

**CITY OF MARION MUNICIPAL COURT
MARION, SOUTH CAROLINA**

**State Auditor's Report on Applying
Agreed-Upon Procedures
June 30, 2008**

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MARION, SOUTH CAROLINA**

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State of South Carolina



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November 3, 2008

The Honorable Mark Sanford, Governor
State of South Carolina
Columbia, South Carolina

The Honorable Heather N. Evans, Clerk of Court
City of Marion
Marion, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the City of Marion Municipal Court System for the period July 1, 2007 through June 30, 2008, was issued by Cline Brandt Kochenower & Co., P.A., Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard H. Gilbert, Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

RHGjr/cwc

Independent Accountants' Report on Applying Agreed-Upon Procedures

Richard H. Gilbert, Jr., CPA
Deputy State Auditor
Office of the State Auditor
Columbia, South Carolina

We have performed the procedures described below which were agreed to by the South Carolina Office of the State Auditor solely to assist these users in evaluating the performance of the City of Marion Municipal Court System and to assist the South Carolina Office of the State Auditor in complying with the 2007 - 2008 General Appropriations Act (H. 3620) Section 72.75. Heather N. Evans, Clerk of Court for the City of Marion, is responsible for compliance with the requirements for the Municipal Court reporting and the South Carolina Office of the State Auditor is responsible for compliance with the requirements of the 2007 - 2008 General Appropriations Act (H. 3620) Section 72.75. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we 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 associated findings are as follows:

1. TIMELY REPORTING BY THE CLERK OF COURT

- We researched South Carolina Code of Laws Section 14-25-85 to determine the definition of timely reporting with respect to the Clerk of Court's responsibility for reporting fines, fees and assessments to the Municipal Treasurer.
- We inquired of the South Carolina Judicial Department to determine their requirements for both the manner in which partial pay fines and fees are to be allocated and the timing of the report and remittance submissions by the Clerk and the Treasurer.
- We inquired of the Clerk of Court and Municipal Treasurer to gain an understanding of their policy for ensuring timely reporting and to determine how the treasurer specifically documents timeliness.
- We inspected documentation, including the Clerk of Court Remittance Forms or equivalents for the months of July 1, 2007 through June 30, 2008 to determine if the Clerk of Court submitted the reports to the municipal treasurer in accordance with the law.

We found no exceptions as a result of the procedures.

2. TIMELY ACCURATE RECORDING AND REPORTING BY THE CITY

- We traced each month's reporting by the Clerk of Court to the Municipal Treasurer's Office and to the City's general ledger accounts for the assessments (Sections 14-1-208(A), (B) and (D)) and victim assistance surcharge (Section 14-1-211) for the period July 1, 2007 through June 30, 2008.
- We compared the amounts reported on the Clerk of Court Remittance Forms or equivalents to the Clerk of Court's software system-generated report summaries for three judgmentally determined test months. We tested the system-generated reports for compliance with various laws including Section 35.11 of the General Appropriations Act for the fiscal year 2007 – 2008 and with South Carolina Judicial Department training instructions and interpretations.
- We judgmentally selected and compared individual fine and assessment amounts recorded in the Clerk of Court's software system-generated detail reports to the Judicial Department guidelines range for the offense code to see if the fine and assessment were within the minimum and maximum range.

Our finding is reported under "TIMELY ACCURATE RECORDING AND REPORTING BY THE CITY" in the Accountants' Comments section of this report.

3. PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING

- We inquired as to the format determined by City council and local policy for record keeping as it relates to fines and assessments in accordance with Section 14-1-208(E)(4).
- We compared the fiscal year-ended June 30, 2007 audited Victim Assistance Fund fund balance with all adjustments to the fund balance shown in the Schedule of Fines, Assessments and Surcharges of the audited financial statement on page 48 and to the beginning fund balance as adjusted in that fund for fiscal year 2008.
- We verified the Victim Assistance reimbursable expenditures were in compliance with Section 14-1-208(E) and Section 14-1-211(B).

We found no exceptions as a result of the procedures.

4. TIMELY ACCURATE REPORTING TO THE STATE TREASURER

- We vouched the amounts reported in the South Carolina State Treasurer's Revenue Remittance Forms to Clerk of Court Remittance Forms or equivalents for the period July 1, 2007 through June 30, 2008.
- We scanned the South Carolina State Treasurer's Revenue Remittance Forms for timely filing in accordance with Section 14-1-208(B).
- We traced amounts recorded in the City's financial statement Schedule of Fines, Assessments and Surcharges of the year ended June 30, 2007 report related to fines and assessments revenues reporting on page 48 in accordance with Section 14-1-208(E) to supporting schedules used in the audit to comply with Section 14-1-208(E).

4. **TIMELY ACCURATE REPORTING TO THE STATE TREASURER**, Continued

- We traced and agreed amounts in the supporting schedules to the Clerk of Court Remittance Forms or South Carolina State Treasurer's Revenue Remittance Forms.

Our findings are reported under "TIMELY ACCURATE REPORTING TO THE STATE TREASURER" in the Accountants' Comments section of this report.

5. **CALCULATION OF UNDERREPORTED SURCHARGES**

- Using the court dockets and collections provided we calculated the fine, assessment and surcharge amounts for the charges of Minor in Possession of Alcohol, Open Container, Transporting Alcohol with a Broken Seal, Minor in Possession of Tobacco and Simple Possession in accordance with the South Carolina Code of Laws and the South Carolina Judicial Department memorandums.
- We compared our calculation to the amounts previously remitted on the State Treasurer's Revenue Remittance form to determine if the City had over/(under) remitted court fines, fees and assessments to the State Treasurer's Office.
- We compared our calculation of court fines, fees and surcharge amounts with the amounts recorded to the Victim Assistance fund to determine if the City had over/(under) remitted court assessments related to Victim Assistance.

Our findings are reported under "CALCULATION OF UNDERREPORTED SURCHARGES" in the Accountants' Comments section of this report.

We were 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, 2008 and, furthermore, we were not engaged to express an opinion on the effectiveness of the internal controls over compliance with the laws, rules and regulations described in paragraph one and the procedures of this report. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Governor, Chairmen of the House Ways and Means Committee, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, members of the Marion City Council, City clerk of court, City treasurer, State Treasurer, State Office of Victim Assistance, 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.



August 13, 2008

ACCOUNTANTS' COMMENTS

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VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS

Management of the entity is responsible for establishing and maintaining internal controls to ensure compliance with State Laws, Rules or Regulations. The procedures agreed to by the entity require that we 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.

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TIMELY ACCURATE RECORDING AND REPORTING BY THE CITY

IMPROPER CLASSIFICATION OF VIOLATIONS

CONDITION: The collections for Minor in Possession of Alcohol, Open Container, Transporting Alcohol with a Broken Seal, Minor in Possession of Tobacco and Simple Possession were not properly allocated between fines, assessments and surcharges.

CRITERIA: South Carolina Code of Laws Section 14-1-211(A)(1) states, "A twenty-five dollar surcharge is imposed on all convictions obtained in municipal court" and "the surcharge must not be imposed on convictions for misdemeanor traffic offenses."

CAUSE: The clerk is inputted these violations as traffic offenses rather than non-traffic offenses.

EFFECT: The conviction surcharge collections were allocated between fines and assessments rather than conviction surcharges.

AUDITORS' RECOMMENDATION: We recommend the city reimburse the Victim Assistance fund and make the other corrections as documented in Attachment 1.

TIMELY ACCURATE REPORTING TO THE STATE TREASURER

TIMELY FILING

CONDITION: One of the twelve State Treasurer's Remittance Reports for the procedures period July 1, 2007 through June 30, 2008 was not timely filed. The report was 4 days late.

CRITERIA: South Carolina Code of Laws Sections 14-1-208 (B) states "The City treasurer must remit ... on a monthly basis by the fifteenth day of each month...."

CAUSE: The City Treasurer could not explain why the report was not filed timely.

EFFECT: The City did not comply with Section 14-1-208(B).

AUDITORS' RECOMMENDATION: The City should develop and implement a procedure to ensure compliance with State law.

REQUIRED SUPPLEMENTAL SCHEDULE OF FINES AND ASSESSMENTS

CONDITION: The Supplementary Schedule of Fines and Assessments, which was prepared by an independent external auditor and submitted to the State, did not include all information that is required by law to be in the schedule. The Supplementary Schedule did not correctly list fines collected, allocation of assessments and surcharges, expenses of or carry forward for Victim Assistance. In addition, the Supplementary Schedule of Fines and Assessments could not be reconciled to the General Ledger.

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CRITERIA: South Carolina Code of Laws Section 14-1-208(E) requires "a supplementary schedule detailing all fines and assessments collected at the court level, the amount remitted to the municipal treasurer, and the amount remitted to the State Treasurer. ...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.

CAUSE: An independent external auditor prepared the Supplementary Schedule of Fines and Assessments. The Treasurer did not review the schedule to ensure that it reconciled to the City's accounting records and included all required information.

EFFECT: The City's Supplementary Schedule of Fines and Assessments did not comply with South Carolina Code of Laws Section 14-1-208(E)(1)(a), (c) & (f).

AUDITORS' RECOMMENDATION: The City should prepare a schedule that includes all of the data elements required by the law in the schedule to be included in their financial statement

CALCULATION OF UNDERREPORTED SURCHARGES

The charges of Minor in Possession of Alcohol, Open Container, Transporting Alcohol with a Broken Seal, Minor in Possession of Tobacco and Simple Possession did not properly allocate the \$25 conviction surcharge. The City corrected the error for July 1, 2005 through June 30, 2007 in the August 2008 remittance form. The City's August 2008 State Treasurer Revenue Remittance form submitted in September reflects the corrected amounts adding \$4525 to the conviction surcharge, \$2082.54 from the assessment, \$261.86 from the municipal share assessment and \$2180.60 from the municipal fine.

The City corrected the error for July 1, 2007 through August 31, 2008 in October when the September State Treasurer's Revenue Remittance form was filed. An additional \$4775 was reported for the conviction surcharge, \$2197.59 from the assessment, \$276.33 from the municipal share assessment and \$2301.08 from the municipal fine.

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CORRECTIVE ACTION PLAN

Management has elected not to respond.