine and assessments and include it as a supplementary schedule to its financial statements.

TOWN'S RESPONSE

The Honorable Ralph James
Chief Judge



Sandra Winn,
Clerk of Court

February 11, 2014

Mr. Richard H. Gilbert, Jr., CPA
State of South Carolina
Office of the State Auditor
1401 Main Street Ste. 1200
Columbia, SC 29201

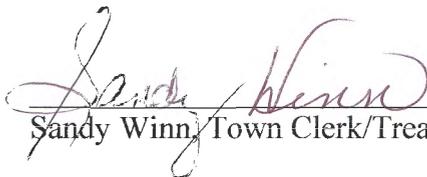
Re: Preliminary Draft Copy of Audit Report
July 01, 2009- June 30, 2012

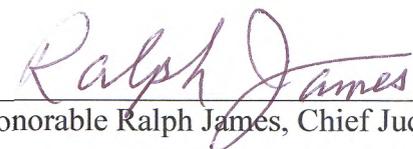
Dear Mr. Gilbert:

We have reviewed the above referenced report. We have provided to you all the documentation that is available to our Court for the period July 01, 2009 to June 30, 2012.

As we have no other documentation to provide, we hereby authorize release of the above referenced report for the time period. Our records will be amended to comply with the audited amounts listed on Schedule 1 of the report and likewise, the monies will be paid to the State of South Carolina and to Victim's Assistance.

With Kind Regards,


Sandy Winn, Town Clerk/Treasurer


Honorable Ralph James, Chief Judge

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