
Town of Salem Municipal Court

Salem, South Carolina

Independent Accountant's Report on Applying Agreed-Upon
Procedures for the year ended June 30, 2017



June 20, 2018

The Honorable James L. Williams
Municipal Court Judge
Town of Salem Municipal Court
Salem, South Carolina

The Honorable Diane Head
Mayor
Town of Salem
Salem, South Carolina

This report resulting from the application of agreed-upon procedures to the accounting records of the Town of Salem Municipal Court System as of and for the year ended June 30, 2017, was issued by Brown CPA, LLC, Certified Public Accountants, 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,

George L. Kennedy, III, CPA
State Auditor

GLKIII/sag

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BROWN CPA, LLC

Independent Accountant's Report on Applying Agreed-Upon Procedures

Mr. George L. Kennedy, III, CPA
State Auditor
State of South Carolina
Columbia, South Carolina

The Honorable James L. Williams, Municipal Court Judge
Town of Salem Municipal Court
Salem, South Carolina

The Honorable Diane Head, Mayor
Town of Salem
Salem, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Office of State Auditor and the Town of Salem Municipal Court, on the systems, processes, and behaviors related to court fines and fees of the Town of Salem Municipal Court for the period July 1, 2016 through June 30, 2017, in the areas addressed. The Town of Salem and the Town of Salem Municipal Court (collectively the "Municipality") is responsible for the systems, processes, and behaviors related to court fines and fees. The sufficiency of these procedures is solely the responsibility of the South Carolina Office of the State Auditor and the Town of Salem and the Town of Salem Municipal Court. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the agreed-upon procedures report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. Clerk of Court

- We gained an understanding of the policies and procedures established by the Clerk of Court to determine timely reporting by the Clerk of Court's Office.
- We obtained the court dockets or equivalents from the Clerk of Court. We randomly selected twenty-five cases from the court dockets and recalculated the fine, fee, assessment and surcharge calculation to confirm that the fine, fee, assessment and surcharge were properly allocated in accordance with applicable State law and the South Carolina Court administration fee memoranda.
- We randomly inspected twenty-five court receipt transactions to confirm that the fee, fine, assessment and surcharge adhered to State law and the South Carolina Court administration fee memoranda and that the receipts were allocated in accordance with applicable State law.

Finding: We found the following findings as a result of the procedures. Town personnel informed us that the Town of Salem holds court one time a month and that sometimes there are no cases on the docket and other times the docket will generally have ten or fewer cases. Except as follows the town was unable to provide court dockets or court receipts the period July 1, 2016 through June 30, 2017. The Town was able to provide two court receipts for the period which supported the amounts reported on the June 2017 State Treasurer's Revenue Remittance Form.

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MEMBER:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
SOUTH CAROLINA ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS



Management Response – See Attachment A

2. Municipal Treasurer

- We gained an understanding of the policies and procedures established by the Municipal treasurer to determine timely reporting by the Municipality.
- We inspected all monthly court remittance forms or equivalents to confirm that the forms were completed in accordance with instructions and submitted timely in accordance with State law.
- We agreed that amounts reported on the monthly remittance forms or equivalents to the Municipality’s support.
- We inspected the Municipality’s support to confirm that the Municipality properly classified fine, fee, assessment, and surcharge receipts.
- We inspected all State Treasurer’s Revenue Remittance Forms (“STRRF”) for the period July 1, 2016 through June 30, 2017 and agreed the amounts reported on the State Treasurer’s Revenue Remittance Forms to the court remittance forms or equivalents.
- We agreed amounts reported by the Municipality on its supplemental schedule of fines and assessments, as reported in the annual financial statement audit, for the period July 1, 2016 through June 30, 2017, to the Municipality’s general ledger.
- We inspected the Municipality’s supplementary schedule of fines and assessments, as reported in the annual financial statement audit, to confirm that it contained all the elements required by State law.

We found the following findings as a result of the procedures.

Findings:

- A. The Town has not timely submitted the monthly STRRF to the South Carolina State Treasurer. 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 city 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.”

Based upon information received from the South Carolina State Treasurer regarding amounts submitted, the associated calendar month being reported, and the date received by the State Treasurer’s Office, it has been determined that five of the twelve monthly reports were submitted. Further those reports that were submitted were not timely submitted.

- B. With the exception of the June 2017 STRRF, Town personnel were not able to provide complete copies of the STRRF along with supporting documentation for the fiscal year ended June 30, 2017.
- C. We were unable to determine that the amounts reported on the Town of Salem’s supplemental schedule of Court Fines Assessments and Surcharges related to court activity included in the June 30, 2017 financial statement audit for court receipts and court was accurate as there are no underlying records from which to confirm the amounts reported on the schedule. The Town’s auditor has disclaimed an opinion on all

income and expense amounts reported in the June 30, 2017 financial statements including the supplemental schedule.

Recommendation – We recommend that the Town contact the South Carolina Department of Motor Vehicles and the South Carolina Office of the State Treasurer and request copies of all tickets submitted and STRRFs for the three year period ended June 30, 2017. Using this information the Town could recalculate the fines assessed and compare the fine assessment to the actual amounts remitted to the State Treasurer thereby providing a basis for determining if any amounts are due to the State Treasurer.

Management Response – See Attachment A

3. Victim Assistance

- We gained an understanding of the policies and procedures established by the Municipality to confirm proper accounting for victim assistance funds.
- We made inquiries and confirmed that any funds retained by the Municipality for victim assistance were deposited into a separate account.
- We selected expenditures to confirm that the Municipality expended victim assistance funds in accordance with State law and South Carolina Court administration fee memoranda.
- We inspected the Municipality’s victim assistance financial activity on the supplemental schedule of fines and assessments, as reported in the annual financial statement audit, and confirmed that it was in compliance with applicable State law.
- We agreed the amounts reported by the Municipality on its supplemental schedule of fines and assessments, as reported in the annual financial statement audit, applicable to Victim Assistance Fund, to the Municipality’s general ledger or subsidiary ledgers.
- We inspected the Municipality’s victim assistance account to confirm the Victim Assistance fund balance was retained as of July 1 from the previous fiscal year in accordance with State law.

We found the following findings as a result of the procedures.

Findings:

- A. Due to the overall lack of records for the Town, the financial statement auditor for the Town of Salem has issued a disclaimer of opinion on all income and expenses of the Town and on the Supplemental Schedule of Fines and Assessments for the financial statement audit for the fiscal year ended June 30, 2017.

The Town is separately tracking Victim Assistance monies and reported the following for the fiscal year ended June 30, 2017.

Funds Available, Beginning of Year	\$2,524
Assessments Collected	97
Victim Assistance Expenditures	0
Funds Available, End of Year	<u><u>\$2,621</u></u>

- B. We were unable to confirm that the amounts allocated to Victim Assistance were accurate and complete due to the overall lack of financial records.

- C. We did not identify any expenditures of Victims Assistance, as such none were inspected.
- D. We were not able to confirm the rollover balance from the previous fiscal year for Victim Assistance monies as there is not a prior year audit report to support the ending balance at June 30, 2016. The accounting records that the Town of Salem does have are not considered reliable, however they do support the amounts presented above. The Town has not complied with section 5-7-240 of the South Carolina Code of Laws, as amended, which states, "The council shall provide for an independent annual audit of all financial records and transactions of the municipality and any agency funded in whole by municipal funds...". The Town of Salem has not had a financial statement audit for the years ended June 30, 2016 or June 30. 2015.

Management Response – See Attachment A

4. Calculation of Over/(Under) Reported Amounts

- We inspected copies of monthly State Treasurer Revenue Remittance Forms for the twelve month period ended June 30, 2017, which the Municipality prepared and submitted to the South Carolina Office of the State Treasurer. We calculated the amount over/(under) reported by the Municipality by category.

Findings

We were unable to perform this procedure due to the overall lack of financial records including court dockets, court disbursement reports, and State Treasurer Revenue Remittance Forms.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on the systems, processes, and behaviors related to court fines and fees of the Court. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Governor, Chairmen of the House Ways and Means Committee, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, members of Town of Salem Council, Town of Salem Clerk of Court, Town of Salem Finance Director, State Treasurer, State Office of Victim Assistance, the Chief Justice, and the South Carolina Office of the State Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

BROWN CPA, L.L.C.

Irmo, South Carolina
June 20, 2018

Attachment A

TOWN OF SALEM
5-A Park Avenue
Salem, SC 29676
(864-944-2819)

June 26, 2018

Matt Brown, CPA
Brown CPA, LLC
P. O. Box 3288
Irmo, SC 29063

IN RE: AUP Report June 30, 2017

Dear Mr. Brown:

I have reviewed the findings in your agreed upon procedures report related to the activities of the Municipal Court of the Town of Salem. We are in agreement with the comments provided and continue to remediate the underlying problems of June 2017.

The Town of Salem is a very small municipality with a small office staff and a part-time Municipal Judge. The Town found it necessary to terminate a key employee in June of 2017. That employee was a combination Town Clerk, Town Treasurer, Clerk of the Court, and Associate Judge. Upon termination, it was discovered that this employee either did not retain or did not create many of the documents that you requested for your report. Further, it was discovered that many documents and records were destroyed, along with computer stored information. I reported these matters and determination to the Chief Magistrate for Oconee County and to Court Administration the same day they were discovered. It was a serious oversight by the Town to allow one person to hold these multiple conflicting positions. We have now implemented new policies and procedures that will prevent this type of thing and to insure proper care and custody of all records in the future. The Town accepts full responsibility for these problems.

Because the Town of Salem and its administration are so small, we were able to verify by hand and by banking records, and recreate, where possible, the Court's financial transactions and are convinced that no funds are missing, or that the State or any of its agencies have not been paid required amounts.

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Matt Brown, CPA
June 26, 2018

The Town of Salem is more than receptive to positive and constructive criticism going forward in our commitment to improve its financial reporting and to be in full compliance with all requirements.

Sincerely,

A handwritten signature in black ink, appearing to read "James L. Williams". The signature is written in a cursive style with a large initial "J".

James L. Williams,
Municipal Judge #8142
Town of Salem

JLW:md