



**The Office of the Attorney General
Department of Crime Victim
Compensation**

June 9, 2022

**Programmatic Review and
Financial Audit of the
Town of Calhoun Falls
Victim Assistance Fines, Fees
Assessment Fund**

June 25, 2021

**Follow-Up Audit Review for the
Town of Calhoun Falls Municipal
Court Independent Accountant's
Report on Applying Agreed Upon
Procedures-State Auditor's Report**

Contents

Introduction and Laws	Page
Preface	4
Audit Objectives	10
Results in Brief	11
Objective(s), Conclusion (s), Recommendation(s), and Comments	
A. Fund Accountability.....	13-17
Did the Town of Calhoun Falls maintain accountability of revenue and expenditures for the Victim Assistance Fund in accordance with State laws and regulations?	
B. Victim Advocate Services	18-20
Are services being provided to crime victims in accordance with State laws and regulations?	
C. Policies and Procedures.....	21-22
Did the Town of Calhoun Falls develop and produce written policies and procedures manual and distribute it to all relevant personnel? Did the Town of Calhoun Falls obtain a copy of the Court Administration's retention schedule, display it in court record storage areas, and distribute it to all relevant personnel?	
D. Fines, Fees, & Assessments Account Balance.....	23-24
Did the Town of Calhoun Falls begin to deposit the amount retained for Victim Assistance on the monthly STRRFs into the Bill of Rights account? Does the town maintain a general ledger or spreadsheet of activity in the Victim Assistance account, develop written policies and procedures for these processes, and distribute them to all relevant personnel?	
E. In Relation to Opinion.....	25
Did the town advise the Town's Auditor to issue an in relation to opinion on audited financial statements?	

F. Technical Assistance	26
Corrective Actions.....	27
Post-Audit Response and Appendix(s)	28-29

Acronyms:

- VAFFA – Victim Assistance Fines, Fees, and Assessment**
- DCVC – Department of Crime Victim Compensation**
- SCLEVA – South Carolina Law Enforcement Victim Advocate**
- CVST - Department of Crime Victim Services Training, Provider Certification, and Statistical Analysis**
- STRRF-State Treasurer Revenue Remittance Form**

Introduction and Laws

PREFACE

This programmatic review and financial audit were initiated as a Department of Crime Victim Compensation's (DCVC) initial audit. It serves as a follow-up to the DCVC State follow-up audit review issued June 25, 2021, regarding the Victim Assistance Fines, Fees, and Assessment fund (See Appendix A). This report issued to the Town of Calhoun Falls Chief of Police, Mayor, Clerk of Court, and Town Clerk informed these town officials of the Town of Calhoun Fall's DCVC Victim Assistance Fund audit. This audit follows up on previous recommendations from DCVC's Follow up report to the State Auditor's Office audit dated June 30, 2014, and June 30, 2016. It addresses any new concerns regarding the Victim Assistance Fines, Fees, and Assessments.

Because of COVID 19, the DCVC Auditor advised the town again there would be no site visit. Therefore, the DCVC Auditor forwarded a list of pre-requested audit documents to the Town Clerk and Clerk of Court to determine if all previous recommendations were addressed and complied with according to the prior audit. The town submitted some but not all the required documents requested. However, the Clerk of Court advised the DCVC Auditor that the town was working on the missing items. On April 15, 2021, the documents and information was received. The DCVC Auditor moved forward with the electronic audit of Victim Assistance Fines, Fees, and Assessment Funds.

Governing Legislation and Regulations

ACT 96 [PART IV]

SECTION 13. B. Chapter 1, Title 14 of the 1976 Code is amended by adding:

"Section 14-1-211.6. (A) If the State Auditor finds that any county treasurer, municipal treasurer, county clerk of court, magistrate, or municipal court has not properly allocated revenue generated from court fines, fines, and assessments to the crime victim funds or has not properly expended crime victim funds, pursuant to Sections 14-1-206(B) and (D), 14-1-207(B) and (D), 14-1-208(B) and (D), and 14-1-211(B), the State Auditor shall notify the Office of the Attorney General, South Carolina Crime Victim Services Division. The division is authorized to conduct an audit, which must include both a programmatic review and financial audit of any entity or nonprofit organization receiving victim assistance funding, based on

the referrals from the State Auditor or complaints of a specific nature received by the division to ensure that crime victim funds are expended in accordance with the law. Guidelines for the expenditure of these funds shall be developed in collaboration with the Victim Services Coordinating Council. The Victim Services Coordinating Council, in collaboration with the director of the division, shall develop these guidelines to ensure any expenditure that meets the parameters of Article 15, Chapter 3, Title 16 is an allowable expenditure.

(B) Any local entity or nonprofit organization that receives funding from revenue generated from crime victim funds is required to submit their budget for the expenditure of these funds to the Office of the Attorney General, South Carolina Crime Victim Services Division within thirty days of the budget's approval by the governing body of the entity or nonprofit organization. Failure to comply with this provision shall cause the division to initiate a programmatic review and a financial audit of the entity's or nonprofit organization's expenditures of victim assistance funds. Additionally, the division will place the name of the noncompliant entity or nonprofit organization on its website, where it shall remain until such time as the noncompliant entity or nonprofit organization is in compliance with the terms of this section.

(C) Any entity or nonprofit organization receiving victim assistance funding must cooperate and provide expenditure and program data requested by the division. If the division finds an error, the entity or nonprofit organization has ninety days to rectify the error. An error constitutes an entity or nonprofit organization spending victim assistance funding on unauthorized items as determined by the division. If the entity or nonprofit organization fails to cooperate with the programmatic review and financial audit or to rectify the error within ninety days, the division shall assess and collect a penalty in the amount of the unauthorized expenditure plus fifteen hundred dollars against the entity or nonprofit organization for improper expenditures. This penalty which includes the fifteen hundred dollars must be paid within thirty days of the notification by the division to the entity or nonprofit organization that the entity or nonprofit organization is in noncompliance with the provisions of this section. All penalties received by the division shall be credited to the general fund of the State. If the penalty is not received by the division within thirty days of the notification, the political subdivision must deduct the amount of the penalty from the entity's or nonprofit organization's subsequent fiscal year appropriation."

Proviso 59.15

59.15.(AG: State Crime Victim Compensation)

A county or municipality may retain carry forward funds that were collected pursuant to Sections 14 1 206 (B) and (D), 14 1 207 (B) and (D), 14 1 208 (B) and (D), and 14 1 211 (B) of the 1976 Code, but no more than \$25,000 or ten percent of funds collected in the prior fiscal year, whichever is higher.

If a county or municipality does not spend at least ninety percent of the funds collected pursuant to Sections 14 1 206 (B) and (D), 14 1 207 (B) and (D), 14 1 208 (B) and (D), and 14 1 211 (B) on Article 16, Chapter 3, Title 16 first priority and/or second priority programs during the fiscal year that the funds are received then the county or municipality shall remit any unspent funds that are greater than the allowed carried forward funds, regardless of the year collected, to the State Victim Assistance Program (SVAP) with the Office of the Attorney General within 120 days after the end of the fiscal year. All funds must be accounted for in the annual audit for each county or municipality.

The State Crime Victim Compensation Department shall offer training and technical assistance to each municipality and county annually on acceptable use of both priority one and priority two funds and funds available for competitive bid.

The State Crime Victim Compensation Department is authorized to transfer to the State Victim Assistance Program any state funds deemed available under Crime Victims Compensation authority to the State Victim Assistance Programs be placed in the competitive bid process.

The State Victim Assistance Program shall offer any funds remitted to it to nonprofit organizations that provide direct victim services on a competitive bid process. These funds may be used by the nonprofit for administrative costs and victim services

A county or municipality may be exempt from the remittance requirements of this proviso upon submission of a plan to the State Crime Victim Compensation Department that meets the statutory requirements for the use of funds. A county or municipality must submit the report within 60 days after the end of the fiscal year. The State Crime Victim Compensation Department will review the submitted plan and advise the county or municipality of plan compliance with statutory requirements.

Proviso 98.9

98.9 (TREAs: Penalties for Non-reporting)

If a municipality fails to submit the audited financial statements required under Section 14-1-208 of the 1976 Code to the State Treasurer within thirteen months of the end of their fiscal year, the State Treasurer must withhold all state payments to that municipality until the required audited financial statement is received.

Proviso 98.9 (cont.)

If the State Treasurer receives an audit report from either a county or municipality that contains a significant finding related to court fine reports or remittances to the Office of State Treasurer, the requirements of Proviso 117.51 shall be followed if an amount due is specified, otherwise the State Treasurer shall withhold twenty-five percent of all state payments to the county or municipality until the estimated deficiency has been satisfied.

If a county or municipality is more than ninety days delinquent in remitting a monthly court fines report, the State Treasurer shall withhold twenty-five percent of state funding for that county or municipality until all monthly reports are current.

After ninety days, any funds held by the Office of State Treasurer will be made available to the State Auditor to conduct an audit of the entity for the purpose of determining an amount due to the Office of State Treasurer, if any.

**SC Code of Law
Title 14 [excerpts]**

Courts – General Provisions

Collection/Disbursement of Crime Victim Monies at the Municipal & County Levels: below is a brief synopsis of applicable sections.

- **Section 14-1-206, subsection(s) A, B & D:** (A) A person who is convicted of, pleads guilty or nolo contendere to, or forfeits bond for an offense occurring after June 30, 2008, tried in general sessions court must pay an amount equal to 107.5 percent of the fine imposed as an assessment. (B) The county treasurer must remit 35.35 percent of the revenue generated by the assessment imposed in the county to be used for the purposes set forth in subsection (D) and 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. (D) All unused funds must be carried forward from year to year and used exclusively for the

provision of services for victims of crime. All unused funds must be separately identified in the governmental entity's adopted budget as funds unused and carried forward from previous years.

- **Section 14-1-207 Subsection(s) A, B & D:** (A) A person who is convicted of, pleads guilty or nolo contendere to, or forfeits bond for an offense occurring after June 30, 2008, tried in magistrate's court must pay an amount equal to 107.5 percent of the fine imposed as an assessment. (B) The county to be used for the purposes set forth in subsection (D) and 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. (D) All unused funds must be carried forward from year to year and used exclusively for the provision of services for victims of crime.

SC Code of Law
(Title 14 (excerpts cont.))

All unused funds must be separately identified in the governmental entity's adopted budget as funds unused and carried forward from previous years.

- **Section 14-1-208 Subsection(s) A, B & D:** (A) A person who is convicted of, pleads guilty or nolo contendere to, or forfeits bond for an offense occurring after June 30, 2008, tried in municipal's court must pay an amount equal to 107.5 percent of the fine imposed as an assessment. (B) The county treasurer must remit 11.16 % of the revenue generated by the assessment imposed in municipal court to the county to be used exclusively for the purpose of providing direct victim services and 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. (D) All unused funds must be carried forward from year to year and used exclusively for the provision of services for victims of crime. All unused funds must be separately identified in the governmental entity's adopted budget as funds unused and carried forward from previous years.
- **Section 14-1-206,207,208 Subsection(s) E:** To ensure that fines and assessments imposed are properly collected and remitted to the State Treasurer, the annual independent external audit required to be performed for each county and municipality must include a review of the accounting controls over the collection, reporting, and distribution of fines and assessments from the point of collection to the point of distribution and a Uniform Supplemental Schedule Form detailing all fines and assessments collected by the clerk of court for the court of general sessions,

magistrate court of the county and at the court level, the amount remitted to the county and municipal treasurers, and the amount remitted to the State Treasurer.

- **Section 14-1-211 Subsection A & B:** (A) A one-hundred-dollar surcharge is imposed on all convictions obtained in general sessions court and a twenty-five-dollar surcharge is imposed on all convictions obtained in magistrates and municipal courts in this State. (B) The revenue collected must be retained by the jurisdiction which heard or processed the case and paid to the city or county treasurer,

SC Code of Law
Title 14 (excerpts cont.)

- **Section 14-1-211 Subsection B & D:** (B) 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 must be deposited into a separate account for the exclusive use for all activities related to the requirements contained in this provision. For the purpose of funds allocation and expenditure, these funds are a part of the general funds of the city or county. These funds must be appropriated for the exclusive purpose of providing victim services as required by Chapter 3, Article 15 of Title 16; specifically, those service requirements that are imposed on local law enforcement, local detention facilities, prosecutors, and the summary courts. First priority must be given to those victims' assistance programs which are required by Chapter 3, Article 15 of Title 16 and second priority must be given to programs which expand victims' services beyond those required by Chapter 3, Article 15 of Title 16. These funds must be used for, but are not limited to, salaries, equipment that includes computer equipment and internet access, or other expenditures necessary for providing services to crime victims. All unused funds must be carried forward from year to year and used exclusively for the provision of services to the victims of crime. All unused funds must be separately identified in the governmental entity's adopted budget as funds unused and carried forward from previous years.

(D) (1) The Supplemental Schedule must include the following elements:

(a) all surcharges collected by the clerk of court for the general sessions, magistrates, or municipal court;

(b) the amount of surcharges retained by the city or county treasurer pursuant to this section;

(c) the amount of funds allocated to victim services by fund source; and

(d) how those funds were expended, and any carry forward balances.

Introduction

AUDIT OBJECTIVES

The South Carolina State Legislative ACT 96 (Part IV) mandates the Department of Crime Victim Compensation to conduct an audit which shall include both a programmatic review and financial audit of any entity or nonprofit organization receiving victim assistance funding to ensure that the crime victim funds are expended in accordance with the law.

Audit Objectives

- To determine if the Town of Calhoun Falls maintains accountability of revenue and expenditures for the Victim Assistance Fund in accordance with State laws and regulations.
- To determine if services being provided to crime victims are in accordance with State laws and regulations.
- To determine if the Town of Calhoun Falls developed written policies and procedures and distributed it to all relevant personnel. Did the Town of Calhoun Falls obtain a copy of Court Administration's retention schedule, display it in court record storage areas, and distribute it to all relevant personnel?
- To determine if the Town of Calhoun Falls deposited the amount retained for Victim Assistance on the monthly STRRFs into the Bill of Rights account monthly. Does the town maintain a general ledger or spreadsheet of activity in the Victim Assistance account, develop written policies and procedures for these processes, and distribute them to all relevant personnel?
- To determine if the town has advised the Town's Auditor to issue an opinion on audited financial statements.

RESULTS IN BRIEF

Fund Accountability

Did the Town of Calhoun Falls maintain accountability of revenue and expenditures for the Victim Assistance fund in accordance with State laws and regulations?

Yes, the town has established and implemented policies and procedures to properly maintain accountability for Victim Assistance funds in accordance with State law.

Victim Advocate Services

Did the Town of Calhoun Falls provide Victim Assistance services to Crime Victims in accordance with State law and regulations?

Yes, the Town of Calhoun Falls is providing Victim Assistance services to Crime Victims in accordance with State law and regulations.

Policies and Procedures

Did the Town of Calhoun Falls develop a written policies and procedures manual and distribute it to all relevant personnel? Did the Town of Calhoun Falls obtain a copy of Court Administration's retention schedule and display it in court record storage areas and distribute it to all relevant personnel?

No, the town did not complete a written policies and procedures manual. Although the town has not completed the policies and procedures manual, the town did submit a copy of the written policies and procedures to the DCVC Auditor. In addition, the town has implemented policies and procedures to ensure proper retention is maintained for all records.

Victim Assistance Account

Did the Town of Calhoun Falls deposit the retained Victim Assistance Funds in the amounts on the STRRFs into the Bill of Rights account monthly? Does the town maintain a general ledger or spreadsheet of the Victim Assistance account activity, develop written policies and procedures, and distribute them to all relevant personnel?

Yes, the Town of Calhoun Falls did begin to deposit the amount retained for victim assistance on the monthly STRRFs into the Victims Assistance account. However, the town did not submit a general ledger or spreadsheet of activity in the victim assistance account and develop written policies and procedures to the processes and distribute them to all relevant personnel.

In Relation to Opinion

Did the town advise the Town's Auditor to issue an in relation to opinion on audited financial statements?

No, the town did not advise the Town's Auditor to issue an in relation to opinion.

Objective(s), Conclusion(s), Recommendation(s), and Comments

A. Fund Accountability**Objective**

Did the Town of Calhoun Falls maintain accountability of revenue and expenditures for the Victim Assistance Funds in accordance with State laws and regulations?

Conclusion

Yes, the town has established and implemented policies and procedures to properly maintain accountability for Victim Assistance funds in accordance with State law.

Background

SC Code of Laws section 14-14-208 (B)
SC Code of Laws section 114-1-211 (B)

SC Code of Law Title 16, Article 15

South Carolina Victim Service Coordinating Council Approved Guidelines for Expenditures of Monies Collected for Victim Service in Municipalities and Counties.

Discussion

During the State Auditor's follow-up report, the DCVC Auditor requested audit documents, copies of the State Treasurer Revenue Remittance Forms (STRRF), bank account statements, and supplemental schedules (SS) for FY 11 through FY 21. All documents were received except Supplemental Schedules for FY 13, FY 19, FY 20, and FY 21.

In addition, it was noted that there were some issues with the STRRFs and the SS and they would be addressed in this audit. After review, the DCVC Auditor reconciled the Victim Assistance account for accuracy using the following information:

- Submitted STRRFs
- Submitted Supplemental Schedules

Due to the issues noted from earlier years, the DCVC Auditor conducted a fund balance review for the Victim Assistance Fund, using the submitted STRRFs, expenditures, and SS, as of June 30, 2021.

This information is outlined in the Summary of Victim Assistance Account chart on page 17. The Chart is further explained below.

Revenue

To verify proper accountability of the Victim Assistance Fund, the DCVC Auditor requested copies of the submitted STRRFs and bank account statements for FY 14 through FY 20. After review of the STRRFs, the DCVC Auditor noted the town had submitted STRRFs in accordance with State law. However, the town failed to deposit Victim Assistance Funds into the Victim Assistance bank account in a timely manner for FY 12 through FY 15. The DCVC Auditor inquired about policies and procedures for Victim Assistance Funds retention. The Clerk of Court advised that the town did not have good controls in previous years. However, the town has made efforts to properly develop policies and procedures to account for the Victim Assistance Funds. The clerk further advised that the procedures were in writing, and the town was in the process of developing a procedures manual. For further verification, the DCVC Auditor requested a random sample of a Victim Assistance deposit. On April 7, 2021, the Clerk of Court submitted the sample, which included a copy of the submitted STRRFs and the confirmation of submission from the State Treasurer Office. The supporting reports for the STRRFs and the check payable to the Victims Assistance Fund for deposit were also submitted. The DCVC Auditor also requested the bank account statement to verify the deposit was made to the Victims Bill of Rights account. (Part A)

Expenditures

It was determined that the town did not have a Victim Advocate or contract for victim services for FY 14 through May of 2017. As a result, the town would not have any allowable expenses for that period. In May 2017, the town hired a part-time advocate (20-25 hours per week). The newly hired advocate was hired as a part time advocate. However, the new advocate also works as the Grant Administrator. Therefore, the new advocate is considered a dual role advocate. (See Objective B). As a result, in accordance with DCVC policy the current Victim Advocate expenditures will be expensed based on a percentage calculated by the DCVC auditor. This percentage will be based on 90 days of time and activity sheets (which tracks time the advocate spends working directly with victims). Thereby indicating the town may have over applied some expenditure amounts. To assist the town, the DCVC management

agreed to only apply the percentage to the current advocate and allow the previous expenditures to be used in calculating the town's victim assistance account balance. (Part B)

Fund Balance

The fund balance computed using a total retained for each fiscal year. This amount was added to the carryforward balance from the previous year to obtain a balance before expenditures. Once the expenditures were subtracted the remaining balance was used as the carryforward balance for the following year.

Because of the timeframe involved, the DCVC Auditor decided to start with the balance reflected on the FY 14 State Auditor's Report to determine the balance in the Victim Assistance Account

As a result of the revenue and allowable expenditures, the town is required to deposit \$ 48,255.68 into the Victim Assistance Fund per the following calculation.

Balance per Town of Calhoun Falls Summary of Victims Assistance Account Chart as of June 30, 2021	\$85,952.07
Balance per town bank account statement as of June 30, 2021	<u>\$37,696.39</u>
Amount to bring balance to calculated amount	<u>\$48,255.68</u>

Proviso 59.15

Due to the years involved and the amount of funds retained by the town, the auditor evaluated the town for SVAP submission.

According to Provision 59.15, a county or municipality may retain carry forward funds that were collected pursuant to Sections 14-1-206 (B) and (D), 14-1-207 (B) and (D), 14-1-208 (B) and (D), and 14-1-211 (B) of the 1976 Code, but no more than \$25,000 or ten percent of funds collected in the prior fiscal year, whichever is higher. If a county or municipality does not spend at least ninety percent of the funds collected pursuant to Sections 14-1-206 (B) and (D), 14-1-207 (B) and (D), 14-1-208 (B) and (D), and 14-1-211 (B) on Article 16, Chapter 3, Title 16 first priority and/or second priority

programs during the fiscal year that the funds are received then the county or municipality shall remit any unspent funds that are greater than the allowed carried forward funds, regardless of the year collected, to the State Victim Assistance Program (SVAP) with the Office of the Attorney General within 120 days after the end of the fiscal year. All funds must be accounted for in the annual audit for each county or municipality.

This proviso became effective as of June 30, 2017. According to the DCVC auditing file, the town had three advocates during the scope of this audit. The first hired advocate began on May 17, 2017. Therefore, the town is not required to forward any of the retained funds to SVAP.

Recommendation(s)
and Comments

It is recommended the Town of Calhoun Falls deposit \$48,255.68 into the Victim Assistance Account. In addition, the Town of Calhoun Falls should forward a copy of the check, deposit slip, and bank account statement as supporting documentation that the fund has been reimbursed.

Summary of Victim Assistance Account							
Part A							
Balance End of Fiscal Year 2014							121,962.00
Fiscal Year	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21
July	167.30	284.43	89.60	30.35	117.28	114.96	367.17
August	110.80	89.98	127.12	104.00	100.53	15.21	227.97
September	153.25	116.81	197.75	80.45	102.51	53.58	27.47
October	71.11	108.83	120.06	0.00	77.08	242.95	41.57
November	281.03	37.00	6.31	78.54	183.90	103.29	58.92
December	115.07	2.98	41.30	176.04	12.87	58.55	15.73
January	464.90	19.14	11.21	43.47	102.07	18.22	80.79
February	339.35	83.03	79.96	64.34	166.93	70.91	36.72
March	164.05	136.58	7.93	54.08	206.38	154.43	233.41
April	69.52	30.76	8.58	73.01	87.79	128.15	63.01
May	161.88	126.75	64.63	138.22	156.85	165.86	32.99
June	151.18	54.22	75.00	117.93	25.02	191.17	78.95
Fiscal Year Total Revenue Per Submitted STRRF	\$ 2,251.44	\$ 1,090.56	\$ 829.47	\$ 960.43	\$ 1,339.21	\$ 1,317.28	\$ 1,266.70
Plus: Yearly Interest	\$10.35	\$10.28	\$10.29	\$8.22	\$10.17		
Minus: Bank service charges	\$0.00	\$0.00	\$0.00		\$479.90	\$778.49	
Projected balance before expenses @ end of FY	\$124,223.79	\$125,324.63	\$126,164.39	\$127,133.04	\$128,002.52	\$128,541.31	\$129,808.01
Part B							
Total documented Allowable Expenses for the Year	\$0.00		\$2,511.44	\$14,450.30	\$7,882.74	\$9,340.26	\$9,671.21
Minus Previous Year's SVAP Submission			\$0.00	\$0.00			
Carryforward Balance for FY	\$124,223.79	\$125,324.63	\$123,652.95	\$110,171.30	\$103,158.04	\$94,356.58	\$85,952.07

Objective(s), Conclusion(s), Recommendation(s), and Comments

B. Victim Assistance Services

Objective Did the Town of Calhoun Falls provide Victim Assistance services to crime victims in accordance with State law and regulations?

Conclusion Yes, the Town of Calhoun Falls is providing Victim Assistance services to Crime Victims in accordance with State law and regulations.

Background SC Code of Laws Section 14-1-208 (B)
SC Code of Laws Section 1-14-207
SC Code of Laws Title 16: Article 15
Proviso 117.51, 98.9, 93.35

Discussion For the scope of this audit, the Town of Calhoun Falls has employed three advocates. They are outlined as follows:

	Start Date	End Date	Status
	May 17, 2017	Dec 28, 2017	Part time
	May 1, 2018	Oct 31, 2019	Part time
	Dec 2019	Present	Dual Role

During the State Follow-up Audit issued June 25, 2021, the DCVC Auditor requested Victim Service Provider (VSP) certification documents and statistical reports for the Victim Advocate program. On March 30, 2021, the DCVC Auditor received via email the Victim Advocate's VSP certification letter, copies of certificates of completed courses, and a Total Offense Report for the calendar year 2020.

On July 26, 2021, the DCVC Auditor inquired if the Victim Advocate has policies and procedures for handling Victim Assistance cases. The advocate advised the DCVC Auditor that policies and procedures were in place. The DCVC Auditor also asked the advocate if the policies and procedures were in writing.

The DCVC Auditor requested a copy of the Victim Advocate Offense Total Report for FY 21. The report was received via email on July 26, 2021. The report showed a total of 80 cases for the year.

While reviewing the received documents, the DCVC Auditor noted the Victim Advocate works 20 hours per week. The DCVC Auditor noted this was excessive for the number of cases reported, and the advocate also performed other duties for the town. Therefore, according to DCVC guidelines, the town has a dual role advocate and not a part-time advocate. Thus, the town should be compensating the advocate based on a percentage, not part-time (hourly).

Upon further review, the DCVC Auditor discovered that the town was previously advised that dual role advocates should have a percentage given by DCVC. Upon hiring an advocate, the town was advised that the advocate should complete 90 days of Time and Activity sheets to be submitted to the DCVC auditing department. The Time and Activity sheets would determine the amount of time required to maintain a victim assistance program in the town. The Time and Activity sheets were never received. Therefore, the town has functioned in this capacity for the past five years. The town was asked to discontinue the usage of the funds until DCVC reviews the Time and Activity sheets, and a percentage is given. The DCVC auditor advised the town's Victim Advocate to start completing the Time and Activity sheets.

On August 4, 2021, the DCVC Auditor requested a Zoom call with the town's officials to discuss this information. During the call, the town was advised and agreed to the following:

- The victim advocate would complete Time and activity sheets for six weeks (August 2- September 10).
- On August 17, the advocate would submit the completed sheets to the DCVC Auditor for review.

The Time and Activity sheets were submitted on August 17 and reviewed via email. The advocate was advised of a few adjustments, and upon completion, the town officials were advised of the next steps.

The victim advocate submitted the completed Time and Activity sheets at the end of the six weeks. The DCVC Auditor calculated the Victim Advocate Time and Activity percentage at 50 percent

upon review. This percentage was applied to all allowable Victim Assistance Fund expenditures..

Recommendation(s)
and Comments

It is recommended that a copy of the policies and procedures manual developed and produced if forwarded to the DCVC Auditor when completed.

Objective(s), Conclusion(s), Recommendation(s), and Comments

C. Policies and Procedures

Objective Did the Town of Calhoun Falls develop written policies and produces and distribute it to all relevant personnel? Did the Town of Calhoun Falls obtain a copy of the Court Administration's retention schedule and display it in court record storage areas and distribute it to all relevant personnel?

Conclusion Although the town has not completed the policies and procedures manual, the town did submit a copy of the written policies and procedures to the DCVC Auditor. In addition, the town has implemented policies and procedures to ensure proper retention is maintained for all records.

Background **Town of Calhoun Falls Municipal Court State Auditor's Report Issued June 30, 2014**

Town of Calhoun Falls Municipal Court Independent Accountant's Report on Applying Agreed-Upon Procedures-State Auditor's Report Issued June 30, 2016

Follow- Up Audit Review for the Town of Calhoun Falls Municipal Court Independent Accountant's Report on Applying Agreed-Upon Procedures-State Auditor's Report Issued June 25, 2021

Discussion As a part of the state follow-up audit, the DCVC Auditor followed up on the policies and procedures noted by the State Auditor in both state audits issued in 2014 and 2016. The DCVC Auditor requested copies of the written policies and procedures for court record retention, adherence to fine guidelines, and Supplemental Schedules.

As noted in the follow-up audit, the town implemented policies and procedures to adhere to fine guidelines and retention of court records. However, the town is non-compliant due to the DCVC Auditor not receiving policies and procedures for Supplemental Schedules.

During the follow-up audit, the DCVC Auditor also noted a further review of the Victim Assistance Fund during this audit. This review is in Objective A of this report.

The DCVC Auditor noted the town had a lot of turnovers, resulting in the issues noted in the past audits. During technical assistance, the DCVC Auditor advised the town that developing policies and procedure manuals would aid in the training and transition of new personnel in the future.

The town did contact court administration and obtained court retention information. The town has a storage area for court records. Due to Covid, the DCVC Auditor could not conduct a site visit. However, the town has provided pictures of the storage area.

Recommendation(s)
and Comments

It is recommended the town complete the policies and procedures manual and distribute to all relevant personnel.

Objective(s), Conclusion(s), Recommendation(s), and Comments

D. Victim Services Account**Objective**

Did the Town of Calhoun Falls deposit the amounts retained for Victim Assistance on the monthly STRRFs into the Bill Of Rights account monthly?

Does the town maintain a general ledger or spreadsheet of activity in the Victim Assistance account, develop written policies and procedures for these processes, and distribute them to all relevant personnel?

Conclusion

Yes, the Town of Calhoun Falls deposited the retained amounts from the STRRFs into the Victim Assistance account monthly. However, the town did not submit a general ledger or spreadsheet of activity for the Victim Assistance account, nor did the town develop written policies and procedures for processes and distribute them to all relevant personnel.

Background

Town of Calhoun Falls Municipal Court Independent Accountant's Report on Applying Agreed-Upon Procedures-State Auditor's Report Issued June 30, 2016

Follow-Up Audit Review for the Town of Calhoun Falls Municipal Court Independent Accountant's Report on Applying Agreed-Upon Procedures-State Auditor's Report Issued June 25, 2021

Discussion

In the State follow-up report issued September 10, 2021, the DCVC Auditor recommended the Town of Calhoun Falls deposit all retained funds for Victim Assistance into the Victims' Bill of Rights bank account, which is now the town's Victim Assistance account. It was also recommended that the town maintain a general ledger or spreadsheet with all revenue and expenses for the Victim Assistance account and reconcile the ledger to the bank account statement monthly, providing accurate fiscal year totals for the Supplemental Schedule. In addition, it was recommended that the town produce written policies and procedures for this process and distribute them to all relevant personnel.

It was noted in the follow-up audit that the DCVC Auditor would review the Victim Assistance account for the scope of this audit. After review, it was determined that FY 14 was the last year with a balanced Supplemental Schedule. Therefore, the DCVC auditor began reconciling the account with the FY 14 ending balance. To reconcile the account, the DCVC Auditor requested STRRFs, monthly bank account statements, and Supplemental Schedules for FY 15-FY 20. Through reconciliation, it was determined there was a deficit in the account, which was an indication that there were some missing deposits.

After further review, the deficit was created in the earlier years. In turn, the DCVC Auditor could trace FY 20 deposits to the bank account statements. The town also provided the DCVC Auditor with a random sample of a monthly deposit. The DCVC Auditor also noted the town changed banks in March 2020. The Victim Assistance funds are now being deposited into the new account. The details of the reconciled account are noted in the Chart on-page 17.

The town did not submit a general ledger or spreadsheet to track the revenue and expenses for the Victim Assistance account and the written policies and procedures for the processes.

Recommendation(s)
and Comments

No further recommendations.

Objective(s), Conclusion(s), Recommendation(s), and Comments

E. In Relation to Opinion

Objective Did the town advise the Town's Auditor to issue an in relation to opinion on audited financial statements?

Conclusion No, the town did not advise the Town's Auditor to issue an opinion on audited financial statements?

Background **Town of Calhoun Falls Municipal Court Independent Accountant's Report on Applying Agreed-Upon Procedures- State Auditor's Report Issued June 30, 2016**

Follow Up Audit Review for the Town of Calhoun Falls Municipal Court Independent Accountant's Report on Applying Agreed-Upon Procedures – State Auditor's Report Issued June 25, 2021

Discussion During the Follow-up Audit Review for the Town of Calhoun Falls Municipal Court Independent Accountant's Report on Applying Agreed-Upon Procedures State Auditor's report issued June 25, 2020, it was noted that the Town's Auditor failed to issue an in relation to opinion on the town's yearly audits. The State Auditor noted this in the report issued June 30, 2016. As a result, the DCVC Auditor recommended that the Town of Calhoun Falls officials advise the Town's Auditor to issue an in relation to opinion on yearly audits.

During the Follow-up Audit Review for the Town of Calhoun Falls Municipal Court Independent Accountant's Report on Applying Agreed-Upon Procedures State Auditor's report issued June 25, 2020, it was noted that the Town's Auditor failed to issue an in relation to opinion on the town's yearly audits. The State Auditor noted this in the report issued June 30, 2016. As a result, the DCVC Auditor recommended that the Town of Calhoun Falls officials advise the Town's Auditor to issue an in relation to opinion on yearly audits.

Recommendation(s)
and Comments

It is recommended the town advise the Town Auditor to issue in relation to opinions on audited financial statements.

Objective(s), Conclusion(s), Recommendation(s), and Comments

F. Technical Assistance**Documentation Provided**

During the site visit, technical assistance and support was provided and the following documents were reviewed and explained in detail. Also, copies were provided to appropriate officials and agency representatives:

1. Legislation - Act 96 (Part IV)
2. Proviso 98.9
3. Proviso 59.15
4. Sample Budget
5. Sample Staff Hired Report
6. Sample Time and Activity Report
7. Sample Expenditure Report
8. Victim Advocate Procedural Manual
9. 2018 Approved Guidelines

Other Matters

There are no other matters.

Corrective Action

Act 96 (C) states:

“Any entity or nonprofit organization receiving victim assistance funding must cooperate and provide expenditure and program data requested by the division. If the division finds an error, the entity or nonprofit organization has ninety days to rectify the error. An error constitutes an entity or nonprofit organization spending victim assistance funding on unauthorized items as determined by the division. If the entity or nonprofit organization fails to cooperate with the programmatic review and financial audit or to rectify the error within ninety days, the division shall assess and collect a penalty in the amount of the unauthorized expenditure plus fifteen hundred dollars against the entity or nonprofit organization for improper expenditures. This penalty which includes the fifteen hundred dollars must be paid within thirty days of the notification by the division to the entity or nonprofit organization that the entity or nonprofit organization is in noncompliance with the provisions of this section. All penalties received by the division shall be credited to the general fund of the State. If the penalty is not received by the division within thirty days of the notification, the political subdivision must deduct the amount of the penalty from the entity's or nonprofit organization's subsequent fiscal year appropriation.”

The Clerk of Court was informed that there appeared to have been some errors as noted in this report. The findings were discussed with the Town officials. They were advised that this Financial and Programmatic Audit Review will warrant the need for further discussed with management. Unless otherwise noted, the 90 Day window to correct all errors will begin ten business days following the completion date noted on this report.

DCVC did not completed the site visit due to Covid 19 and issued the final report to Calhoun Falls on June 8, 2022.

On September 2, 2022, the Department of Crime Victim Compensation is scheduled to meet with applicable departments in Calhoun Falls for the 90 Day Follow-up Audit Review for errors found and noted in this report.

Official Post-Audit Response

The County/City has 10 business days from the date listed on the front of this report to provide a written response to the DCVC Deputy Director:

**Debbie Curtis, Assistant Deputy Director
1205 Pendleton St., Room 401
Columbia, SC 29201**

At the end of the ten day response period, this report and all post-audit responses (located in the Appendix) will become public information on the Department of Crime Victim Compensation (DCVC) website:

<https://www.scag.gov/inside-the-office/crime-victim-services-division/crime-victim-compensation>

Appendix(s)

**Appendix A – Follow Up Audit Review for the Town of Calhoun Falls Municipal Court
Independent Accountant’s Report on Applying Agreed Upon Procedures – State Auditor’s
Report**



ALAN WILSON
ATTORNEY GENERAL

June 25, 2021

Chief Cynthia Kennedy
Town of Calhoun Falls
P O Box 246
Calhoun Falls, South Carolina 29628-0246


Dear Chief Kennedy:

The Office of the Attorney General, Department of Crime Victim Compensation (DCVC) is sending this notice to inform you that we have completed the DCVC 90 Day Follow-up Programmatic Review and Financial Audit of the Victim Assistance Funds for the Town of Calhoun Falls. A copy of the official report is attached for your review. This is in conformance with Act 96 [PART IV] which requires DCVC to conduct a programmatic review and financial audit on any governmental entity or non-profit organization receiving victim assistance funding to ensure that these crime victim funds are expended in accordance with the law.

Please be advised that all DCVC audits and follow-up reports are public information. I am requesting that you respond to the findings, in writing, within the next ten business days. Please note that, at the end of ten business days, this report will be posted on the DCVC website at www.sova.sc.gov under the DCVC auditing tab.

Should you have any further questions or concerns, please feel free to contact me or Teresa Green, Auditor, at 803.734.1900.

Sincerely,


Ethel Douglas Ford, CPM
Assistant Deputy Director

cc: Mayor Chris Cowan
Sherrie Bowie
Stephanie Copeland



**The Office of the Attorney General
Department of Crime Victim
Compensation**

June 30, 2014

**Town of Calhoun Falls Municipal
Court State Auditor's Report**

June 30, 2016

**Town of Calhoun Falls Municipal
Court Independent Accountant's
Report on Applying Agreed
Upon Procedures - State
Auditor's Report**

June 25, 2021

**Follow-up Audit Review for the
Town of Calhoun Falls Municipal
Court Independent Accountant's
Report on Applying Agreed
Upon Procedures - State
Auditor's Report**

Contents

Introduction and Laws	Page
Preface	3
Audit Objectives	11
Results in Brief	11
 Objective(s), Conclusion (s), Recommendation(s), and Comments	
A. Adherence to Fine Guidelines.....	13
Did the Town of Calhoun Falls Municipal Court implement procedures to ensure fines levied by the court adhere to applicable State law?	
B. Court Record Retention.....	15
Did the Town of Calhoun Falls implement policies and procedures to ensure court accounting records are maintained and readily available for review? In addition, did the Town ensure all court records are retained in accordance with Court Administration’s retention schedule?	
C. Supplementary Schedule.....	18
Did the Town of Calhoun Falls implement procedures to ensure amounts reported on the supplementary schedule are accurately reported in accordance with State law?	
D. Technical Assistance	20
Corrective Actions.....	21
Post-Audit Response and Appendix(s)	22-24

Disclaimer: The recommendations included in sections A thru D in this report were made by the State Auditor's Office. The DCVC follow-up review was based on compliance with the State Auditor's Office recommendations. In addition, all DCVC follow-up reviews (including this one) are conducted to ensure compliance with applicable laws and regulations. (See Appendix A of this report to review the Initial State Issued Audit Report.)

Acronyms:

FFA – Fines, Fees, and Assessment

DCVC – Department of Crime Victim Compensation

SCLEVA – South Carolina Law Enforcement Victim Advocate

Introduction and Laws

PREFACE

This programmatic review and financial audit was initiated as a result of the Town of Calhoun Falls Municipal Court Audit completed by the State Auditor's Office June 30, 2014 and June 30, 2016. The Assistant Deputy Director of the Department of Crime Victim Compensation (DCVC) issued a letter dated January 11, 2021 to the Town of Calhoun Falls's Chief of Police, Mayor, and Clerk of Court informing them that DCVC will conduct a follow up audit review in regards to the State Auditor's office report dated June 30, 2014 and June 30, 2016. Due to COVID-19, this audit was conducted via phone on March 16, 2021.

Governing Laws and Regulations

ACT 96 [PART IV]

SECTION 13. B. Chapter 1, Title 14 of the 1976 Code is amended by adding:

"Section 14-1-211.6. (A) If the State Auditor finds that any county treasurer, municipal treasurer, county clerk of court, magistrate, or municipal court has not properly allocated revenue generated from court fines, fines, and assessments to the crime victim funds or has not properly expended crime victim funds, pursuant to Sections 14-1-206(B) and (D), 14-1-207(B) and (D), 14-1-208(B) and (D), and 14-1-211(B), the State Auditor shall notify the Office of the Attorney General, South Carolina Crime Victim Services Division. The division is authorized to conduct an audit, which must include both a programmatic review and financial audit of any entity or nonprofit organization receiving victim assistance funding, based on the referrals from the State Auditor or complaints of a specific nature received by the division to ensure that crime victim funds are expended in accordance with the law. Guidelines for the expenditure of these funds shall be developed in collaboration with the Victim Services Coordinating Council. The Victim Services Coordinating Council, in collaboration with the director of the division, shall develop these guidelines to ensure any expenditure that meets

the parameters of Article 15, Chapter 3, Title 16 is an allowable expenditure.

(B) Any local entity or nonprofit organization that receives funding from revenue generated from crime victim funds is required to submit their budget for the expenditure of these funds to the Office of the Attorney General, South Carolina Crime Victim Services Division within thirty days of the budget's approval by the governing body of the entity or nonprofit organization. Failure to comply with this provision shall cause the division to initiate a programmatic review and a financial audit of the entity's or nonprofit organization's expenditures of victim assistance funds. Additionally, the division will place the name of the noncompliant entity or nonprofit organization on its website, where it shall remain until such time as the noncompliant entity or nonprofit organization is in compliance with the terms of this section.

(C) Any entity or nonprofit organization receiving victim assistance funding must cooperate and provide expenditure and program data requested by the division. If the division finds an error, the entity or nonprofit organization has ninety days to rectify the error. An error constitutes an entity or nonprofit organization spending victim assistance funding on unauthorized items as determined by the division. If the entity or nonprofit organization fails to cooperate with the programmatic review and financial audit or to rectify the error within ninety days, the division shall assess and collect a penalty in the amount of the unauthorized expenditure plus fifteen hundred dollars against the entity or nonprofit organization for improper expenditures. This penalty which includes the fifteen hundred dollars must be paid within thirty days of the notification by the division to the entity or nonprofit organization that the entity or nonprofit organization is in noncompliance with the provisions of this section. All penalties received by the division shall be credited to the general fund of the State. If the penalty is not received by the division within thirty days of the notification, the political subdivision must deduct the amount of the penalty from the entity's or nonprofit organization's subsequent fiscal year appropriation."

Proviso 59.15

59.15. (AG: State Crime Victim Compensation)

A county or municipality may retain carry forward funds that were collected pursuant to Sections 14 1 206 (B) and (D), 14 1 207 (B) and (D), 14 1 208 (B) and (D), and 14 1 211 (B) of the 1976 Code, but no more than \$25,000 or ten percent of funds collected in the prior fiscal year, whichever is higher. If a county or municipality does not spend at least ninety percent of the funds collected pursuant to Sections 14 1 206 (B) and (D), 14 1 207 (B) and (D), 14 1 208 (B) and (D), and 14 1 211 (B) on Article 16, Chapter 3, Title 16 first priority and/or second priority programs during the fiscal year that the funds are received then the county or municipality shall remit any unspent funds that are greater than the allowed carried forward funds, regardless of the year collected, to the State Victim Assistance Program (SVAP) with the Office of the Attorney General within 120 days after the end of the fiscal year. All funds must be accounted for in the annual audit for each county or municipality.

The State Crime Victim Compensation Department shall offer training and technical assistance to each municipality and county annually on acceptable use of both priority one and priority two funds and funds available for competitive bid.

The State Crime Victim Compensation Department is authorized to transfer to the State Victim Assistance Program any state funds deemed available under Crime Victims Compensation authority to the State Victim Assistance Programs be placed in the competitive bid process.

The State Victim Assistance Program shall offer any funds remitted to it to nonprofit organizations that provide direct victim services on a competitive bid process. These funds may be used by the nonprofit for administrative costs and victim services.

A county or municipality may be exempt from the remittance requirements of this proviso upon submission of a plan to the State Crime Victim Compensation Department that meets the statutory requirements for the use of funds. A county or municipality must submit the report within 60 days after the end of the fiscal year. The State Crime Victim Compensation Department will review the submitted plan and advise the county or municipality of plan compliance with statutory requirements.

Proviso 98.9

98.9 (TREAs: Penalties for Non-reporting)

If a municipality fails to submit the audited financial statements required under Section 14-1-208 of the 1976 Code to the State Treasurer within thirteen months of the end of their fiscal year, the State Treasurer must withhold all state payments to that municipality until the required audited financial statement is received.

If the State Treasurer receives an audit report from either a county or municipality that contains a significant finding related to court fine reports or remittances to the Office of State Treasurer, the requirements of Proviso 117.51 shall be followed if an amount due is specified, otherwise the State Treasurer shall withhold twenty-five percent of all state payments to the county or municipality until the estimated deficiency has been satisfied.

If a county or municipality is more than ninety days delinquent in remitting a monthly court fines report, the State Treasurer shall withhold twenty-five percent of state funding for that county or municipality until all monthly reports are current.

After ninety days, any funds held by the Office of State Treasurer will be made available to the State Auditor to conduct an audit of the entity for the purpose of determining an amount due to the Office of State Treasurer, if any.

**SC Code of Law
Title 14 [excerpts]**

Courts – General Provisions

Collection/Disbursement of Crime Victim Monies at the Municipal & County Levels: below is a brief synopsis of applicable sections.

- **Section 14-1-206, subsection(s) A, B & D:** (A) A person who is convicted of, pleads guilty or nolo contendere to, or forfeits bond for an offense occurring after June 30, 2008, tried in general sessions court must pay an amount equal to 107.5 percent of the fine imposed as an assessment. (B) The county treasurer must remit 35.35 percent of the revenue generated by the assessment imposed in the county to be used for the purposes set forth in subsection (D) and 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. (D) All unused funds must be carried forward from year to year and used exclusively for the provision of services for victims of crime. All unused funds must be separately identified in the governmental entity's adopted budget as funds unused and carried forward from previous years.

Section 14-1-207 Subsection(s) A, B & D: (A) A person who is convicted of, pleads guilty or nolo contendere to, or forfeits bond for an offense occurring after June 30, 2008, tried in magistrate's court must pay an amount equal to 107.5 percent of the fine imposed as an assessment. (B) The county to be used for the purposes set forth in subsection (D) and 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. (D) All unused funds must be carried forward from year to year and used exclusively for the provision of services for victims of crime. All unused funds must be separately identified in the governmental entity's adopted budget as funds unused and carried forward from previous years.

- **Section 14-1-208 Subsection(s) A, B & D:** (A) A person who is convicted of, pleads guilty or nolo contendere to, or forfeits bond for an offense occurring after June 30, 2008, tried in municipal's court must pay an amount equal to 107.5 percent of the fine imposed as an assessment. (B) The county treasurer must remit 11.16 % of the revenue generated by the assessment imposed in municipal court to the county to be used exclusively for the purpose of providing direct victim services and 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. (D) All unused funds must be carried forward from year to year and used exclusively for the provision of services for victims of crime. All unused funds must be separately identified in the governmental entity's adopted budget as funds unused and carried forward from previous years.

- **Section 14-1-206,207,208 Subsection(s) E:** To ensure that fines and assessments imposed are properly collected and remitted to the State Treasurer, the annual independent external audit required to be performed for each county and municipality must include a review of the accounting controls over the collection, reporting, and distribution of fines and assessments from the point of collection to the point of distribution and a Uniform Supplemental Schedule Form detailing all fines and assessments collected by the clerk of court for the court of general sessions, magistrate

court of the county and at the court level, the amount remitted to the county and municipal treasurers, and the amount remitted to the State Treasurer.

Section 14-1-211 Subsection A, B, &D: (A) A one hundred dollar surcharge is imposed on all convictions obtained in general sessions court and a twenty-five dollar surcharge is imposed on all convictions obtained in magistrates and municipal courts in this State. (B) The revenue collected must be retained by the jurisdiction which heard or processed the case and paid to the city or county treasurer,

- **Section 14-1-211 Subsection A, B, &D:** (B) 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 must be deposited into a separate account for the exclusive use for all activities related to the requirements contained in this provision. For the purpose of funds allocation and expenditure, these funds are a part of the general funds of the city or county. These funds must be appropriated for the exclusive purpose of providing victim services as required by Chapter 3, Article 15 of Title 16; specifically, those service requirements that are imposed on local law enforcement, local detention facilities, prosecutors, and the summary courts. First priority must be given to those victims' assistance programs which are required by Chapter 3, Article 15 of Title 16 and second priority must be given to programs which expand victims' services beyond those required by Chapter 3, Article 15 of Title 16. These funds must be used for, but are not limited to, salaries, equipment that includes computer equipment and internet access, or other expenditures necessary for providing services to crime victims. All unused funds must be carried forward from year to year and used exclusively for the provision of services to the victims of crime. All unused funds must be separately identified in the governmental entity's adopted budget as funds unused and carried forward from previous years.

(D) (1) The supplementary schedule must include the following elements:

- (a) all surcharges collected by the clerk of court for the general sessions, magistrate's, or municipal court;

SC Code of Law
Title 14 (excerpts cont.)

(b) the amount of surcharges retained by the city or county treasurer pursuant to this section;

(c) the amount of funds allocated to victim services by fund source; and

(d) how those funds were expended, and any carry forward balances.

Introduction and Legislative

PRIOR AUDIT RESULTS

The SC State Legislative ACT 96 (PART IV) mandates the Department of Crime Victim Compensation to conduct a Follow up Audit which shall include both a programmatic review and financial audit of any entity or nonprofit organization receiving victim assistance funding. This follow up audit allows previously found errors to be corrected; thereby ensuring compliance with all applicable State laws and regulations. As noted, the State Auditor's Office conducted an audit of the Town of Calhoun Falls Municipal Court in 2014 and 2016.

This State Auditor's Office follow up audit for the Town of Calhoun Falls was based on the South Carolina State Auditor's Office initial audit findings and recommendations in their audit dated June 30, 2016 (See Appendix B). Although DCVC is using the State Auditor's Report dated June 30, 2016, the DCVC Auditor has used the State Auditor's Report dated June 30, 2014 (See Appendix A) as a reference for this report.

DCVC Audit Objective was:

- To determine if all errors and recommendations issued by the South Carolina State Auditor's Office were adhered to as required by State laws and regulations.

RESULTS IN BRIEF

No, all recommendations as outlined in the Town of Calhoun Falls State Auditor's Office reports were not corrected. The Town of Calhoun Falls was issued two reports: Town of Calhoun Falls Municipal Court State Auditor's Report dated June 30, 2014 and the Town of Calhoun Falls Municipal Court Independent Accountant's Report on Applying Agreed Upon Procedures-State Auditor's Report dated June 30, 2016. According to the report dated June 30, 2016 in Appendix A, in reference to the status of prior findings, the auditor stated the Town had taken adequate corrective action to correct recommendations with the exception of the following (which are all repeated in the report dated June 30, 2016):

- Adherence to Fine Guidelines
- Court Records Retention
- Supplementary Schedule

The auditor further noted the items in the Adherence to Fine Guidelines are less in number and less in severity when compared to prior findings.

The Town implemented policies and procedures to ensure court records are retained and readily available for review in accordance with Court Administration's guidelines. These policies and procedures are in written format and distributed to all relevant parties.

However, the Town did not implement policies and procedures to ensure the amounts reported on the Supplementary Schedule were correct. The DCVC Auditor reviewed Supplementary Schedules, State Treasurer Revenue Remittance Forms (STRRFs) and bank account statements for FY 14 through FY 18 and found the beginning and ending balance on the Supplementary Schedule was the same on the corresponding bank statement. However, the activity in the bank account statement was not reflected on the Supplementary Schedule.

Objective(s), Conclusion(s), Recommendation(s), and Comments

A. Adherence To Fine Guidelines**Objective**

Did the Town of Calhoun Falls Municipal Court implement procedures to ensure fines levied by the court adhere to applicable State law?

Conclusion

Yes, the Town of Calhoun Falls Municipal Court did implement procedures to ensure fines levied by the court adhere to applicable State law.

Background

Independent Accountant's Report on Applying Agreed-Upon Procedures State Auditor's Report for the year ending June 30, 2016

Discussion

According to the Independent Accountant's Report on Applying Agreed-Upon Procedures-State Auditor's Report for June 30, 2016, there was a finding in relation to the adherence to fine guidelines. According to the report, the Court did not sentence a defendant in accordance with State law for speeding less than 10 MPH over the limit. The defendant was fined \$50. However, the required fine was \$15-\$25 plus assessments. At that time, the Clerk stated the fine listed on the ticket was used instead of the required maximum. Adherence to fine guidelines is a repeat finding for the Town.

As a result of the fine guidelines being a repeat finding, the DCVC Auditor requested a copy of written procedures to ensure fines levied by the court adhere to applicable State law. On March 13, 2021, the Town Clerk submitted the written procedures. After reviewing the procedures, the DCVC Auditor noted that the Clerk had a thorough understanding of what was required. However the written policies or procedures submitted did not detail the steps put in place by the Town to ensure the court would adhere to fine guidelines.

On April 7, 2021, the DCVC Auditor conducted a phone interview and inquired about steps taken to ensure adherence to fine guidelines. The Town advised the auditor they were in constant contact with Court Administration for changes and updates. Also, the Town utilizes LawTrak for tickets now. As a result, the auditor provided technical assistance to assist the Clerk based on information provided by the Town. Therefore, the Town is in compliance.

Recommendation(s)
and Comments

Objective(s), Conclusion(s), Recommendation(s), and Comments

B. Court Records Retention**Objective**

Did the Town of Calhoun Falls implement policies and procedures to ensure court accounting records are maintained and readily available for review? In addition, did the Town implement procedures to ensure all court records are retained in accordance with Court Administration's retention schedule?

Conclusion

Yes, the Town of Calhoun Falls did implement policies and procedures to ensure court accounting records are maintained and readily available for review. In addition, the Town implemented procedures to ensure all court records are retained in accordance with Court Administration's retention schedule.

Background

Section 14-1-208 (E)(4) of the 1976 South Carolina Code of Laws

Independent Accountant's Report on Applying Agreed-Upon Procedures-State Auditor's Report ending June 30, 2016

Discussion

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." In addition, South Carolina Court Administration's Summary Court Bench Book, Memoranda 1996-03, sets forth retention guidelines for various court documents based on Justice Lewis's September 13, 1978 court order to county magistrates. During the Independents Accountant's Report on Applying Agreed-Upon Procedures-State Auditor's Report ending June 30, 2016, the auditor cited the following:

- *23 of 24 court record ticket copies and one violators' copy were available. The court record copy is the copy which has the judge's signature regarding disposition associated with the ticket. The court should maintain all court record copies.*

- *Also, copies of the court receipts from the court receipt book were obtained. These receipt book's receipts were traceable into the manual court records used to prepare the State Treasurer's Revenue Remittance Form (STRRF) for submission. However, there were many other receipts included in those records as well that were not in the receipt book obtained. Because the receipts obtained were sequential, it appears that there was another receipt book in use which I did not obtain copies of. Of the receipts obtained, two receipt payments were unable to be located on any manual documents or STRRF submission, therefore, I obtained evidence that the STRRF submissions were incomplete.*
- *Copies of every court fines bank account in use during the procedures period was not available. Therefore, the auditor was unable to trace all fine payments submitted into a bank deposit. I was also unable to confirm that all deposits were included in the STRRF submissions.*
- *One month had spreadsheet errors which caused the STRRF to be overreported.*

In response, the current Clerk stated the Town had turnover in both the Clerk of Court and Town Treasurer positions; resulting in the retention issue.

As a result, the DCVC Auditor requested in the pre audit documents a copy of newly developed and implemented policies and procedures to ensure court accounting records are maintained and readily available for review. The auditor also requested a copy of policies and procedures to ensure all court records are retained in accordance with Court Administration's retention schedule. The procedures were submitted on March 15, 2021 to the DCVC Auditor. After reviewing the submitted procedures, the DCVC Auditor noted the procedures were missing some pertinent information. On April 8, 2021, the Auditor provided technical assistance and aided the Clerk in writing the implemented procedures. In addition, the DCVC Auditor advised the Town of the importance of maintaining written policies and procedures and training. Thereby, preventing errors during staff turnover.

Recommendation(s)
and Comments

It is recommended the Town develop and produce a written policy and procedure manual and distribute to all relevant parties. In addition, it is recommended the Town obtain a copy of Court Administration's retention schedule and display in court document storage areas as well as distribute to all relevant parties.

Objective(s), Conclusion(s), Recommendation(s), and Comments

C. Supplementary Schedule**Objective**

Did the Town of Calhoun Falls implement procedures to ensure amounts reported on the supplementary schedule are accurately reported in accordance with State law?

Conclusion

No, the Town did not implement procedures to ensure amounts reported on the Supplementary Schedule are accurately reported in accordance with State law.

Background

Section 14-1-208(E)(1) of the 1976 South Carolina Code of Laws

Independent Accountant's Report on Applying Agreed-Upon Procedures-State Auditor's Office Report ending June 30, 2016

Discussion

Section 14-1-208(E)(1) of the 1976 South Carolina Code of Laws, as amended, states, "The supplementary schedule must include the following elements: (a) all fines collected by the clerk of court for the municipal court; (b) all assessments collected by the clerk of court for the municipal court; (c) the amount of fines retained by the municipal treasurer; (d) the amount of assessments retained by the municipal treasurer; (e) the amount of fines and assessments remitted to the State Treasurer pursuant to this section; and (f) the total funds, by source, allocated to victim services activities, how those funds were expended, and any balances carried forward."

In the Independent Accountant's Report on Applying Agreed-Upon Procedures-State Auditor's Office Report June 30, 2016, the State Auditor stated, "The information in the Supplemental Schedule for Victims Assistance did not agree with the Victim Assistance bank account activity for the period. However, the ending balance agreed." In addition, the auditor stated "I was unable to obtain a general ledger or complete deposit/receipt records so I could not confirm the other activity agreed to the Town records." Also, the auditors' opinion was not an in-relation-to opinion on the Supplementary Schedule.

For this follow up report, the DCVC Auditor requested supplementary reports, bank account statements, and STRRFs for FY 11 - FY 20 in the pre requested documents. All documents were received with the exception of the Supplementary Schedule for FY 19, FY 20 and prior to FY 14. Upon review of the subsequent years (FY 17 and FY 18), the DCVC Auditor found that the amounts reported on the STRRFs were not deposited timely into the Victim Assistance bank account (Bill of Rights bank account) statement. Also, the expenses reported on the Supplementary Schedule did not match the activity on the Bill of Rights bank account statement. However, upon further review, the DCVC Auditor noted the beginning and ending balance on the Supplementary Schedule and the Bill of Rights bank account statement did match. But the DCVC Auditor came to the same conclusion just as the State Auditor and is unable to obtain or confirm a general ledger or complete deposit receipts.

The DCVC Auditor will further review the Victim Assistance account as it relates to the Supplementary Schedule during the DCVC Initial Audit report. Therefore, the Town is now considered non compliant.

Recommendation(s)
and Comments

It is recommended the Town of Calhoun Falls deposit the amount retained for Victim Assistance on the STRRF monthly into the Bill of Rights bank account which is the Town's Victim Assistance account. It is also recommended the Town maintain a general ledger or spreadsheet with all revenue and expenses for the Victim Assistance account and reconcile the ledger to the bank account statement monthly; thereby, providing accurate fiscal year totals for the Supplementary Schedule. In addition, the Town is required to produce written policies and procedures for this process and procedure and distribute to all relevant parties.

It is recommended the Town advise the Town's Auditor to issue an in relation to opinion on yearly audits. This opinion certifies the information contained in the Supplementary Schedule is correct in relation to the information in the audit report.

Objective(s), Conclusion(s), Recommendation(s), and Comments

D. Technical Assistance**Documentation Provided**

During the site visit, technical assistance was provided and the following documents were explained in detail and provided to appropriate officials and agency representatives:

1. Copy of the Legislative Act 96
2. Copy of the Legislative Proviso 59.15
3. Copy of the Legislative Proviso 93.27
4. Copy of a Sample Budget
5. Sample Staff Hired Report
6. Sample Time and Activity Report
7. Sample Expenditure Report
8. Victim Advocate Procedural Manual
9. Copy of 2017 Approved Guidelines
10. Additional Approved Guidelines
11. Technical Assistance Provided

Other Matters

There are no other matters.

Corrective Action

Act 96 [Part IV] (C) states:

“Any entity or nonprofit organization receiving victim assistance funding must cooperate and provide expenditure and program data requested by the division. If the division finds an error, the entity or nonprofit organization has ninety days to rectify the error. An error constitutes an entity or nonprofit organization spending victim assistance funding on unauthorized items as determined by the division. If the entity or nonprofit organization fails to cooperate with the programmatic review and financial audit or to rectify the error within ninety days, the division shall assess and collect a penalty in the amount of the unauthorized expenditure plus fifteen hundred dollars against the entity or nonprofit organization for improper expenditures. This penalty which includes the fifteen hundred dollars must be paid within thirty days of the notification by the division to the entity or nonprofit organization that the entity or nonprofit organization is in noncompliance with the provisions of this section. All penalties received by the division shall be credited to the general fund of the State. If the penalty is not received by the division within thirty days of the notification, the political subdivision must deduct the amount of the penalty from the entity's or nonprofit organization's subsequent fiscal year appropriation.”

The Town of Calhoun Falls Town Clerk and Court Clerk were informed at the conclusion of the audit telephone interview on March 16, 2021 that all findings would be reviewed with management. They were advised the Town would be non compliant because of the errors noted. DCVC completed the State Auditor’s Office follow up audit review on April 10, 2021. As a result of the audit, all errors were not rectified within the required timeframe. Therefore, the recommendations outlined in this audit will be reviewed for compliance in the DCVC initial audit.

For an overview of the follow-up audit results please refer to the “Results in Brief” section of this report.

This audit report was issued June 25, 2021.

Appendix(s)

Appendix A – Town of Calhoun Falls Municipal Court State Auditor’s Report Issued June 30, 2014

**TOWN OF CALHOUN FALLS MUNICIPAL COURT
CALHOUN FALLS, SOUTH CAROLINA**

STATE AUDITOR'S REPORT

JUNE 30, 2014

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 Submission of Reports	7
Adherence to Fine Guidelines	7
Court Jurisdiction Limits	8
Court Records Retention	9
Allocation Spreadsheet Errors	9-12
Adherence to Uniform Traffic Ticket Laws	12
TIMELY, ACCURATE RECORDING AND REPORTING BY THE TOWN TREASURER	13
Timely Submission of State Treasurer's Revenue Remittance Form	13
STRRF Supporting Documents and Errors	13
Supplementary Schedule	14
VICTIM ASSISTANCE FUNDS	15
(OVER) UNDER REPORTED AMOUNTS	16
SECTION B – OTHER WEAKNESSES	19
COURT CASH RECEIPT PROCEDURES	20
MONTHLY RECONCILIATIONS	20
COURT SOFTWARE	21
MUNICIPALITY'S RESPONSE	22



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Office of the State Auditor

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GEORGE L. KENNEDY, III, CPA
STATE AUDITOR

RICHARD H. GILBERT, JR., CPA
DEPUTY STATE AUDITOR

November 12, 2015

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

The Honorable Dennis C. Bannister, Jr., Chief Judge
Town of Calhoun Falls
Calhoun Falls, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Calhoun Falls Municipal Court System as of and for the year ended June 30, 2014, 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 black ink that reads "George L. Kennedy, III".

George L. Kennedy, III, CPA
State Auditor

GLKIII/trb

STEVEN L. BLAKE, CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

November 9, 2015

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

The Honorable Dennis C. Banister, Jr., Chief Judge
Town of Calhoun Falls Municipal Court
Calhoun Falls, South Carolina

I have performed the procedures described below, which were agreed to by the Town of Calhoun Falls Municipal Court, solely to assist you in evaluating the performance of the Town of Calhoun Falls Municipal Court for the period July 1, 2013 through June 30, 2014, in the areas addressed. The Town of Calhoun Falls 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 Calhoun Falls 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 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 determine that the fine, fee, assessment or surcharge was properly allocated 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, and/or assessment charge 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 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.

The Honorable Nikki R. Haley, Governor
and
The Honorable Dennis C. Banister, Jr., Chief Judge
Town of Calhoun Falls Municipal Court
November 9, 2015

2. Municipal Treasurer

- I gained an understanding of the policies and procedures established by the municipal treasurer to determine timely reporting by the municipality.
- 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 verified 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, 2013 through June 30, 2014. I vouched the amounts reported on the State Treasurer's Revenue Remittance Forms to the court remittance forms or equivalents.
- I verified 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's supplemental schedule of fines and assessments contained all the required elements in accordance with state law.

My findings as a result of these procedures are presented in Timely, Accurate Recording and Reporting by the Town Treasurer, Court Cash Receipt Procedures, Monthly Reconciliations, and Court Software 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 determine 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 determine 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 Dennis C. Banister, Jr., Chief Judge
Town of Calhoun Falls Municipal Court
November 9, 2015

- 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 support.
- I inspected the Municipality's victim assistance bank account 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 Supplementary Schedule and Victim Assistance Funds in the Accountant's Comments section of this report.

4. Calculation of (Over)/Under Reported Amounts

- I obtained the Assistant Town Administrator's analysis of State Revenue Remittance forms and deposits from the Town Court for the 36 month period ended June 30, 2014. 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 over reported amounts due the Victim Assistance Fund. My finding as a result of these procedures is presented in (Over) 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, 2014 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 Calhoun Falls Council, Town of Calhoun Falls Clerk of Court, Town of Calhoun Falls 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

TIMELY SUBMISSION OF REPORTS

The Clerk of Court did not prepare and submit any of the twelve State Treasurer's Revenue Remittance Forms (STRRF) timely. In addition, the STRRF line item amounts did not always relate to collections made for the month the STRRF related to. For example, the STRRF for October 2013 may contain payments made from March through October 2013. This makes it impossible to trace payments made to a STRRF in any chronological, monthly order.

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 current Court Clerk stated that workloads, software inadequacies and general work organization appeared to have prevented the previous clerk from completing the tasks in an orderly and timely manner.

I recommend the Town implement procedures to ensure STRRF are prepared timely in accordance with State law.

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:

The Court fined one individual \$38.55 for driving under suspension, fixed period – 1ST 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 Court fined one individual \$585.54 for driving under suspension, fixed period – 2ND [DUS 2ND] offense. The test included another uniform traffic ticket [UTT] citation for DUS 2ND but I was unable to determine from the information available if this was the correct charge. If it was DUS 2ND offense the individual was incorrectly fined \$300 which is the fine for a DUS 1ST offense. The fine for a DUS 2ND offense is \$600.

Section 56-1-460(A)(1) of the 1976 South Carolina Code of Laws, as amended, states, "a person...be punished as follows: (b) for a second offense, fined six hundred dollars or imprisoned for up to sixty consecutive days, or both;"

The Court fined one individual \$15.66 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."

The Court fined one individual \$107.23 for public disorderly conduct.

Section 16-17-530 of the 1976 South Carolina Code of Laws, as amended, states, " Any person ... deemed guilty ...shall be fined not more than one hundred dollars... ."

The Court fined one individual \$114.22 for open container of alcohol in a vehicle.

Section 61-4-110 of the 1976 South Carolina Code of Laws, as amended, states "A person who violates the provisions of this section is guilty of a misdemeanor and, upon conviction, must be fined not more than one hundred dollars or imprisoned not more than thirty days."

The current Court Clerk did not know why the judge did not follow the sentencing guidelines.

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

COURT JURISDICTION LIMITS

There was one instance and possibly a second where the Municipal Court tried a DUS 2ND case (see DUS 2ND finding above under 'Adherence to Fine Guidelines' finding). Generally municipal courts have jurisdiction when the mandated fines do not exceed \$500. The mandated fine for DUS 2ND is \$600.

Section 5-7-30 of the South Carolina Code of Laws states "...The municipal governing body may fix fines and penalties for the violation of municipal ordinances and regulations not exceeding five hundred dollars or imprisonment not exceeding thirty days, or both....".

The current Town Clerk did not know why the Court had tried these cases. The UTT was not available in either case. In one case the Town had entered the original charge in the court software system as DUS 2ND but the fine was under \$300. The other case appears to be a DUS 1ST but the fine entered in the software system was \$585.54.

I recommend the Town adhere to trying cases within their jurisdiction.

COURT RECORDS RETENTION

During my testing of the twenty-five UTT supporting the Town's State Treasurer's Revenue Remittance Forms [STRRF], Town personnel could not provide me with 13 UTT, 11 receipts and six allocation spreadsheets used to support the numbers on the STRRF. One UTT provided had the 'Violation Section' blank. This missing information for 14 UTT made verification of the charge impossible. I therefore was unable to verify if fourteen individuals in these cases were sentenced in accordance with State law because of this lack of support. Also, I was unable to trace any information for six UTT into the STRRF, receipting system or bank account. By relying on the court software, extant UTT copies and prenumbered receipts copies, I was able to trace and determine that 19 UTT were in agreement with the partial information provided and posted to the STRFF. Because of a lack of records related to reconciling deposits, I was unable to trace any of the 25 UTT into the bank account. See the 'Monthly Reconciliations' finding in Section B below.

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." In addition, South Carolina Court Administration's Summary Court Bench Book, Memoranda 1996-03, sets forth retention guidelines for various court documents based on Justice Lewis' September 13, 1978 court order to county magistrates.

The current Court Clerk stated "you have been provided all the records we have, all that there is".

I recommend the Town implement procedures to ensure court accounting records are maintained and readily available for review. I also recommend that all court records are retained in accordance with Court Administration's retention schedule.

ALLOCATION SPREADSHEET ERRORS

Within the boundaries of the limited documents provided (see 'Court Records Retention' finding above), the Clerk of Court's spreadsheet contained the following general and specific errors:

Installment Fee

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

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

As this three percent fee is for the Town, it should not be included in the STRRF related amounts. The allocation spreadsheet does not segregate it so it is included in the fine and assessment allocation portions.

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 current Court Clerk stated "you have been provided all the records we have, all that there is".

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

Proration of Installment Payments

The spreadsheet does not allocate fines paid on an installment basis ratably to all fine, assessment and surcharge categories as required. It is set up to allocate full surcharge amounts on every payment entered, including partial payments, and by doing so does not allocate enough of the payment to the fine and assessment portions. In some cases I tested, the fine and assessment portions were negative, thus deducting from the amount owed the Town and the State for their share of other fine and assessment allocations and therefore overpaying the surcharge portions.

The Judicial Department memo dated June 28, 2013 Section A.14 states "Section 14-1-209 provides guidance when the fine and assessment are paid in installments. 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. Prior to making these computations, you must determine what assessments and surcharges may apply (conviction surcharge, law enforcement funding fee, DUI assessments, etc.).”

The current Court Clerk stated that the spreadsheet errors have been corrected.

I recommend the Clerk of Court allocate installment payments as required by State law.

Conviction Surcharge

The spreadsheet has assessed most misdemeanor traffic violations a \$25 conviction surcharge.

Section 14-1-211 (A)(1) of the 1976 South Carolina Code of Laws, as amended, states, "In addition to all other assessments and surcharges ... a twenty-five dollar surcharge is imposed on all convictions obtained in magistrates and municipal courts in this State. The surcharge may not be imposed on convictions for misdemeanor traffic offenses No portion of the surcharge may be waived, reduced, or suspended."

The current Court Clerk stated that the spreadsheet errors have been corrected.

I recommend the Clerk of Court assess fines in accordance with State law.

Drug Surcharge

The spreadsheet assesses \$100 for the drug surcharge, not \$150. Two non-drug cases I tested had drug surcharges. One drug case I tested did not have the drug surcharge.

Section 14-1-213 (A) of the 1976 South Carolina Code of Laws, as amended, states, "In addition to all other assessments and surcharges required to be imposed by law, a one hundred fifty dollar surcharge is also levied on all fines, forfeitures, escheatments, or other monetary penalties imposed in general sessions court or in magistrates or municipal court for misdemeanor or felony drug offenses. No portion of the surcharge may be waived, reduced, or suspended."

The current Court Clerk stated that the spreadsheet errors have been corrected.

I recommend the Clerk of Court assess surcharges in accordance with State law.

Driving Under the Influence [DUI] Surcharges and Pullout

Three DUS cases I tested had DUI surcharges including the DUI pullout instead of the DUS pullout.

Section 56-5-2995(A) of the 1976 South Carolina Code of Laws, as amended, states, "In addition to the penalties imposed for a first offense violation of Section 56-5-2930 or 56-5-2933 in magistrate's or municipal court, an additional assessment of twelve dollars must be

added to any punishment imposed And Section 14-1-211 (A) (2) of the 1976 South Carolina Code of Laws, as amended, states, "In addition to all other assessments and surcharges, a one hundred dollar surcharge is imposed on all convictions pursuant to Section 56-5-2930 and Section 56-5-2933.

The current Court Clerk stated that the spreadsheet errors have been corrected.

I recommend the Clerk of Court assess surcharges in accordance with State law.

Driving Under Suspension [DUS] Pullout

Four DUS cases I tested did not include the \$100 DUS pullout.

Section 56-1-460 (C) of the 1976 South Carolina Code of Laws, as amended, states, "One hundred dollars of each fine imposed pursuant to this section must be placed by the Comptroller General into a special restricted account to be used by the Department of Public Safety for the Highway Patrol."

The current Court Clerk stated that the spreadsheet errors have been corrected.

I recommend the Clerk of Court assess fines in accordance with State law.

Public Defender Application Fee

During my testing I observed one public defender application fee transmitted on one spreadsheet. It was classified as Town general fund revenue, not State revenue.

Section 17-3-30(B) of the 1976 South Carolina Code of Laws, as amended, states, "A forty dollar application fee for public defender services must be collected ... and remit the proceeds to the state fund on a monthly basis."

The current Court Clerk stated that the spreadsheet errors have been corrected.

I recommend the Clerk of Court assess fees in accordance with State law.

Spreadsheet Errors - General

One ticket tested had no surcharges assessed. One receipt of a total fine payment for two tickets was listed as one single payment, assessed one set of surcharges and reported on a STRRF as if it were a single offense payment. All speeding tickets are listed on the spreadsheet as 'less than 10 MPH over the limit' even though the fines include different offenses; for example 'over 25 MPH over the limit'.

The relevant sections of the 1976 South Carolina Code of Laws, as amended referenced above include surcharges to be assessed on every ticket on an offense by offense basis; not on a receipt by receipt basis.

The current Court Clerk stated that the spreadsheet errors have been corrected.

I recommend the Clerk of Court assess fees in accordance with State law.

ADHERENCE TO UNIFORM TRAFFIC TICKET LAWS

One ticket tested for which the violator's ticket copy was made available contained a roadside bond amount of \$500. The receipt showed the citation was paid in full for \$103.

Section 56-7-10 of the 1976 South Carolina Code of Laws, as amended, states "(A) there will be a uniform traffic ticket used by all law enforcement officers in arrests for traffic offenses ... (C) No other ticket may be used for these offenses. The service of the uniform traffic ticket shall vest all ... courts with jurisdiction to hear and to dispose of the charge for which the ticket was issued and served. In addition, South Carolina Court Administration's Summary Court Bench Book, Memoranda 2007-06 sets out procedures for revising uniform traffic tickets using the Trial Court copy of the ticket, not the Violator's copy.

The current Court Clerk stated there is no documentation to explain what changes were made to the ticket.

I recommend the Court document any citation revisions in accordance with the memoranda on the Trial Court copy.

TIMELY, ACCURATE RECORDING AND REPORTING BY THE TOWN TREASURER

Timely Submission of State Treasurer's Revenue Remittance Form

The former Town treasurer did not prepare and submit any of the twelve State Treasurer's Revenue Remittance Forms (STRRF) timely. Copies of State Treasurer's Office receipts were not kept. Some months during the procedures period had several STRRF filed for that month at various times throughout the procedures period and afterwards.

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 current Assistant Town Administrator stated that workloads, software inadequacies and general work organization appeared to have prevented the previous clerk from completing the tasks in an orderly and timely manner which prevented the former treasurer from filing the STRRF timely. Monies were accumulated over a long period and placed in the safe awaiting processing. The treasurer also stated a major effort to restore timeliness occurred in May 2014 when extra staff were hired to focus attention on submitting as many late STRRF as possible.

It was during this effort that multiple STRRF were filed for previously filed months as well as payments from multiple months appearing on a single month's STRRF.

I recommend the Town implement procedures to organize work flow and ensure the STRRF are submitted by the fifteenth day of each month in compliance with State law.

STRRF Supporting Documents and Errors

During my testing of the Town's State Treasurer Revenue Remittance Forms (STRRF), I noted amounts reported on one of the December 2013 STRRF did not agree to the support for lines L and N. One of the May 2014 STRRF, date stamped as received by the State Treasurer's Office June 2, 2014, had no support. All STRRF submitted for the 12 months ended June 30, 2012 had no allocation spreadsheet support enabling me to determine which tickets or cash collections the submitted STRRF related to, therefore, only assumptions as to what those STRRF included are possible. I was given copies of some STRRF that contained data and signatures but had no support or evidence they had ever been filed. The Town's general ledger contained no accounting for any court funds. Because of the many allocation spreadsheet errors (See 'Allocation Spreadsheet Errors' above), especially the DUI, DUS and conviction surcharge errors, along with the negative assessment totals, none of the STRRF contain accurate data. Because of the lack of monthly reconciliations and lack of detail for bank deposits (See 'Court Cash Receipt Procedures' and 'Monthly Reconciliations' findings in Section B below) I was unable to determine if the STRRF contained all collections for a given month related to the docket for any time during the year.

Also, because I was not provided six allocation spreadsheets for the procedures period, I was unable to determine if six of the tickets I tested which were paid were ever submitted on a STRRF to the State Treasurer's Office.

The former Clerk of Court and Treasurer terminated employment with the Town prior to the start of my engagement and current town personnel were unable to find the documentation I requested. During my testing I did note that the current Town Treasurer/Clerk of Court prepares and maintains an allocation worksheet to support amounts recorded on the STRRF on a monthly basis.

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."

Town personnel could not explain the differences nor could they provide me with any additional documentation to support the amounts reported on the STRRF.

I recommend the Town implement procedures to ensure court accounting records are maintained and readily available for review. I also recommend that all court collections reported and remitted to the State Treasurer be reconciled to accounting records and deposits as well as reviewed for accuracy.

Supplementary Schedule

The Town provided an audited financial statement from June 30, 2014, the latest available audit, which included a schedule of fines and assessments for my procedures testing. There was no general ledger available with this schedule therefore I was unable to reconcile amounts to the general ledger. The schedule did not include total fines collected or total fines retained as required by law. The audit report had a disclaimer of opinion because of a lack of adequate accounting records from which to prepare financial statements. The victim assistance expenditures were unsubstantiated.

Section 14-1-208(E)(1) of the 1976 South Carolina Code of Laws, as amended, states, "The supplementary schedule must include the following elements: (a) all fines collected by the clerk of court for the municipal court; (b) all assessments collected by the clerk of court for the municipal court; (c) the amount of fines retained by the municipal treasurer; (d) the amount of assessments retained by the municipal treasurer; (e) the amount of fines and assessments remitted to the State Treasurer pursuant to this section; and (f) the total funds, by source, allocated to victim services activities, how those funds were expended, and any balances carried forward."

I recommend the Town implement procedures to ensure amounts reported on the supplementary schedule are accurately reported in accordance with State law.

VICTIM ASSISTANCE FUNDS

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

- The Town assesses a conviction surcharge on most misdemeanor traffic violations. Assessing misdemeanor traffic violations with the conviction surcharge inflates the cumulative balance. (See 'Conviction Surcharge' under 'Adherence to Fine Guidelines' above)
- There was no attempt to cumulatively track, either by fund accounting or manually, the aggregate balance of Victim Assistance funds.
- The June 30, 2014 Schedule of Fines and Assessments had a Victim Assistance carry forward balance of \$113,452 but no support was available to substantiate this amount. The bank account balance was \$113,195. The manual accounting done

states the balance should be \$121,962, including the inflated amounts of conviction surcharges on misdemeanor traffic violations, which would require an additional deposit of \$8,767.

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 current Assistant Town Administrator stated the procedures period balance had been manually tracked but they were not able to substantiate through available Town records any amounts prior to that.

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. 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.

(OVER) UNDER REPORTED AMOUNTS

During my testing I determined the system used to process tickets, collections of fines and STRRF cannot be relied upon to produce accurate information that reconciles at any point in time; daily, weekly, monthly. The Assistant Town Administrator prepared a schedule comparing bank deposits identified as originating in the Town's court system for the 24 month procedures period ended June 30, 2014 with amounts identified as supporting the STRRF. These amounts have estimates based on interpretations of unsupported data so they are not represented as accurate, but reasonable estimates given the conditions mentioned above. They are as follows:

Total amount of fine revenues represented as supporting STRRF that were confirmed to be submitted to the State Treasurer's Office for the 24 months ended June 30, 2014:	\$ 72,012.65
Actual bank deposits represented as originating from the Town's court system for the 24 months ended June 30, 2014:	\$ 79,265.02
Balance represented as unallocated, unsubmitted funds for the 24 months ended June 30, 2014:	\$ (7,252.37)

Because the majority of tickets adjudicated are speeding under 10 miles per hour over the speed limit, if one were to assume all of the above funds represented payments for those violations for surcharge calculation purposes only, then the table below shows the amount due the State Treasurer's Office based on the above assumptions:

STRRF LINE	DESCRIPTION	
K.	Municipal Law Enforcement Surcharge - \$25 per case	2,214.33
KA.	Municipal LE Surcharge - \$5	442.87
L.	Municipal Court -107.5%	<u>2,114.95</u>
M.	TOTAL REVENUE REMITTED TO STATE TREASURER	<u>4,772.15</u>
	COUNTY VICTIM FUND	
N.	Assessments - Municipal -107.5%	<u>265.68</u>
P.	TOTAL VICTIM MONEY RETAINED BY LOCAL GOVERNMENT	\$ <u>265.68</u>

The amounts for the STRRF for the twelve months ended June 30, 2012 were unsupported; the only information available are deposits made during the twelve months and amounts reported on the STRRF related to that same time period. I have determined, using similar ratios of amounts deposited for the previous fiscal periods, that \$42,518.97 was deposited from court fines collected that were applicable to the twelve months ended June 30, 2012. I also determined using \$81.88, the total fine amount for speeding, less than 10 mph over the limit that was used in the assumption above, those deposits would represent approximately 519 violations. Using these assumptions to allocate the deposited collections would produce a fine amount for the Town of \$12,983.35 and thus \$27,978.01 for the State and \$1,557.61 for victim assistance. According to the submitted STRRF, \$24,689.10 was submitted to the State and \$7,567.20 was submitted for victim assistance.

Based on the above assumptions and the calculations using them, the table below shows the amount due the State Treasurer's Office based on the above assumptions for the twelve months ended June 30, 2012:

STRRF LINE	DESCRIPTION	
K.	Municipal Law Enforcement Surcharge - \$25 per case	1,445.55
KA.	Municipal LE Surcharge - \$5	289.11
L.	Municipal Court -107.5%	<u>1,554.25</u>
M.	TOTAL REVENUE REMITTED TO STATE TREASURER	<u>3,288.91</u>
	COUNTY VICTIM FUND	
N.	Assessments - Municipal -107.5%	<u>(6,009.59)</u>
P.	EXCESS VICTIM MONEY RETAINED BY LOCAL GOVERNMENT	\$ <u>(6,009.59)</u>

The \$2,720.68 difference from the table above is owed by the victim assistance fund to the Town as the Town's share of the fine money over allocated to the victim fund. See Victim Assistance Fund finding above for further details.

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

SECTION B – OTHER WEAKNESSES

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

COURT CASH RECEIPT PROCEDURES

During my testing I was unable to trace any ticket payments from the court receipt into the Town's bank deposit. The Town Clerk can produce a cash summary report at any time. Posting payments for tickets to the court software system was not standard procedure. The Town does not individually list the check amounts and receipt or ticket numbers on the deposit slip. Collections were held in a safe for long periods of time before deposit.

Supreme Court Justice Toal issued a court order to county magistrates, dated September 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." Section III, item C states further "...deposit slips shall be prepared for each separate account These deposit slips shall include: List of checks deposited (name of Defendant and amount of check must be included), total cash deposited, the starting and ending receipt numbers ..." 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 Clerk and Treasurer responsible for the procedures period left Town employment. Current personnel are aware of the specific requirements.

I recommend that the Town Clerk develop a daily cash receipt report when transmitting payments receipted to the Town Treasurer and I further recommend the Town Treasurer deposit this transmittal intact, i.e. on its own separate deposit slip. Also, the Town Treasurer should attach the validated deposit slip from the bank to the daily cash receipt report copy.

MONTHLY RECONCILIATIONS

The court does not perform timely monthly reconciliations between the court's docket of adjudicated tickets, prenumbered paper receipts and deposits made during the month.

Section V, item B. of Justice Toal's March 13, 2007 court order to county magistrates states, "The remittance must include a full and accurate statement of all monies collected ... on account of fines during the past month together with the title of each case in which a fine, fee, or cost has been paid. Remittances must balance with the appropriate docket sheet(s)." 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.

Because the court does not perform timely reconciliations of its court docket to its bank deposits it could unknowingly cause fines, fees and assessments to be over or under allocated and remitted to the State Treasurer, Town and/or Victims' Assistance.

COURT SOFTWARE

The software system the Court uses is not compliant with State laws in how it assesses and allocates fines. This necessitates the use of a spreadsheet based allocation method.

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."

The Town uses an obsolete and archaic court software system. The system is not well documented or understood by the users of the system.

The judge stated the Town has limited funds to purchase software and to provide training to staff and maintenance of the system.

I recommend the Town develop a plan to identify ways to improve accountability over its court financial activity to ensure compliance with State laws, rules and regulations. I recommend that it network with other neighboring towns to identify best practices and implement changes to ensure compliance.

MUNICIPALITY'S RESPONSE

TOWN OF CALHOUN FALLS
410 North Washington Street
P.O. Box 246
Calhoun Falls, SC 29628

November 16, 2015

Richard H. Gilbert, Jr. CPA
Deputy State Auditor
Office of the State Auditor
1401 Main Street, Suite 1200
Columbia, SC 29201

Dear Mr. Gilbert:

We have reviewed and authorize the release of the State Auditor's report for the fiscal years 2013/2014, 2012/2013 and 2011/2012.

As reflected in the report's findings, numerous irregularities and incidents that are termed in the report as "violations of State law" prompted the Town of Calhoun Falls to undertake a voluntary internal investigation of the performance of the Municipal Court, primarily for the fiscal year ending June 30, 2014, prior to being notified by your Office that the Municipal Court would be subject to a random ticket audit for that fiscal year. It is important that the Town of Calhoun Falls use this opportunity to respond to the findings of the auditor's report, by recounting the detailed circumstances that led to the findings, and outlining the policies and procedures enacted by the Town to remedy those issues and prevent their recurrence in the future.

In late May, 2014, a letter to the former Mayor from the State Treasurer's Office (STO), dated August 29, 2013 was discovered, which letter stated that State funds to the Town would be withheld due to the Town's failure to submit an annual audit for FY 2011/2102. It was further discovered that multiple letters from the STO had been previously received, dating from May 17, 2013, advising that at least 25% of all State funds would be withheld due to the Town being more than 90 days delinquent in remitting court fines to the STO.

As a result, in late May, 2014, Town Hall was "closed" and all staff was involved in processing numerous outstanding tickets and documenting the payment of fines in the form of cash, checks and money orders. All known tickets were processed, with some dating as far back as nine (9) months, and \$14,760.71 in cash, checks and money orders that was left to accrue during that time was deposited on May 30th. Subsequently, the State Treasurer's Revenue Remittance Forms (STRRF) and payments were submitted to the STO in early June, 2014 for the months of September, October, November and December, 2013, as well as January, February, March, April and May, 2014 ... a total of nine months for which either no forms/fines, or only

partial forms/fines had been previously submitted. Following this initiative, repeated inquiries were made of all staff with respect to their knowledge of any other outstanding tickets and payments, and all staff members claimed to have no such knowledge of any other unprocessed tickets and fines collected.

Town staff and resources were dedicated over the summer of 2014 to resolving the issue of incomplete and inconsistent STRRF's for the Fiscal Year 2011/2012, which were causing the delay of the independent audit, the completion of which would trigger the release of a portion of the funds being withheld at that time by the STO. The FY 2011/2012 independent audit was completed, and a portion of the funds were released by the STO. The filing of monthly court fines remittance forms to the STO was brought current in July, and additional funds were released to the Town; however, the STO began a new round of withholdings because 1) the online annual financial report and 2) the independent audit for FY 2012/2013 had not been submitted to the STO in a timely fashion. Both the report and the independent audit for FY 2012/2013 were eventually completed, and ALL funds that were being withheld by the STO were released to the Town by August 31, 2014. In total, more than \$230,000 had been withheld by the STO during the period August, 2013 to August, 2014.

The then Court Clerk retired in early September, 2014. However, on the morning of September 26, 2014, the husband of the former Court Clerk brought to Town Hall a tote bag containing packets of full or partial STRRF's, spreadsheets, tickets and receipts, as well as \$18,884.41 in cash, checks and money orders. These had apparently been taken out of Town Hall sometime prior to May, 2014. The Town Police and SLED were contacted, and the contents of the tote bag were meticulously recorded. Packets were for months as far back as November, 2012, and also included February through December, 2013, and January through July, 2014 ... a total of eighteen (18) past months. The failure to process these tickets, deposit the fines and forward funds to the STO in a timely manner caused the STO to once again begin withholding funds from the Town. The cash, checks and money orders found in the tote bag were deposited. In a letter to the STO, dated January 27, 2015, all the STRRF's prepared from the documentation contained in the tote bag for the months in FY 2013/2014 were forwarded, along with a check in the amount of \$6,189.56. Subsequently, all the STRRF's and a check for the months that should have been reported and submitted in FY 2012/2013 were forwarded to the STO. With that, to the best of staffs' collective knowledge, the Town of Calhoun Falls was current with the submission of forms and the State's share of fines collected. .

It must be noted that, at no time between January 1, 2014 ... the date that the "new" Mayor and Council assumed office ... and May, 2014, were the Town's elected officials or administrators advised by any staff that the STO had been withholding funds since August, 2013. It was only when the letter referenced earlier was inadvertently discovered in a desk drawer, and questions were asked, did the severity of the situation come to light. Even with the knowledge that the Town was at least 90 days behind in submitting remittance forms and funds to the STO, no monthly court fines reports were submitted in a timely fashion for October, 2013; December, 2013 through March, 2014; and May, 2014 ... thereby putting the Town an additional 6 months in arrears. The Clerk/Treasurer resigned in September, 2014.

Subsequently, the Town undertook an internal analysis to assess the failures of past practices, and develop an effective set of policies and procedures intended to avoid repeating those mistakes, and eliminate their deleterious effects on the Town's finances. There were so

many lapses in procedures and practices regarding the collection, deposit and distribution of court fines that, effectively, the process had to be re-established. **The specific changes to process and policies that have been or are being initiated are listed below in red, with an explanation, if necessary.**

The fundamental change that has been initiated by the Town is quite basic, and involves submitting the STRRF's along with the State share of the court fines for every month, no later than the 15th of the following month. This is consistent with the auditor's findings with respect to *Timely Submission of Reports*. It relies primarily on the Clerk of Court being conscientious to the point of accurately inputting the disposition of cases and fine payments made immediately after each court session, and generating the monthly STRRF after the last court session of the month (including any fines or fees paid for previously adjudicated cases); depositing the fines; remitting the form and payment to the STO; and transferring the appropriate share of fines collected into the Victims' Services account. In addition, the Clerk/Treasurer thoroughly reviews the monthly remittance forms to be submitted prior to "signing off". Since October, 2014, all monthly reports have been submitted to the STO on a timely basis.

All cases are diligently entered into the PD Manager database, monitored, updated and closed-out ... which data provides the input for the excel spreadsheet that generates the monthly STRRF's. Orderly, monthly file folders have been established to include copies of: STRRF's and supportive spreadsheets; tickets and/or warrants; payment receipts; and bank deposit slips. Additionally, a copy of same is made available to the Clerk/Treasurer to create a redundancy and serve as a "check and balance" against the work of the Clerk of Court. This ensures that interim or summary reports, which can only be run by PD Manager tech support, will be complete. A review of the then existing practices revealed that, in many instances, the case dispositions were entered directly into the companion spreadsheet (to generate the STRRF), but not into the PD Manager database. The data entered into the PD manager database does not interface with the software system that is used to record violations and calculate the payment and distribution of fines, including generating the STRRF. The entry of this data is now done carefully to ensure consistency between the two systems, and to create files that can be easily accessed at any time, as required. This addresses the auditor's findings with respect to *Court Records Retention*.

As a result of the systemic issues brought to light by the audit, the *Drug Surcharge, DUI Surcharge and Pullout, DUS Pullout, Public Defender Fee and Conviction Surcharge* are now correctly being applied. **The spreadsheet that generates the values in the accompanying STRRF, as well as the STRRF itself, have been carefully reviewed and properly re-designed in an Excel format so that no values or dates have to be hand-written onto the form. Also, corrections were made to the formulas in the STRRF spreadsheet for the DUI assessment, the drug court charge, the distribution of "56-series" fines and fines generated by local ordinances, all as cited in the auditor's report.** Recent failures here resulted in chronic underpayment to the STO and over-allocation of the share of fines to Victim Services. In connection with this audit, a review of Victim Services allocations has been conducted for FY 11/12, FY 12/13 and FY 13/14, and the audit findings with respect to the Town's over-allocation of fines for Victim Services have been preliminarily detailed and forwarded to SOVA for review.

The Town has established a bank account dedicated exclusively to the deposit of court fines collected via cash, money orders. While arrangements have not yet been made for credit card payments to be directed to the court fines account, the Clerk/Treasurer is provided with all credit card payment receipts so that these funds can be transferred into the dedicated court fines account. Personal checks are no longer accepted. Previously, all fines collected were deposited into the general fund, which made transfers and distributions very difficult to track and audit.

Bank deposits of court fines are routinely made the same day the fine is paid, unless it is late in the day and after bank hours, in which case the deposits are made the morning of the next business day. Previously, fines were held, on occasion, for months at a time ... sometimes matching months-long delays in submitting the remittance forms and the STO's share of court fines. As an example, at the time of the staff initiative at the end of May, 2014, \$14,760.71 had accrued in the Town's safe ... and was potentially exposed to loss or theft during that time.

All court fine deposit tickets now include the name of the defendant and ticket number, thereby ensuring complete tracking for any unexpected reason, or for future audits. Previously, only deposits paid by check were recorded by name only, so it was difficult, if not impossible, to verify that fines paid actually made it to the deposit stage.

Time payment plans have been reduced to a maximum of 30 days. Previously, payment periods were permitted for up to 6 months, which made tracking and reporting difficult, if remembered at all. Additionally, Installment Payments spanning monthly reports are now being properly recorded, including the addition of an *Installment Fee* and the *Proration of Installment Payments*, so that multiple surcharges and pullouts are not applied, thereby resulting in incorrect reporting to the STO.

The Court Clerk responsibilities now include picking up warrants and court documents from the Abbeville County Law Enforcement Center in order to update the PD Manager database, which had previously been handled by the CFPD.

The Court Clerk now forwards (yellow) copies of all tickets to Driving Records in Columbia, SC, to ensure proper notification of the final disposition of the cases, which was previously handled by the CFPD. This ensures a more seamless notification process by eliminating a double-handling of tickets and an opportunity for miscommunication or failed follow-up, which could lead to defendants' driver's licenses unwittingly being suspended by SC DMV.

The Town of Calhoun Falls has taken the obvious shortcomings surrounding the processing of tickets through its Municipal Court very seriously, since the extensive damage being done to the Town's finances was discovered in late May, 2014. While the auditor has provided very specific examples resulting from the long-term effects of lack of supervision of the process, all of the auditor's recommendations have been implemented ... and the Mayor and Town Council offer assurances to the State Auditor and STO that strict adherence to the "new" process will be given the highest priority.

Richard H. Gilbert, Jr., CPA
Page 5

Your favorable consideration of this response will be appreciated, and we would invite the SC Auditor to conduct a follow-up audit for FY 2014/2015 to confirm the effectiveness of the new policies and procedures put in place.

Thank you.

Sincerely,

A handwritten signature in black ink, consisting of a stylized 'J' followed by a series of loops and a horizontal line extending to the right.

Johnnie Waller
Mayor

Appendix(s)

Appendix B –Town of Calhoun Falls Municipal Court Independent Accountant’s Report on Applying Agreed Upon Procedures-State Auditor’s Report Issued June 30, 2016

**CALHOUN FALLS MUNICIPAL COURT
CALHOUN FALLS, SOUTH CAROLINA**

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
PROCEDURES**

FOR THE YEAR ENDED JUNE 30, 2016

CONTENTS

	<u>PAGE</u>
I. STATE AUDITOR'S OFFICE TRANSMITTAL LETTER	1
II. INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	2-6



SOUTH CAROLINA OFFICE OF THE STATE AUDITOR

SOUTH CAROLINA OFFICE OF THE STATE AUDITOR
1401 Main Street, Suite 1200 • Columbia, SC 29201

January 8, 2019

The Honorable Dennis C. Bannister, Jr., Chief Judge
Stephanie Copeland, Clerk of Court
Town of Calhoun Falls Municipal Court
Calhoun Falls, South Carolina

This report resulting from the application of agreed-upon procedures to the financial activity of the Town of Calhoun Falls 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,

George L. Kennedy, III, CPA
State Auditor

GLKIII/sag

STEVEN L. BLAKE, CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

January 8, 2019

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

The Honorable Dennis C. Bannister, Jr. Chief Judge
Stephanie Copeland, Clerk of Court
Calhoun Falls Municipal Court
Calhoun Falls, South Carolina

I have performed the procedures described below, which were agreed to by the South Carolina Office of the State Auditor and Town of Calhoun Falls, on the systems, processes, and behaviors related to court fines and fees of the Town of Calhoun Falls for the period July 1, 2015 through June 30, 2016, in the areas addressed. The Town of Calhoun Falls and the Calhoun Falls 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 Calhoun Falls and the Calhoun Falls Municipal Court. Consequently, I 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

- 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 24 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.
- 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.

Mr. George L. Kennedy, III, CPA, State Auditor
and
The Honorable Dennis C. Bannister, Jr. Chief Judge
Stephanie Copeland, Clerk of Court
Calhoun Falls Municipal Court
January 8, 2019

Findings

Adherence to Fine Guidelines

The Court did not sentence one defendant in accordance with State law for Speeding < 10 MPH Over the Limit. The judge fined the defendant \$50. The required fine was \$15-25 plus assessments. The Clerk stated that the fine listed on the ticket was used instead of the required maximum. This is a repeat finding. See "Status of Prior Findings" below.

Court Records Retention

- I obtained 23 of 24 court record ticket copies and one violators' copy. The court record copy is the copy which has the judge's signature regarding disposition associated with the ticket. The court should maintain all court record copies.
- Also, I obtained copies of the court receipts from the court receipt book. These receipt book's receipts were traceable into the manual court records used to prepare the State Treasurer's Revenue Remittance Form [STRRF] for submission. However, there were many other receipts included in those records as well that were not in the receipt book I obtained. Because the receipts I obtained were sequential, it appears that there was another receipt book in use which I did not obtain copies of. Of the receipts I obtained, I was unable to locate two receipt payments on any manual documents or STRRF submission, therefore, I obtained evidence that the STRRF submissions were incomplete.
- I was unable to obtain copies of every court fines bank account in use during the procedures period as well. Therefore, I was unable to trace all fine payments submitted into a bank deposit. I was also unable to confirm that all deposits were included in the STRRF submissions.
- One month had spreadsheet errors which caused the STRRF to be overreported. See Over/under Reported Amounts finding below.

The current clerk stated that employee turnover in both the Clerk of Court position and the Town Treasurer position had made record retention an issue. The current clerk had given me all the information she could obtain. The Town had changed banks in March of 2016, but it appeared that the Town continued to use both court fine

Mr. George L. Kennedy, III, CPA, State Auditor
and
The Honorable Dennis C. Bannister, Jr. Chief Judge
Stephanie Copeland, Clerk of Court
Calhoun Falls Municipal Court
January 8, 2019

bank accounts indiscriminately. The previous Clerk of Court resigned in November 2015 and the current Clerk of Court did not begin working until June 2016.

2. Municipal Treasurer

- I gained an understanding of the policies and procedures established by the Municipal Treasurer.

- 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 agreed the amounts reported on the monthly remittance forms or equivalents to the Municipality's support.

- I inspected the Municipality's support to confirm that the Municipality properly classified fine, fee, assessment, and surcharge receipts.

- I inspected all State Treasurer's Revenue Remittance Forms (STRRF) for the period July 1, 2015 through June 30, 2016 and agreed the amounts reported on the STRRF to the court remittance forms or equivalents.

- I agreed the 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, 2015 through June 30, 2016, to the Municipality's general ledger.

- I inspected the Municipality's Supplemental 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.

Findings

Supplemental Schedule

- The information in the Supplemental Schedule for Victims Assistance did not agree with bank account activity for the period. However, the ending balance agreed. I was unable to obtain a general ledger or complete deposit/receipt records so I could not confirm the other activity agreed to the Town records.

Mr. George L. Kennedy, III, CPA, State Auditor
and
The Honorable Dennis C. Bannister, Jr. Chief Judge
Stephanie Copeland, Clerk of Court
Calhoun Falls Municipal Court
January 8, 2019

The auditors' opinion was not an in-relation-to opinion on the Supplemental Schedule.

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.
- I 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 adhered to and included items required by State law.
- I 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 the Victim Assistance Fund, to the Municipality's general ledger or subsidiary ledgers or equivalent.
- 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

There were no findings as a result of these procedures.

4. Status of Prior Findings

Mr. George L. Kennedy, III, CPA, State Auditor
and
The Honorable Dennis C. Bannister, Jr. Chief Judge
Stephanie Copeland, Clerk of Court
Calhoun Falls Municipal Court
January 8, 2019

- I inquired with management of the Municipality about the status of findings reported in the Accountant's Comments section of the Independent Accountant's Report on the Municipality resulting from an engagement for the period ended June 30, 2014, dated November 9, 2015 to confirm that the Municipality had taken adequate corrective action.

Findings

The Town has taken adequate corrective action except for the Adherence to Fine Guidelines, Court Records Retention and Supplemental Schedule findings. It is to be noted that the items in the Adherence to Fine Guidelines are less in number and less in severity when compared to prior findings.

5. (Over)/under Reported Amounts

- I recalculated the amounts for the April 2016 STRRF. It should be noted here that I was unable to obtain enough evidence to confirm completeness of the manual system deposits included in STRRF calculations. Also, I was unable to obtain the ticket copy containing the offense code for the receipts I was unable to trace to a STRRF submission. Without this code, I cannot recalculate the STRRF amounts for those receipts. The combined receipts total for the unsubmitted, underreported amounts I was aware of was \$400 and, as a result of not having the code, are not included in the calculations below.

STRRF LINE	DESCRIPTION	AMOUNT
L.	Municipal – 107.5%	<u>(4.61)</u>
M.	TOTAL REVENUE DUE FROM STATE TREASURER	<u>(4.61)</u>
N.	Assessments - Municipal	<u>(0.57)</u>
P.	TOTAL RETAINED FROM VICTIM SERVICES	<u>(0.57)</u>

- This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public

Mr. George L. Kennedy, III, CPA, State Auditor
and
The Honorable Dennis C. Bannister, Jr. Chief Judge
Stephanie Copeland, Clerk of Court
Calhoun Falls Municipal Court
January 8, 2019

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 Town of Calhoun Falls.

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, Chairman of the House Ways and Means Committee, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, members of the Calhoun Falls Municipal Council, Calhoun Falls Municipal Clerk of Court, Calhoun Falls Municipal Treasurer, State Treasurer, State Office of Victim Assistance, 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. Bleke, CPA



ALAN WILSON
ATTORNEY GENERAL

Programmatic Review Completed by:

Teresa Green

Teresa Green, Auditor

4/22/2021

Date

Reviewed by:

Dexter L. Boyd
Dexter L. Boyd, Sr. Auditor

6/22/2021
Date

Ethel Douglas Ford
Ethel Douglas Ford, CPM, Assistant Deputy Director

6/22/2021
Date

D. Scott Beard
D. Scott Beard, DCVC Deputy Director

6/22/2021
Date

Official Post-Audit Response

The County/City has 10 business days from the date listed on the front of this report to provide a written response to the DCVC Assistant Deputy Director:

**Ethel Douglas Ford, CPM
1205 Pendleton St., Room 401
Columbia, SC 29201**


At the end of the ten day response period, this report and all post-audit responses (located in the Appendix) will become public information on the Department of Crime Victim Compensation (DCVC) website:

www.sova.sc.gov



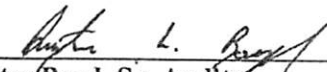
ALAN WILSON
ATTORNEY GENERAL

This Programmatic Review and Financial Audit was completed by:


Teresa Green, Auditor

6/9/2022
Date

Reviewed by:


Dexter Boyd, Sr. Auditor

6/9/2022
Date


Debbie Curtis, DCVC Deputy Director

6.9.2022
Date