

**TOWN OF SOCIETY HILL MUNICIPAL COURT
SOCIETY HILL, 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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May 5, 2015

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

The Honorable Deatrice B. Curtis, Chief Judge
Town of Society Hill
Society Hill, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of Society Hill 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 5, 2015

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

The Honorable Deatrice B. Curtis, Chief Judge
Town of Society Hill Municipal Court

Ms. Brenda Nettles, Town Clerk
Town of Society Hill
Society Hill, South Carolina

I have performed the procedures described below, which were agreed to by the Town of Society Hill Municipal Court, solely to assist you in evaluating the performance of the Town of Society Hill Municipal Court for the period July 1, 2013 through June 30, 2014, in the areas addressed. The Town of Society Hill 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 Society Hill 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 determine timely reporting by the Clerk of Court's Office.
- I obtained the court dockets from the Clerk of Court. I randomly selected twenty-five cases from the court dockets and recalculated the fine, fee, assessment and surcharge calculation to determine 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 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 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 Deatrice B. Curtis, Chief Judge
Ms. Brenda Nettles, Town Clerk
Town of Society Hill
May 5, 2015

My findings as a result of these procedures are presented in Adherence to Fine Guidelines, Adherence to Uniform Traffic Ticket Laws, Conviction Surcharge and Timely Submission of State Treasurer's Revenue Remittance Form 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 determine timely reporting by the municipality.
- I obtained copies of all court remittance forms or equivalents and tested selected monthly remittance forms to determine 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, 2013 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 determined that the amounts reported by the municipality on its supplemental schedule of fines and assessments agreed to the State Treasurer's Revenue Remittance Forms and to the Town's general ledger and/or other support documentation.
- I determined that the municipality's supplemental schedule of fines and assessments contained all required elements in accordance with State law.

My findings as a result of these procedures are presented Conviction Surcharge, Timely Submission of State Treasurer's Revenue Remittance Form, Supplemental Schedule, Supplemental Schedule In-Relation-To Paragraph, Victim Assistance Funds and Under Reported Amounts 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 determine 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 Deatrice B. Curtis, Chief Judge
Ms. Brenda Nettles, Town Clerk
Town of Society Hill
May 5, 2015

- I tested selected expenditures to determine 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 fund 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 findings as a result of these procedures are presented in Supplemental Schedule and Victim Assistance Funds 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, Chairman of the House Ways and Means Committee, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, members of the Municipal Council, Municipal Clerk of Court, Municipal 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 determine 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.

ADHERENCE TO FINE GUIDELINES

Seat Belt

I selected twenty-five cases from court dockets to determine that the fine, fee, assessment and/or surcharge levied by the Municipal Court adhered to State law. Based on the tests performed, I noted one instance where an individual was fined \$30 for a seatbelt violation. The \$30 fine levied by the Court exceeded the maximum fine allowed by State law.

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 the error was due to oversight.

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

Speeding

During my test of Municipal Court collections and remittances, I noted the Court did not adhere to the fine guidelines as follows:

- One individual was fined \$60.24 and another was fined \$75 for speeding over 10 but less than 15 mph above the speed limit.
- Two individuals were fined \$202.41 and one individual was fined \$204.82 for speeding, 25 mph or more above the speed limit.

Section 56-5-1520 (G) of the 1976 South Carolina Code of Laws, as amended, states, "A person violating the speed limits established by this section is guilty of a misdemeanor and, upon conviction for a first offense, must be fined or imprisoned as follows:

(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; ... (4) in excess of twenty-five miles an hour above the posted limit by a fine of not less than seventy-five dollars nor more than two hundred dollars or imprisoned for not more than thirty days.

The Clerk stated the error was due to rounding the total fine amount.

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

Driving Without a License

One individual was fined \$99.76 for Driving Without a License

Section 56-5-0450 of the 1976 South Carolina Code of Laws, as amended, states, “Any person not licensed under this article ... who shall thereafter operate a motor vehicle in this State ... shall be punished by a fine of one hundred dollars or imprisonment for thirty days,”

The Clerk stated the error was due to rounding the fine down.

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

ADHERENCE TO UNIFORM TRAFFIC TICKET LAWS

I randomly selected and tested twenty-five Uniform Traffic Tickets (UTT). Based on the procedures performed I found the following

- Five of the tickets documented “Nolle Prossed” as the disposition. A “Nolle Prossed” disposition applies to tickets in which the officer drops the charge and does not prosecute the ticket. In each of the five tickets, a fine was paid, a guilty verdict entered into the Town’s court system software and the fine was correctly allocated by the Town. The Town could not provide me with another charging document (e.g., local ordinance violation) to support the recording of the fine assessment.
- Four of the twenty-five tickets documented 56-01-0020 in the related violation law reference section of the UTT. Three of these tickets documented a “Driving under Suspension [DUS]” violation and one documented a “No South Carolina Driver’s License” violation in the violation description narrative section of the UTT. DUS’s reference is 56-1-460. The Clerk recorded the violations in the court system software as DUS 1st for three violations and “Driving Without a License” for one violation. The fines levied by the Court in two cases did not correspond to either a 56-01-0020 violation penalty, the violation recorded in the court system fine description penalty or the UTT narrative description penalty. The other two penalties levied did correspond to one of the three possible options listed on the UTT or court system.

Section 56-7-10 of the 1976 South Carolina Code of Laws, as amended, states “(A) there will be a uniform traffic ticket used by all law enforcement officers in arrests for traffic offenses ... (C) No other ticket may be used for these offenses. The service of the uniform traffic ticket shall vest all ... courts with jurisdiction to hear and to dispose of the charge for which the ticket was issued and served.

"The Clerk stated the errors were due to oversight. Without consistency in the charging document, it is impossible to determine if the fines were in accordance with State law.

I recommend the Court develop and implement procedures to ensure that fines levied by the court adhere to applicable State law, including the proper use of the Uniform Traffic Ticket.

CONVICTION SURCHARGE

I noted one instance where the Court did not assess 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

A criminal offense was misclassified in the system as a traffic offense and thus the conviction surcharge was not assessed.

I recommend the Court develop and implement procedures to ensure that offenses are properly classified by the court in accordance with applicable State law.

TIMELY SUBMISSION OF STATE TREASURER'S REVENUE REMITTANCE FORM

During my testing of the Town's State Treasurer Revenue Remittance Forms (STRRF), I noted twelve out of twelve STRRF were not submitted to the State Treasurer by the fifteenth day of the month as required by State law. The Town submitted eight STRRFs from thirty to three hundred seventy-seven days late; the remaining four STRRFs were not submitted. The Town had prepared the four STRRF; however, they could not provide me with the State Treasurer's receipt to document the STRRF had been submitted or received by the State Treasurer's Office.

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 former Town Treasurer stated the Town's cash flow did not always 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.

SUPPLEMENTAL SCHEDULE

I noted amounts reported for the Town's court fines retained, court assessments remitted to the State Treasurer, court surcharges collected, and court surcharges remitted to the State Treasurer did not agree to amounts recorded in the Town's accounting records or court supporting documents.

Section 14-1-208(E)(1) of the 1976 South Carolina Code of Laws, as amended, states, "The supplementary schedule must include the following elements: (a) all fines collected by the clerk of court for the municipal court; (b) all assessments collected by the clerk of court for the municipal court; (c) the amount of fines retained by the municipal treasurer; (d) the amount of assessments retained by the municipal treasurer; (e) the amount of fines and assessments remitted to the State Treasurer pursuant to this section; and (f) the total funds, by source, allocated to victim services activities, how those funds were expended, and any balances carried forward."

The Clerk stated the auditor had prepared the schedule and amounts reported for victim assistance assessments and surcharges were improperly included in certain amounts and improperly omitted from others.

I recommend the Town implement procedures to ensure amounts reported on the supplemental schedule are accurately reported in accordance with State law.

SUPPLEMENTAL SCHEDULE IN-RELATION-TO PARAGRAPH

The Town's June 30, 2012 audited financial statements included the required supplementary schedule of court fines, assessments and surcharges. However, the auditors' opinion did not include the required "in-relation-to" paragraph on the supplementary schedule. In fact, no form of assurance was given on the supplemental schedule.

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.."

Town personnel could not provide an explanation for the omission.

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.

VICTIM ASSISTANCE FUNDS

During my test of Municipal Court collections and remittances I noted the following:

- The Town has not established a separate bank account or a separate general ledger fund to account for Victim Assistance activities as required by State law. The Town’s independent auditor provided me with a schedule which documented Victim Assistance revenues and expenditures since June 30, 2001.
- The Town cannot substantiate the Victim Assistance beginning and ending fund balances reported in its supplementary schedule because it has not established a separate general ledger account or subsidiary ledger to account for Victim Assistance activities.
- The Town records Victim Assistance revenue in a separate general ledger revenue account. However, the revenue account balance did not agree with court system supporting documentation or amounts reported on the STRRFs.
- I tested Victim Assistance expenditures and found the Town charged the following expenditures to Victim Assistance: a prorated share each of the Police Chief’s salary, other employee salaries, audit fees and cell phone charges. Total expenditures for the 36 months period ended June 30, 2014 was \$50,678.06. To be allowable under the South Carolina Judicial Department guidance contained in their Court Fees Memorandum-Attachment L the expenditures must be supported by statistical research supporting any cost allocation (e.g., Time and Activity Forms) and the Town must obtain prior written approval from the State Office of Victim Assistance. The Town could not provide documentation supporting its cost allocation or written approval from the State Office of Victim Assistance.
- Amounts reported on the supplementary schedule of fines, assessments and surcharges included in the Town’s fiscal year ended June 30, 2014 audited financial statements for Victim Assistance revenues did not reconcile to the court supporting documents, the STRRF or the Victim Assistance general ledger revenue 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.” Further expenditure guidance is contained in the State Office of Victim Assistance *Fines, Fees and Assessments VSCC Approved Guidelines, December 2013* edition.

The former Town treasurer stated the Town’s cash flow did not always allow for timely deposits. The Town was unaware their allocations needed support and approval.

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 REPORTED AMOUNTS

As reported in the finding Timely Submission of State Treasurer Revenue Remittance Form, the Town prepared but did not timely submit the monthly STTRF to the State Treasurer. I tested the completeness and accuracy of unfiled STTRF for the period July 2012 through June 2014. Based on the tests performed, I determined the Town underreported the following amounts:

STTRF LINE	DESCRIPTION	
F.	Municipal DUS DPS Pullout - \$100.00	\$ 400.00
J.	Municipal Drug Surcharge \$100	150.00
K.	Municipal Law Enforcement Surcharge - \$25 per case	7,125.00
KA.	Municipal CJA Surcharge - \$5	1,395.00
L.	Municipal Court -107.5%	<u>21,018.32</u>
M.	TOTAL REVENUE REMITTED TO STATE TREASURER	<u>30,088.32</u>
	TOWN VICTIM FUND	
N.	Assessments - Municipal -107.5%	2,645.35
O.	Surcharges -Municipal	<u>-</u>
P.	TOTAL VICTIM MONEY RETAINED BY LOCAL GOVERNMENT	<u>\$ 2,645.35</u>

MUNICIPALITY'S RESPONSE

Town of Society Hill

280 SOUTH MAIN STREET / POST OFFICE BOX 29
SOCIETY HILL, SOUTH CAROLINA 29593-0029
PHONE 843-378-4681 FAX 843-378-0083

Office of State Auditor
State of South Carolina
Columbia, SC

May 18, 2015

RE: Response to Audit

The Town of Society Hill will develop and implement procedures to ensure that fines levied by the court adhere to applicable State law, including the proper use of the Uniform Traffic Ticket.

The Town of Society Hill will develop and implement procedures to ensure that offenses are properly classified by the court in accordance with applicable State law.

The Town of Society Hill will implement procedures to ensure the state treasurer's revenue remittance forms are submitted by the fifteenth day of each month in compliance with State law. Past due payments are currently being paid, with three past due payments made this month. Reports are being mailed on a timely basis, even if payment is not made at that time. Tim Derrick of the State Treasurer's Office has informed us to pay amounts due that are in arrears first until we are able to catch up.

The Town of Society Hill will implement procedures to ensure amounts reported on the supplemental schedule are accurately reported in accordance with State law.

The Town of Society Hill will inform our auditor of the requirement to provide an "in-relation-to" opinion on its supplementary schedule in accordance with State law.

The Town of Society Hill will establish and implement policies and procedures to ensure Victim Assistance revenue is accounted for and deposited timely in accordance with State law.

The Town of Society Hill is exploring an option to have the Darlington County Sheriff's Department do our victim's advocate program.

Sincerely,


Mayor Brashaw