

**TOWN OF ST. GEORGE MUNICIPAL COURT  
ST. GEORGE, 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
<b>SECTION A – VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS</b>	<b>6</b>
ADHERENCE TO FINE GUIDELINES	7
Criminal Domestic Violence – 3 <sup>rd</sup> Degree	7
Driving Under Suspension – Not DUI – 1 <sup>st</sup> Offense	7
Speeding	7
INSTALLMENT FEE	8
TIMELY SUBMISSION OF STATE TREASURER’S REVENUE REMITTANCE FORM	8
VICTIM ASSISTANCE FUNDS	8
<b>SECTION B – OTHER WEAKNESSES</b>	<b>10</b>
COURT CASH ACCOUNT RECONCILIATION	11
GENERAL LEDGER ACCOUNTING	11
<b>MUNICIPALITY’S RESPONSE</b>	<b>13</b>



**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 Harry T. Boatwright, Chief Judge  
Ms. Shana Perrin, Clerk of Court  
Town of St. George  
St. George, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of St. George 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 Harry T. Boatwright, Chief Judge and  
Shana Perrin, Clerk of Court  
Town of St. George Municipal Court  
St. George, South Carolina

I have performed the procedures described below, which were agreed to by the Town of St. George Municipal Court, solely to assist you in evaluating the performance of the Town of St. George Municipal Court for the period July 1, 2014 through June 30, 2015, in the areas addressed. The Town of St. George 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 St. George 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 Adherence to Fine Guidelines and Installment Fee in the Accountant's Comments section of this report.

The Honorable Nikki R. Haley, Governor  
and  
The Honorable Harry T. Boatwright, Chief Judge  
Shana Perrin, Clerk of Court  
Town of St. George Municipal Court  
May 25, 2016

## 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 Submission of State Treasurer's Revenue Remittance Form, Court Cash Account Reconciliation and General Ledger Accounting 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 Harry T. Boatwright, Chief Judge  
Shana Perrin, Clerk of Court  
Town of St. George 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 finding as a result of these procedures is presented in 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, 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 St. George Council, Town of St. George Clerk of Court, Town of St. George 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.

## ADHERENCE TO FINE GUIDELINES

### Criminal Domestic Violence – 3<sup>rd</sup> Degree

The court fined one defendant \$970.10 for Criminal Domestic Violence 3<sup>rd</sup> degree.

Section 16-25-20(D) of the South Carolina Code of Laws states “A person commits the offense of domestic violence in the third degree if the person violates subsection (A):

- (1) A person who violates this subsection is guilty of a misdemeanor and, upon conviction, must be fined not less than one thousand dollars nor more than two thousand five hundred dollars or imprisoned not more than ninety days, or both.

The Clerk of Court stated the judge had incorrectly fined the defendant.

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

### Driving Under Suspension – Not DUI – 1<sup>ST</sup> Offense

The court fined two defendants \$299.76 and another \$294.35 for Driving Under Suspension – Not DUI – 1<sup>st</sup> Offense.

Section 56-1-460(A)(1) of the 1976 South Carolina Code of Laws, as amended, states, "a person...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 difference is caused by the judge rounding total fines.

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

### Speeding

The court fined one defendant \$24.58 for Speeding, 15 – 25 miles per hour over the 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:

- (3) in excess of fifteen miles an hour but less than twenty five miles an hour above the posted limit by a fine of not less than fifty dollars nor more than seventy five dollars;

The Clerk of Court stated the fine was reduced but the charge was not changed.

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

## **INSTALLMENT FEE**

During my testing of court collections and remittances, I noted two instances where the Town assessed and collected the three percent installment fee from individuals who paid the total amount due in one payment after the court date and one instance where the court should have charged the fee but did not.

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 that, while she was not the St. George clerk during the procedures period, she knows the correct use of the policy requires the three percent installment fee to be assessed on all cases paid in installments. In addition, she does not assess it currently when the defendant does not pay on the date of the plea.

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

## **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 State Treasurer Revenue Remittance Forms (STRRF), I noted two of the STRRF were not submitted to the State Treasurer timely. They were submitted 3 to 19 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 workload prevented them from submitting timely.

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 fund and bank account for Victim Assistance funds as required by State law, however, the fund has accounting errors during the

procedures period that have overstated revenues and fund balance by \$2,567.61. See General Ledger Accounting finding below.

- The June 30, 2015 schedule of fines and assessments reported a Victim Assistance carry forward balance of \$41,392. The Town could not provide documentation to support the cumulative balance.

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 the financial statement Schedule of Fines and Assessments is the only documentation of the amounts due to Victim Assistance the Town has.

I recommend the Town establish and implement policies and procedures to ensure Victim Assistance revenue is accounted for in accordance with State law. I also recommend the Town establish a separate general ledger account to ensure the transparency of its Victims’ Assistance funds and determine cumulative balances due to Victim Assistance.

## **SECTION B – OTHER WEAKNESSES**

The conditions described in this section have been identified while performing agreed-upon procedures but are not considered violations of State Laws, Rules or Regulations.

## **COURT CASH ACCOUNT RECONCILIATION**

The Town's most recent reconciliation of the court escrow account was dated March 31, 2015. The court escrow reconciled bank balance was \$205,668.98. The Clerk of Court could not provide a list of individual defendants and the amount remitted by the defendants that comprise the account balance.

Supreme Court Justice Toal issued a court order to county magistrates, dated March 13, 2007. Section VI, item F. states, "Each month the magistrate court shall reconcile the bank statement to the dockets by adding the total of the disposed traffic docket, the total of the disposed criminal docket, the total pending civil docket, the total of the outstanding bond list, and other monies on deposit. The total of these items should equal the total of the bank account or bank accounts." 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 does not maintain a subsidiary ledger or other supporting schedules that enable her to readily identify the individuals or entities that comprise the balance in its court bank account. Without knowledge of whose money is in the account it is impossible to properly account for the funds in accordance with State laws.

I recommend that the Town reconcile the bank statement in accordance with the above procedure so that an accounting of all funds and their source will be maintained.

## **GENERAL LEDGER ACCOUNTING**

The accounting department posts Victim Assistance transactions to the general ledger using journal entries. I noted several journal entries posted in error overstating revenue and therefore cumulative fund balance. Accounting reconciliations for the procedures period had not been performed as of the field work dates.

The Committee of Sponsoring Organizations (COSO) Internal Control – Integrated Framework December 2011 report, paragraph 286, uses the following definitions for information processing objectives: *Completeness* – Transactions that occur are recorded; *Accuracy* – Transactions are recorded at the correct amount in the right account; *Validity* – Recorded transactions represent economic events that actually occurred and were executed according to prescribed procedures.

The treasurer and Clerk of Court stated the accounts are not reconciled on a monthly basis.

I recommend the Town reconcile accounts in accordance with COSO to determine if the information processing objectives related to the court funds are processed in accordance with state law.

## MUNICIPALITY'S RESPONSE





# The Municipal Court of Saint George

HARRY T. BOATWRIGHT  
CHIEF JUDGE

305 RIDGE STREET  
SAINT GEORGE, SOUTH CAROLINA 29477  
TELEPHONE: (843) 563-3248  
FAX: (843) 563-7048  
E-MAIL: tboatwright@townofstgeorgesc.org

June 15, 2016

Mr. Steve Blake  
209 Brittany Road  
Gaffney, SC 29341

Re: Town of St. George Municipal Court, St. George, South Carolina, State Auditor's Report,  
June 30, 2015

Dear Mr. Blake,

First, I would like to express my appreciation for your time and effort in conducting the assessment of policies, procedures, files and fund accounts for both the St. George Municipal Court and the Town Clerk/Treasurer's Office. Your cordial manner in working with staff, along with your expertise related to the findings and recommendations provided, will allow the Town and Municipal Court to initiate improved procedures and accounting methods which will positively impact the Town's accountability and integrity. For all of this, I extend my sincere thanks, and offer you the following response to the specific findings identified. These responses will follow the order in which they were presented in the report referenced supra.

## **SECTION A – VIOLATION OF STATE LAWS, RULES OR REGULATIONS**

### **ADHERENCE TO FINE GUIDELINES**

#### **Criminal Domestic Violence – 3<sup>rd</sup> Degree**

Recommendation that “the municipal court implement procedures to ensure fines levied by the court adhere to applicable state law.”

#### **Response to Finding:**

This is probably as good a place as any to note that neither this judge nor the current [municipal] Clerk of Court were employed by the Town of St. George during the timeframe for which this assessment was focused. Nonetheless, I concur with the recommendation and, in fact, already have a procedure in place that ensures “fines levied by the court adhere to applicable state law.” That procedure is an integral part of my preparation for bench and jury

trials. As I review the trial docket for court, under ever charge listed, I make a notation as to the minimum and maximum fine with assessments, the potential number of days of jail time, if applicable, and the recommended roadside bond, if provided. This information and more are available on a spreadsheet produced by Court Administration listing most of the traffic and misdemeanor criminal charges summary court judges deal with. For traffic and/or misdemeanor criminal offenses not list on the aforementioned spreadsheet, the Judge's Calculator provided by Court Administration is available on all Court computer desktops in this court for computing fines with assessments.

### **Driving Under Suspension – Not DUI – 1<sup>st</sup> Offense**

Recommendation that “the municipal court implement procedures to ensure fines levied by the court adhere to applicable state law.”

#### **Response to Finding:**

I concur with the recommendation and have a procedure in place that ensures “fines levied by the court adhere to applicable state law.” That procedure is an integral part of my preparation for bench and jury trials. Essentially, as I review the trial docket for court, under ever charge listed, I make a notation as to the minimum and maximum fine with assessments, the potential number of days of jail time, if applicable, and the recommended roadside bond, if provided. This information and more are available on a spreadsheet produced by Court Administration listing most of the traffic and misdemeanor criminal charges summary court judges routinely deal with. For traffic and/or misdemeanor criminal offenses not list on the aforementioned spreadsheet, the Judge's Calculator provided by Court Administration is available on all computer desktops in this court for computing fines with assessments.

### **Speeding**

Recommendation that “the municipal court implement procedures to ensure fines levied by the court adhere to applicable state law.”

#### **Response to Finding:**

I concur with recommendation. Please see procedure described under Response to Finding under **Driving Under Suspension – Not DUI – 1<sup>st</sup> Offense** supra.

### **INSTALLMENT FEE**

Recommendation that “the Clerk of Court implement procedures to ensure the installment fee is charged and collected in accordance with State law.”

#### **Response to Finding:**

I concur with recommendation. Procedures implemented by the Clerk of Court require that, prior to receipting payments *after* the date of plea, the clerk will check the status of the case to determine if the fine will be made by installments. If payment is made in a one-time full payment, the clerk will remove the 3% surcharge.

### **TIMELY SUBMISSION OF STATE TREASURER'S REVENUE REMITTANCE FORM**

Recommendation that “the Town implement procedures to ensure the STRRF are submitted by the fifteenth day of each month in compliance with State law.”

**Response to Finding:**

I concur with recommendation. The procedure henceforth is that the Clerk of Court will strictly adhere to The Supreme Court of South Carolina Order 2007-03-01 RE: Magistrate Court Financial Accounting Order. Moreover, the Clerk of Court’s current practice is to have this report submitted on the first Wednesday of the month, but no later than the first Friday after.

**VICTIM ASSISTANCE FUNDS**

Recommendation that “the Town establish and implement policies and procedures to ensure Victim Assistance revenue is accounted for in accordance with State law.

**Response to Finding:**

I concur with recommendation. Henceforth, the Clerk of Court will assist the Clerk/Treasurer with monthly account reconciliation of all court related accounts. The Clerk of Court will keep a copy of the reconciliations to maintain compliance with The Supreme Court of South Carolina Order 2007-03-01 RE: Magistrate Court Financial Accounting Order court order 2007-03-13-01 RE: Magistrate Court Financial Accounting Order.

Recommendation that “the Town establish a separate general ledger account to ensure the transparency of its Victims’ Assistance funds and determine cumulative balances due to Victim Assistance.

**Response to Finding:**

I concur with recommendation. The Town does have an established general ledger account in our accounting system for Victim’s Assistance Fund. Henceforth, the Clerk of Court will assist the Clerk/Treasurer with monthly account reconciliation of all court related accounts. The Clerk of Court will keep a copy of the reconciliations to maintain compliance with The Supreme Court of South Carolina Order 2007-03-01 RE: Magistrate Court Financial Accounting Order court order 2007-03-13-01 RE: Magistrate Court Financial Accounting Order.

**SECTION B – OTHER WEAKNESS**

**COURT CASH ACCOUNT RECONCILIATION**

Recommendation that “the Town reconcile the bank statement in accordance with the above procedure so that an accounting of all funds and their source will be maintained.”

**Response to Finding:**

I concur with recommendation. Henceforth, the Clerk of Court will assist the Clerk/Treasurer with monthly account reconciliation of all court related accounts. The Clerk of Court will keep a copy of the reconciliations to maintain compliance with The Supreme Court of South Carolina Order 2007-03-01 RE: Magistrate Court Financial Accounting Order court order 2007-03-13-01

RE: Magistrate Court Financial Accounting Order. The Clerk of Court will ensure that court deposits to banking institutions are made daily.

Additionally, the Clerk of Court and Clerk/Treasurer will pull reports and/or files from previous years to sort through and examine files, find where remaining balances are to be allocated and distribute accordingly to the reconciliation of the court escrow account.

### **GENERAL LEDGER ACCOUNTING**

Recommendation that “the Town reconcile accounts in accordance with COSO to determine if the information processing objectives related to the funds are processed in accordance with state law.”

#### **Response to Finding:**

I concur with recommendation. Moving forward, the Clerk of Court will assist the Clerk/Treasurer with monthly account reconciliation of all court related accounts. The Clerk of Court will keep a copy of the reconciliations to maintain compliance with court order 2007-03-13-01 RE: Magistrate Court Financial Accounting Order. The Clerk/Treasurer will obtain a login on the “CSI” software for the Clerk of Court to help assist in double checking that the journal entries are correct for the court accounting.

Once again, thank you for your observations while conducting this assessment. I hope you find the corrective actions taken appropriate and satisfactory.

Respectfully submitted,

Judge Harry T, Boatwright  
Saint George Municipal Court

Cc: Saint George Clerk/Treasurer  
File