

**TOWN OF ST. MATTHEWS MUNICIPAL COURT  
ST. MATTHEWS, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT**

**JUNE 30, 2016**



## CONTENTS

	<u>PAGE</u>
I. OFFICE OF THE STATE AUDITOR TRANSMITTAL LETTER	1
II. INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	2-4
III. ACCOUNTANT'S COMMENTS	5
<b>SECTION A – VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS</b>	<b>6</b>
TIMELY, ACCURATE REPORTING BY THE CLERK OF COURT	7
Adherence to Fine Guidelines	7
Driving Under the Influence [DUI]	7
Simple Possession	7
Reckless Driving	7
Speeding	8
Handicapped Parking	8
Sale of Alcohol to an Underage Person	9
Installment Payments	9
TIMELY, ACCURATE RECORDING AND REPORTING BY THE TOWN TREASURER	9
Supplementary Schedule	9
Timely Submission of the State Treasurer's Revenue Remittance Form	10
VICTIM ASSISTANCE FUNDS	10
UNDER REPORTED AMOUNTS	11
<b>SECTION B – OTHER WEAKNESSES</b>	<b>13</b>
MANUAL RECEIPT BOOKS	14
<b>TOWN'S RESPONSE</b>	<b>15</b>



**South Carolina  
Office of the State Auditor**

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

June 2, 2017

The Honorable Thomas Randolph, Jr., Chief Judge  
Town of St. Matthews Municipal Court  
St. Matthews, South Carolina

Ms. Flora Fordham, Town Clerk of Court  
Town of St. Matthews  
St. Matthews, South Carolina

This report resulting from the application of agreed-upon procedures to the accounting records of the Town of St. Matthews Municipal Court System as of and for the year ended June 30, 2016, 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

June 2, 2017

The Honorable Thomas Randolph, Jr., Chief Judge  
Town of St. Matthews Municipal Court  
St. Matthews, South Carolina

Ms. Flora Fordham, Town Clerk of Court  
Town of St. Matthews  
St. Matthews, South Carolina

I have performed the procedures described below, which were agreed to by the Town of St. Matthews Municipal Court, solely to assist you in evaluating the performance of the Town of St. Matthews Municipal Court for the period July 1, 2015 through June 30, 2016, in the areas addressed. The Town of St. Matthews 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. Matthews 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 or equivalents from the Clerk of Court. I judgmentally selected twenty-five cases from the dockets and recalculated the fine, fee, assessment and surcharge calculation to determine 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 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 determine timely reporting by the Town.
- I obtained copies of all court remittance forms or equivalents and tested each monthly remittance form to determine 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 Town's support.
- I scanned the Town's support to determine if the Town had misclassified fine, fee, assessment, and surcharge receipts.
- I obtained copies of all State Treasurer's Revenue Remittance Forms for the period July 1, 2015 through June 30, 2016. 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 Town on its supplemental schedule of fines and assessments agreed to the Town's support.
- I determined that the Town reported court financial activity on its 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 Town to determine proper accounting for victim assistance funds.
- I made inquiries and performed substantive procedures to determine that any funds retained by the Town for victim assistance were deposited into a separate account.
- I tested selected expenditures to determine that the Town expended victim assistance funds in accordance with State law and South Carolina Court Administration Fee Memoranda, Attachment L.
- I determined that the Town reported victim assistance financial activity on the supplemental schedule of fines and assessments in accordance with applicable State law.
- I determined that the amounts reported by the Town on its supplemental schedule of fines and assessments applicable to the Victim Assistance fund agreed to the Town's general ledger or subsidiary ledgers.
- I inspected the Town'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.

The Honorable Thomas Randolph, Jr., Chief Judge  
Ms. Flora Fordham, Town Clerk of Court  
Town of St. Matthews  
June 2, 2017

4. Calculation of Over/(Under) Reported Amounts

- I obtained a copy of the State Treasurer Revenue Remittance Form for the February 29, 2016 month end, which the Town prepared and submitted to the Office of the State Treasurer. I calculated the amount under reported by the Town by category.

The results of my procedures disclosed that the Town under reported amounts due to the State. 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, 2016 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 Chairmen of the House Ways and Means Committee, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, members of the Town of St. Matthews Council, Town of St. Matthews Clerk of Court, Town of St. Matthews 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 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.

## **TIMELY, ACCURATE REPORTING BY THE CLERK OF COURT**

### **Adherence to Fine Guidelines**

During my test of Municipal Court collections and remittances, I noted the following instances in which the Court did not fine the defendant in accordance with State law or local ordinance:

#### **Driving Under the Influence [DUI]**

The Court fined one individual \$387.95 for Driving Under the Influence blood alcohol less than .10, first offense.

Section 56-5-2930(A) of the 1976 South Carolina Code of Laws, as amended, states, "A person who violates the provisions of this section... must be punished as follows: (1) for a first offense, by a fine of four hundred dollars..."

The Clerk of Court stated the roadside bond amount written on the ticket did not include the breathalyzer fee. The judge did not correct the error during sentencing.

I recommend the Town implement procedures to train officers on the correct roadside bond amounts and the judge on minimum fine amounts to ensure defendants are sentenced in accordance with State law.

#### **Simple Possession**

The Court fined one individual \$213.25 for Possession of 28g (1 oz) or less of Marijuana or 10g or less of Hash, 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."

The Clerk of Court stated the roadside bond amount written on the ticket was incorrect. The judge did not correct the error during sentencing.

I recommend the Town implement procedures to train officers on the correct roadside bond amounts and the judge on minimum fine amounts to ensure defendants are sentenced in accordance with State law.

#### **Reckless Driving**

One individual was fined \$395.18 for Reckless Driving.

Section 56-5-2920 of the 1976 South Carolina Code of Laws, as amended, states, “Any person violating the provisions of this section shall, upon conviction ... be punished by a fine of not less than twenty-five dollars nor more than two hundred dollars”

The Clerk of Court stated the roadside bond amount written on the ticket was incorrect. The judge did not correct the error during sentencing.

I recommend the Town implement procedures to train officers on the correct roadside bond amounts and the judge on minimum fine amounts to ensure defendants are sentenced in accordance with State law.

### **Speeding**

The Court fined one individual \$25.06 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 the roadside bond amount written on the ticket was rounded to \$82.00, which, when rounded, caused the fine amount to be in excess of the lawful amount. The judge did not correct the rounding error during sentencing.

I recommend the Town implement procedures to train officers on the correct roadside bond amounts and the judge on minimum fine amounts to ensure defendants are sentenced in accordance with State law.

### **Handicapped Parking**

One individual was fined \$150.00 for Parking in a Handicapped 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 ... .”

The Clerk of Court stated the judge appeared to have incorrectly suspended part of the fine amount.

I recommend the Court implement procedures to ensure the fines are in accordance with State law.

### **Sale of Alcohol to an Underage Person**

One individual was fined \$-0- for the Sale of Alcohol to an Underage Person.

Section 61-4-50 of the 1976 South Carolina Code of Laws, as amended, states, "A person who makes a sale in violation of this section, upon conviction:

(1) for a first offense, must be fined not less than two hundred dollars nor more than three hundred dollars . . ."

The Clerk of Court stated the judge incorrectly suspended the fine.

I recommend the Court implement procedures to ensure defendants are sentenced in accordance with State law.

### **Installment Payments**

During my testing of Municipal Court collections and remittances, I noted fifteen 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.

Section 14-1-209 of the 1976 South Carolina Code of Laws, as amended, provides guidance when the fine and assessment are paid in installments. The Court Administration Fee Memorandum dated June 22, 2016, states, "The intent of Section 14-1-209(C) is that each installment payment be allocated on a pro rata basis to each applicable fine, assessment, and surcharge." and 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 Town's policy was to charge the three percent on late payments, even if paid in one installment.

I recommend the Municipal Court implement procedures to ensure that the three percent is only assessed on installment payments in accordance with State law.

### **TIMELY, ACCURATE RECORDING AND REPORTING BY THE TOWN TREASURER**

#### **Supplementary Schedule**

I was provided the Town's financial statements for the year ended September 30, 2013 which contained a schedule of court fines, assessments and surcharges. The Town could not provide support for any of the information reported in the schedule. Also, there was no in-relation-to opinion on the schedule of fines, assessments and surcharges.

Section 14-1-208(E) 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.”

The Clerk of Court stated no current finance or court employees were working for the Town during the September 30, 2013 fiscal year and therefore they did not know from where the schedule numbers were obtained.

I recommend the Town implement procedures to ensure that amounts reported on the supplementary schedule are accurately reported in accordance with State law and that an in-relation-to opinion on the schedule be obtained.

### **Timely Submission of the State Treasurer’s Revenue Remittance Form**

I obtained copies of all State Treasurer Revenue Remittance Forms (STRRF) prepared during the procedures period. I determined that the STRRF for June 2016 had not been submitted to the State Treasurer. I also determined the STRRF for February 2016 had only been partially 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 of Court stated that the fax machine had malfunctioned and she had instructed the former Treasurer to email the June 2016 form. The form had apparently not been emailed. The Clerk further stated the February 2016 form was printed before all the receipts for the month had been entered. The June 2016 form was submitted June 2, 2017, which I confirmed.

I have prepared a schedule on the under reported amounts for February 2016. See “Under Reported Amounts” finding.

### **VICTIM ASSISTANCE FUNDS**

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

- The Town has not established a separate bank or general ledger account for Victim Assistance funds as required by State law.

- There is no aggregate accounting for the cumulative fund balance. Information in the schedule of fines, assessments and surcharges in the September 30, 2013 audited financial statement for aggregate fund balance stated the balance was \$37,473. No aggregate fund balance information is available after this date.
- The Town's victim advocate salary and other expenses had not been reimbursed for the procedures period because an accurate accounting of the Victim Assistance funding was not available as of June 2, 2017.

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."

The Town Administrator stated the Town would obtain an accurate accounting as soon as possible for the aggregate fund balance.

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 and that Victim Assistance expenses be properly accounted for and reimbursed. The Town should also determine the aggregate fund balance for Victim Assistance.

### **UNDER REPORTED AMOUNTS**

As reported in the finding Timely Submission of the State Treasurer's Revenue Remittance Form, the Town only partially submitted the February 2016 STRRF to the State Treasurer. I tested the completeness and accuracy of that STTRF. Based on the tests performed, I determined the Town underreported the following amounts for February 2016:

<b>STRRF LINE</b>	<b>DESCRIPTION</b>	
<b>F.</b>	Municipal DUS DPS Pullout - \$100	5.28
<b>K.</b>	Municipal Law Enforcement Surcharge - \$25 per case	167.00
<b>KA.</b>	Municipal LE Surcharge - \$5	33.40
<b>L.</b>	Municipal Court -107.5%	<u>489.61</u>
<b>M.</b>	TOTAL REVENUE DUE TO STATE TREASURER	<u><u>695.29</u></u>

I recommend the Town implement a process to ensure timely, accurate filing and payment of amounts due the State Treasurer.

## **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.

## **MANUAL RECEIPT BOOKS**

During my tracing of fine payments, I noted the Town had gaps in receipt dates because of missing manual receipt book pages. I was therefore unable to trace all payments in my test to the bank deposit.

Supreme Court Justice Toal issued a court order to county magistrates, dated March 13, 2007. Section II, item C. states, "At the end of each day, all receipts issued shall be totaled, and the total indicated on the Daily Cash Summary Report." Also, 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."

The Town Administrator stated I was given all the records they were in possession of. The missing receipt book pages and other items had come to his attention and he had discussed these items with Town Council and actions were currently being taken to resolve the issues.

I recommend the Town determine the location of the various missing pages to complete their accounting records.

## **TOWN'S RESPONSE**

The management of the Town of St. Matthews has been provided a copy of the findings identified in the Accountant's Comments Section of this report and has elected not to provide a written response to the findings.