

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

STATE AUDITOR'S REPORT

JUNE 30, 2015

CONTENTS

	<u>PAGE</u>
I. OFFICE OF THE STATE AUDITOR TRANSMITTAL LETTER	1
II. INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	2
III. ACCOUNTANT'S COMMENTS	5
SECTION A – VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS	6
TIMELY, ACCURATE REPORTING BY THE CLERK OF COURT	7
Timely Reporting by the Clerk of Court	7
Adherence to Fine Guidelines	7
Installment Fee	8
TIMELY, ACCURATE RECORDING AND REPORTING BY THE TOWN TREASURER	8
Timely Submission of the State Treasurer's Revenue Remittance Form	8
VICTIM ASSISTANCE FUNDS	9
UNDER REPORTED AMOUNTS	11
SECTION B – OTHER WEAKNESS	12
DEPOSIT SLIPS	13
SECTION C - STATUS OF PRIOR FINDINGS	14
MUNICIPALITY'S RESPONSE	15



**South Carolina
Office of the State Auditor**

**George L. Kennedy, III, CPA
State Auditor**

May 25, 2016

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

The Honorable Steven V. Morrone, Chief Judge
Ms. Sandra Sims, Clerk of Court
Town of Springfield
Springfield, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of Springfield Municipal Court System as of and for the year ended June 30, 2015, 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 blue ink that reads "George L. Kennedy, III".

George L. Kennedy, III, CPA
State Auditor

GLKIII/sag

STEVEN L. BLAKE, CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

May 25, 2016

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

The Honorable Steven V. Morrone, Chief Judge and
Sandra Sims, Clerk of Court, Town Treasurer
Town of Springfield Municipal Court
Springfield, South Carolina

I have performed the procedures described below, which were agreed to by the Town of Springfield Municipal Court, solely to assist you in evaluating the performance of the Town of Springfield Municipal Court for the period July 1, 2014 through June 30, 2015, in the areas addressed. The Town of Springfield 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 Springfield 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 adjudicated 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, assessment and/or surcharge amount 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 and apportioned in accordance with applicable State law.

My findings as a result of these procedures are presented in Timely, Accurate Reporting by the Clerk of Court 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 determined 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, 2014 through June 30, 2015. 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 municipality's support.
- I determined that the municipality reported court financial activity on the supplemental schedule of fines and assessments in accordance with applicable State law.

My findings as a result of these procedures are presented in Timely, Accurate Recording and Reporting by the Town Treasurer 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
and
The Honorable Steven V. Morrone, Chief Judge
Town of Springfield Municipal Court
May 25, 2016

- 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 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 for the 36 month period ended June 30, 2015, which the Town prepared to submit to the Office of the State Treasurer. I calculated the amount under reported by the municipality by category.

The results of my procedures disclosed that the municipality under reported amounts due to 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, 2015 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 Springfield Council, Town of Springfield Clerk of Court, Town of Springfield 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, ACCURATE REPORTING BY THE CLERK OF COURT

Timely Reporting by the Clerk of Court

The Clerk of Court did not submit eight of the twelve State Treasurer's Revenue Remittance Forms (STRRF) timely to the town treasurer. The forms were submitted from eight to sixty-six days late.

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/treasurer stated that she did not print the forms timely for submission to the treasurer because the Town's cash flow precluded their timely submission to the State.

I recommend the Town implement procedures to ensure STRRF are prepared timely in accordance with State law. The decision to submit is independent of timely preparation.

Adherence to Fine Guidelines

Simple Possession of Marijuana

The Court fined one individual \$75.66 for possession of 28g (1 oz) or less of marijuana or 10g or less of hash or cocaine, 1st offense.

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."

Speeding

The Court fined four individuals \$12.05 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;"

Local Ordinance – Thoughtless Driving

There were three instances where individuals were fined \$37.59, \$49.64 and \$25.00 for violations of Town ordinance 13.58.

Town 13.58 states “Any person violating ... this section shall, upon conviction, ... be punished by a fine not less than fifty dollars (50) no more than four hundred dollars”

The Clerk of Court stated that, while she was not employed during the procedures period, it appears that the judge suspended the fines below the amount that complied with State or local law.

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

Installment Fee

During my test of Municipal Court collections and remittances, I noted three instances where the Court did not assess and collect the three percent installment fee from individuals who paid in installments.

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 Clerk of Court stated she was not employed during the procedures period and speculated that it was Town policy not to collect the installment fee.

I recommend the Municipal Court implement procedures to ensure the installment fee is charged and collected in accordance with State law.

TIMELY, ACCURATE RECORDING AND REPORTING BY THE TOWN TREASURER

Timely Submission of the State Treasurer’s Revenue Remittance Form

I obtained copies of all State Treasurer Revenue Remittance Forms (STRRF) prepared for the period July 2014 through June 2015. Based on my review I determined that the Town did not submit any STRRFs timely to the State Treasurer as required by State law. Two were submitted between fourteen and seventy- eight days late, the others were not submitted.

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/treasurer stated she was not employed during the procedures period but it appears the Town’s cash flow 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. See Under Reported Amounts finding below.

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, 2015, the bank balance is \$3.47 lower than the carry forward ledger balance.
- The information in the schedule of fines and assessments regarding Victim Assistance carry forward fund balances is \$39,906 higher than the bank account balance at June 30, 2015. The Town has not reconciled the schedule balance with the bank balance to determine the correct reconciled fund balance.
- The Town did not deposit all funds allocable to Victim Assistance in the Victim Assistance bank account during the procedures period. See Under Reported Amounts finding below.
- The Town expended \$1,000 for victim assistance but had that expenditure disallowed by a State Office of Victim Assistance audit. The Town also transferred \$10,104.82 from the Victim Assistance bank account to the Town's general fund to support general fund expenditures.

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." Also Section 14-1-208(D) states "All unused funds must be carried forward from year to year." In addition, the South Carolina Court Administration Memorandum, Attachment L, dated June 30, 2011, and the South Carolina Victim Service Coordinating Council, Approved Guide for Expenditures of Monies Collected for Crime Victim Service in Municipalities and Counties, effective January 2010, set forth guidelines for expenditures of monies collected for crime victim services.

The Clerk/treasurer stated she was not employed during the procedures period but it appears the Town's cash flow did not allow for timely filing. She also stated the State Office of Victims Assistance had performed an audit of their Victims fund the week before my field work and had come to similar conclusions about expenditures.

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. The Town should also reconcile the fund balance amount reported in the schedule of fines with the bank balance to determine which balance is correct.

UNDER REPORTED AMOUNTS

As reported in the finding Timely Submission of State Treasurer Revenue Remittance Form, the Town prepared but did not submit the monthly STRRF to the State Treasurer. I tested the completeness and accuracy of unsubmitted STTRF for the period July 2012 through June 2015

. Based on the tests performed, I determined the Town underreported the following cumulative amounts:

STRRF LINE	DESCRIPTION	
F.	Municipal DUS DPS Pullout - \$100.00	\$ 715.33
G.	Municipal DUI Assessment - \$12 per case	12.00
H.	Municipal DUI Surcharge - \$100	100.00
I.	Municipal DUI DPS Pullout - \$100	100.00
J.	Municipal Drug Surcharge \$150	750.00
K.	Municipal Law Enforcement Surcharge - \$25 per case	23,048.87
KA.	Municipal LE Surcharge - \$5	4,609.77
L.	Municipal Court -107.5%	<u>48,201.72</u>
M.	TOTAL REVENUE DUE TO STATE TREASURER	<u>77,537.69</u>
	RETAINED BY TOWN FOR VICTIM SERVICES	
N.	Assessments - Municipal -107.5%	4,522.26
O.	Surcharges -Municipal	<u>2,893.66</u>
P.	TOTAL RETAINED FOR VICTIM SERVICES	<u>\$ 7,415.92</u>

I recommend the Town develop and implement procedures to ensure it submits the STRRF and remits amounts due to the State in accordance with State law. I also recommend that Town submit a STRRF and remit the amounts due to the State Treasurer, as described in the preceding paragraph, as soon as possible. Finally the Town should transfer the amount identified above to the Victim Fund.

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.

DEPOSIT SLIPS

I was unable to trace deposits to the bank account as the external auditor had removed all the deposit slips offsite for the June 30, 2015 audit.

While 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.", these records were kept and technically they were available for review, just not onsite, in a reasonable manner. That is why this finding is considered an 'other weakness' rather than a violation of State law.

The Clerk of Court stated the auditor will have the records returned upon completion of the audit.

I recommend the Town maintain their records onsite at all times.

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 Springfield Municipal Court System for the twelve months ended June 30, 2014 and dated May 5, 2015.

I have repeated Timely Reporting by the Clerk of Court, Installment Fee Not Collected, Timely Submission of State Treasurer's Revenue Remittance Form, Victim Assistance Funds and Under Reported Amounts in Section A.

I have not repeated Improper Classification of Offenses or Supplementary Schedule in Section A and Supplementary Schedule in Section B.

MUNICIPALITY'S RESPONSE

Town of Springfield
Post Office Box 31
Springfield, South Carolina 29146

Phone (803) 258-3152

Fax (803) 258-3526



June 9, 2016

Mr. Steve Blake, CPA
209 Brittany Rd
Gaffney, SC 29341

Dear Mr. Blake:

I have received your Preliminary report on the Town of Springfield Municipal Court.

We agree with your findings and are making every effort to implement corrective procedures.

Yours truly,

A handwritten signature in cursive script that reads "Edward Furtick".

Edward Furtick
Mayor

EF:jw