

**PORT ROYAL MUNICIPAL COURT
PORT ROYAL, SOUTH CAROLINA**

STATE AUDITOR'S REPORT

JUNE 30, 2019

CONTENTS

	<u>PAGE</u>
I. STATE AUDITOR'S OFFICE TRANSMITTAL LETTER	1
II. INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	2 - 7



November 12, 2019

Mr. Chris Canady, Finance Director
Ms. Traci Haddock, Clerk of Court
Port Royal Municipal Court
Port Royal, South Carolina

This report resulting from the application of agreed-upon procedures to the accounting records of the Town of Port Royal Municipal Court System as of and for the period July 1, 2018 through June 30, 2019, 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,

George L. Kennedy, III, CPA
State Auditor

GLKIII/sag

STEVEN L. BLAKE, CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

November 12, 2019

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

Mr. Chris Canady, Finance Director
Ms. Traci Haddock, Clerk of Court
Port Royal Municipal Court
Port Royal, South Carolina

I have performed the procedures described below, which were agreed to by the South Carolina Office of the State Auditor and the Town of Port Royal, on the systems, processes, and behaviors related to court fines and fees of the Port Royal Municipal Court for the period July 1, 2018 through June 30, 2019, in the areas addressed. The Town of Port Royal and the Port Royal Municipal Court are 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 Port Royal and the Port Royal Municipal Court. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this 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**

- I gained an understanding of the policies and procedures established by the Clerk of Court to confirm timely reporting by the Clerk of Court's Office.
- I obtained the court dockets or equivalents from the Clerk of Court. I judgmentally selected 25 cases from the court dockets and I confirmed the fine assessed adhered to State law. I also recalculated the fine, fee, assessment and surcharge calculation to confirm that the fine, fee, assessment and surcharge were properly calculated and allocated in accordance with applicable State law and the South Carolina Court Administration fee memoranda.

Mr. George L. Kennedy, III, CPA, State Auditor
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November 12, 2019

- I inspected the court receipt transactions for the above cases to confirm that the fine, fee, assessment and surcharges assessed adhered to State law and the South Carolina Court Administration fee memoranda and that the receipts were allocated in accordance with applicable State law.

Findings

Adherence to Fine Guidelines

- The Court fined one defendant \$1,000.24 for Driving Under the Influence [DUI] 1st Offense greater than .16. 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 one thousand dollars...”. The Clerk stated an additional \$0.50 was mistakenly included in the total fine amount.
- One defendant was charged \$30 for a seatbelt violation. 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 this ticket was written prior to her tenure and this does not occur currently.
- One local ordinance violation for operating a business without a license did not include the applicable assessments and surcharges. The Clerk stated this ordinance was incorrectly set up in the court accounting software and has been corrected.

Installment Fee

The Court collected the three percent installment fee from six individuals who paid in one payment but had the payment time extended. 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 stated it was Town policy to charge the three percent on any payment extensions. The Clerk ceased this policy after attending training.

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Port Royal Municipal Court
November 12, 2019

Driving Under the Influence [DUI] Pullout

The Town's court accounting software improperly allocated part of the fine to the mandated \$100 DUI Fine Pullout. This improper allocation resulted in the Town's overpayment of this pullout. The Clerk stated the software vendor had been notified and the error corrected. See "Under/(over) Reported Amounts" finding below for further information.

2. Municipal Treasurer

- I gained an understanding of the policies and procedures established by the Municipal Treasurer to confirm timely reporting by the Municipality.
- I 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.
- I compared and agreed the amounts reported on the monthly remittance forms or equivalents to the Municipality's support for the State Treasurer's Revenue Remittance Forms [STRRF] for the period July 1, 2018 through June 30, 2019.
- I inspected the Municipality's support to confirm that the Municipality properly classified fine, fee, assessment, and surcharge receipts.
- I inspected all STRRF for the period July 1, 2018 through June 30, 2019 and agreed the amounts reported on the STRRF to the court remittance forms or equivalents.
- I inspected the Municipality's financial activity on the Uniform Schedule of Court Fines, Assessments and Surcharges (Per Act 96), as reported in the annual financial statement audit, for the period July 1, 2018 through June 30, 2019 and confirmed that it adhered to and included items required by State law and I compared and agreed the amounts reported to the Municipality's general ledger or equivalent support.

Findings

Supplemental Schedule

○ The Uniform Schedule of Court Fines, Assessments and Surcharges (Per Act 96) "Court Fines and Assessments Collected" line did not report all the surcharges and Victim Assistance fund revenues in the total revenues collected. Only the fines and assessments amounts were included. It is the intent of the schedule in its prescribed form to include all court money collected in this line item.

Mr. George L. Kennedy, III, CPA, State Auditor
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Port Royal Municipal Court
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o The auditor's opinion was not an "in-relation-to" opinion as required by Section 14-1-211(D)(2) of the 1976 South Carolina Code of Laws, as amended.

3. Victim Assistance

- I gained an understanding of the policies and procedures established by the Municipality to confirm proper accounting for Victim Assistance funds.
- I made inquiries and confirmed that any funds retained by the Municipality for Victim Assistance were deposited into a separate account.
- I selected all expenditures to confirm that the Municipality expended Victim Assistance funds in accordance with State law and the South Carolina Court Administration fee memoranda, Attachment L.
- I inspected the Municipality's Victim Assistance financial activity on the Uniform Schedule of Court Fines, Assessments and Surcharges (Per Act 96), as reported in the annual financial statement audit, for the period July 1, 2018 through June 30, 2019 and confirmed that it adhered to and included items required by State law and I compared and agreed the amounts reported to the Municipality's general ledger or equivalent support.
- I 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.

Findings

Victim Fund Expenses

The Town charged twenty-five percent of the Victim Advocate's salary and benefits to the Victim Assistance fund. The Town has approval from the Department of Crime Victims' Compensation beginning in August 2014 to charge eight percent. The Town overcharged the fund \$10,045.61 for the twelve months ended June 30, 2019.

Victim Assistance Fund Accounting

The Victim Assistance fund accounting is done annually rather than monthly or at a minimum quarterly as recommended by the Department of Crime Victim Compensation. The Finance Officer stated the Victim Assistance fund had always been accounted for as part of the year end closing journal entries and was unaware of any accounting policies for the fund.

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November 12, 2019

4. Under/(over) Reported Amounts

I inspected copies of State Treasurer's Revenue Remittance Forms for the previous 24 months and the procedures period and confirmed the fine collections for DUI violations which did not have the DUI Pullout properly allocated. I recalculated the amounts by STRRF line item for the three unassessed criminal violations. I reported the amounts under/(over) reported by STRRF line item in the table below:

STRRF LINE	DESCRIPTION	
I.	Municipal DUI DPS Pullout - \$100	\$ (2,100.00)
K.	Municipal Law Enforcement Surcharge - \$25 Per Case	75.00
L.	Municipal – 107.5%	<u>168.91</u>
M.	TOTAL REVENUE TO REFUND TO TOWN	<u>(1,856.09)</u>
N.	Assessments - Municipal	21.22
O.	Surcharges - Municipal	<u>75.00</u>
	TOTAL REVENUE FOR VICTIM SERVICES	<u>\$ 96.22</u>

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. I was not engaged to and did not conduct an examination or review, the objective of which would be an opinion or conclusion, respectively, on the systems, processes, and behaviors related to court fines and fees of the Port Royal Municipal Court. Accordingly, I do not express an opinion or conclusion. 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

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November 12, 2019

of the Port Royal Municipal Council, Port Royal Municipal Clerk of Court, Port Royal Municipal Treasurer, State Treasurer, Department of Crime Victim Compensation, and the Chief Justice 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.

Steven L. Blake, CPA