

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

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

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

Table of Contents

	<u>PAGE</u>
STATE AUDITOR TRANSMITTAL LETTER	
I. INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES	1-3
II. ACCOUNTANTS' COMMENTS	
VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS	4
<u>TIMELY ACCURATE RECORDING AND REPORTING BY THE CITY</u> <i>Adherence to Judicial Department Fine Guidelines</i> <i>Manual System Errors and Omissions</i>	5-6
<u>PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING</u> <i>Lack of Proper Accounting</i>	6
<u>TIMELY ACCURATE REPORTING TO THE STATE TREASURER</u> <i>Timely Filing</i> <i>Supplemental Schedule of Fines and Assessments</i> <i>Accuracy in Filed Remittance Reports</i>	7-8
ATTACHMENT 1 Schedule of Court Fines and Fees	9
APPENDIX CORRECTIVE ACTION PLAN	

State of South Carolina



Office of the State Auditor

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December 3, 2008

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

The Honorable Ronette Genwright, Clerk of Court
City of Mullins
Mullins, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the City of Mullins 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 Mullins 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. Ronette Genwright, Clerk of Court for the City of Mullins, 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 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 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 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 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 findings are 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 Supplemental Schedule of Fines and Assessments 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).

Our finding is reported under "PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING" in the Accountants' Comments section of this report.

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 Supplemental Schedule of Fines and Assessments 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).
- 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 ASSESSMENTS AND SURCHARGES

- Using the court dockets and collections provided we calculated the fine, assessment and surcharge amounts 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 forms 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.

The results of our procedures disclosed that the City had over reported amounts due to the State and Victim Assistance fund. See Attachment 1 in the Accountants' Comments section of this report for further detail

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 Mullins 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.



September 16, 2008

ACCOUNTANTS' COMMENTS

**CITY OF MULLINS MUNICIPAL COURT
MULLINS, SOUTH CAROLINA**
State Auditor's Report
June 30, 2008

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.

CITY OF MULLINS MUNICIPAL COURT
MULLINS, SOUTH CAROLINA
State Auditor's Report, Continued
June 30, 2008

TIMELY ACCURATE RECORDING AND REPORTING BY THE CITY

ADHERENCE TO JUDICIAL DEPARTMENT FINE GUIDELINES

CONDITION: The Clerk of Court did not adhere to the Judicial Department minimum/maximum fine guidelines.

CRITERIA: Judicial Department Guidelines for Fines – Minimums and Maximums. These guidelines are obtained from the minimum and maximum fines recorded in the respective laws.

CAUSE: The Clerk of Court collected more than the maximum fines which inadvertently placed the fine outside of the range set by the law. The Clerk of Court collected \$181.00 for some speeding violations, which is 37cents more than the law allows.

EFFECT: By not adhering to the minimum/maximum fines, violators were charged a fine that was in excess of the amount allowed by law.

AUDITORS' RECOMMENDATION: The City should refund the overcharged amount to the defendants.

MANUAL SYSTEM ERRORS AND OMISSIONS

CONDITION 1: The City reported the seatbelt fines as law enforcement surcharge.

CRITERIA: South Carolina Code of Laws Section 56-5-6540(A) states, "A person who is adjudicated to be in violation of the provisions of this article must be fined not more than twenty-five dollars, no part of which may be suspended. No court costs, assessments, or surcharges may be assessed against a person who violates a provision of this article."

CAUSE: The Clerk allocates the seatbelt fines manually and lacks training in how to properly account for and allocate the seatbelt fines.

EFFECT: The City over-reported law enforcement surcharges to the State by including the twenty-five dollar seatbelt fines.

AUDITORS' RECOMMENDATION: We recommend the City properly train their personnel. The City should submit an amended report outlining the reporting errors as described in Attachment 1 to the State Treasurer as assessments and fines over-reported to the State.

CONDITION 2: An incorrect percentage was being used to calculate the assessment.

CRITERIA: Robert McCurdy memo dated June 29 2007 Section VI (A)(3) requires any person who is convicted of, pleading guilty or nolo contendere to, or forfeiting bond for an offense tried in municipal court to pay an assessment in an amount equal to 107.5% of the fine actually imposed. If a portion of the fine is suspended, the assessment is calculated on the amount of the fine that is not suspended. This assessment also applies to municipal ordinances.

CAUSE: The Clerk allocates the fines and assessments manually and lacks training in how to properly account for and allocate assessments.

EFFECT: The City's Victim Assistance records are not accurate.

CITY OF MULLINS MUNICIPAL COURT
MULLINS, SOUTH CAROLINA
State Auditor's Report, Continued
June 30, 2008

AUDITORS' RECOMMENDATION: The City should design and implement a system that will prospectively keep accurate records. We recommend the City properly train their personnel. The City should submit an amended report of the amounts determined in Attachment 1 to the State Treasurer as assessments and fines over-reported to the State.

PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING

LACK OF PROPER ACCOUNTING

CONDITION 1: The City does not properly account for the Victim Assistance money it collects. The City does not maintain accurate financial records for Victim Assistance financial activity.

CRITERIA: South Carolina Code of Laws Section 14-1-208 (B) states "The city treasurer must remit ... the assessment ... to the municipality to be used for the purposes set forth in subsection (D) ..." and Code of Laws Section 14-1-208 (E)(4) states "The clerk of court and municipal treasurer shall keep records of fines and assessments required to be reviewed pursuant to this subsection...."

CAUSE: The City has not established separate accounts for Victim Assistance.

EFFECT: The City's Victim Assistance records are not accurate.

AUDITORS' RECOMMENDATION: The City should design and implement a system that will prospectively keep accurate records. The City should comply with law and remit revenue to the Victim Assistance account monthly and also make monthly accounting entries to the Victim Assistance account.

CONDITION 2: Because of manual system omissions, the City does not accurately and consistently record the Victim Assistance fund revenue in their general ledger.

CRITERIA: South Carolina Code of Laws Section 14-1-208 (B) states "The city treasurer must remit ... the assessment ... to the municipality to be used for the purposes set forth in subsection (D) ..." and Code of Laws Section 14-1-208 (E)(4) states "The clerk of court and municipal treasurer shall keep records of fines and assessments required to be reviewed pursuant to this subsection...."

CAUSE: The City uses a manual system to assess fines and determine the amount that goes to the State, the City and the Victim Assistance fund.

EFFECT: The City's Victim Assistance records are not accurate.

AUDITORS' RECOMMENDATION: The City should design and implement a system that will prospectively keep accurate records. The City should determine the amounts that should have been reported to Victim Assistance in the past and correct any inaccurate accounting entries in the past to determine the correct balance of funds to carry forward.

CITY OF MULLINS MUNICIPAL COURT
MULLINS, SOUTH CAROLINA
State Auditor's Report, Continued
June 30, 2008

TIMELY ACCURATE REPORTING TO THE STATE TREASURER

TIMELY FILING

CONDITION: Seven of the State Treasurer's Remittance Reports for the procedures period July 1, 2007 through June 30, 2008 were not filed timely. These seven reports were submitted 3 and 29 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: Six months into the procedure period the City Treasurer changed the procedure for preparing the State Treasurer Report and the new procedure is not working. The previous City Treasurer signed and dated the State Revenue Remittance Forms when received from the Clerk of Court. The City has not developed procedures to ensure that reports are submitted timely.

EFFECT: For six months no system was in place to tell if the Clerk of Court was on time but the City Treasurer was late in filing the report seven times.

AUDITORS' RECOMMENDATION: The City should comply with State law by developing a procedure to ensure that reports are submitted timely.

SUPPLEMENTAL SCHEDULE OF FINES AND ASSESSMENTS

CONDITION: The Supplemental 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. It did not list fines and assessments separately. It also did not list Victim Assistance revenues by source, how those funds were expended, and any balances carried forward.

CRITERIA: South Carolina Code of Laws Section 14-1-208(E) requires that the municipality have an audited supplementary schedule indicating all fines and assessments collected by the municipal court, the amount of the fines and assessments retained by the city treasurer and the amount of fines and assessments remitted to the State Treasurer, and the total funds, by source, allocated to victim services activities, how those funds were expended, and any balances carried forward.

CAUSE: The City relied on the independent auditor to include all required information on the schedule.

EFFECT: The Supplemental Schedule of Fines and Assessments did not comply with the law.

AUDITORS' RECOMMENDATION: Because the City is responsible for the schedule, they should ensure their schedule complies with State law.

CITY OF MULLINS MUNICIPAL COURT
MULLINS, SOUTH CAROLINA
State Auditor's Report, Continued
June 30, 2008

ACCURACY IN FILED REMITTANCE REPORTS

CONDITION: Because of manual system omissions, the Revenue Remittance forms that were submitted during the procedures period were not accurate.

CRITERIA: South Carolina Code of Laws Section 14-1-208(B) states "the city treasurer must 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 proscribed by the State Treasurer."

CAUSE: The Clerk of Court allocates the fines manually and lacks training in how to properly complete the monthly remittance forms. The Treasurer uses this information to complete the State Treasurer's Revenue Remittance form.

EFFECT: The City has not reported the correct amounts to the State for law enforcement surcharges, assessments or Victim Assistance.

AUDITORS' RECOMMENDATION: The City should determine the cumulative effect of the errors made then contact the State Treasurer's office and revise the reports as instructed.

CITY OF MULLINS
 Schedule of Court Fines and Fees
 For the 36 months ended June 30, 2008

Attachment 1

	Allocation in Accordance with Judicial Department Memo												
	Allocation in Accordance with State Law												
	TOTAL COLLECTIONS	Law Enforcement Surcharge	Seatbelt	DUI/\$12	DUI/\$100	Drug Surcharge P 33.7	Conviction Surcharge	Fine & Assessment	State Assessment	Victim Services	Fine	DUS PULLOUT	DUI PULLOUT
Corrected Tested Collections	36,534.36	4,050.00	1,150.00	12.00	100.00	100.00	425.00	30,697.36	14,129.38	1,774.92	14,793.06	400.00	100.00
Total Remittances Made for Tested Collections		7,750.00	0.00	12.00	100.00	200.00	200.00	0.00	14,959.98	0.00	0.00	400.00	100.00
Assessment Remittance Errors									3,531.49	(18,910.03)			
Seatbelt Remittance Errors		8,825.00											
	<u>36,534.36</u>												
Balance To Victim Services:	<u>20,909.95</u>						<u>225.00</u>			<u>20,684.95</u>			
Balance Due From State:	\$ <u>(16,987.08)</u>	<u>(12,525.00)</u>		<u>0.00</u>	<u>0.00</u>	<u>(100.00)</u>			<u>(4,362.08)</u>			<u>0.00</u>	<u>0.00</u>
State Treasurer Revenue Remittance Form Line		K		G	H	J	O		L	N		F	I

CITY OF MULLINS

151 E. Front Street
P. O. Drawer 408
Mullins, South Carolina 29574



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December 8, 2008

Mary Stone
Cline Brandt Kochenower & Co. P.A.
P.O. Box 848
Gaffney, SC 29342-0848

Re: City of Mullins Municipal Court
Mullins, South Carolina
State Auditor's Report on Applying
Agreed Upon Procedures
June 30, 2008

Dear Ms Stone:

This letter is written in response to above referenced Audit Report of the Mullins Municipal Court. The City is in agreement with this preliminary report. The following is the City's Corrective Action Plan:

1.) TIMELY ACCURATE RECORDING AND REPORTING BY THE CITY
ADHERENCE TO JUDICIAL DEPARTMENT GUIDELINES

The City of Mullins will refund all overpayments charged in error to each defendant.

MANUAL SYSTEM ERRORS AND OMISSIONS

The City of Mullins will determine the cumulative effect of the errors made and report them to the State Treasurer's Office and amend those past records as instructed. The City also will apply the proper percentages to local ordinances. It will also make a correct determination as to what is a fine and what is an order to, for example just bring a late fee up to date. The Victim's Advocate records will be made accurate from the beginning of the Law's enactment. The City will properly account for Local Ordinance fines.

We propose to accomplish the above by proper training of the Court Clerk as well as the City Treasurer. The system of calculating the proper distribution of funds is in

place now, but is not being utilized. We are taking the steps with Nicholson Business Systems, our software provider, to provide training to City personnel to operate the existing computer program. The City will no longer perform these tasks manually. Our employees will receive the proper training on Law Track so that the calculations are performed by computer. The City will ensure that the Court Clerk and City Treasurer will receive training made available by the State as well as the Municipal Association. Hopefully past errors made can be corrected electronically. If not, the City will dedicate the personnel to make the corrections as expeditiously as possible. The City will also enlist the assistance of our external auditor to calculate the correct Victim's Assistance records.

FAILURE TO REMIT ORDINANCE COLLECTIONS TO THE STATE

The City will examine past records to determine the proper calculations for Local Ordinance assessments that may have not been accurately reported and develop a system for prior year's collections and payments to the State. The City will request assistance from the State to receive the proper training to make these determinations as well as to ensure proper future calculations. The City is going to cross train personnel in the event of personnel losses as well as to provide for a checks and balance system for more accurate accounting of funds.

PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING

LACK OF PROPER ACCOUNTING

The electronic system that is now in place to be utilized in Municipal Court from this month forward should assist in this process and will be reviewed by our external auditor to ensure separation and accurate accounting of these funds. Past accounting will be more difficult considering the overwhelming number of past errors in the whole process. However, with assistance from the State, our external auditor and our own staff we will make every effort to correct all past accounting mistakes and account for all Victim's Assistance funds. The funds will be properly and legally separated from the beginning of the program to the present and in the future.

TIMELY ACCURATE REPORTING TO THE STATE TREASURER

TIMELY FILING

The City will develop policies to comply with State Law to ensure that the reports are submitted in a timely manner.

SUPPLEMENTAL SCHEDULE OF FINES AND ASSESSMENTS

The City personnel will meet with the proper State authorities to ensure that their schedule complies with State Law. The schedule for submitting reports should be enhanced with the switch to electronic instead of manual processing of fines. This could begin immediately. It was discussed that Nicholson would send a representative to assist in setting up the system in November. Tragically this person's spouse passed away in November. This has been a temporary setback, but should not alter our December report.

ACCURACY IN FILED REMITTANCE REPORTS

The City will determine the cumulative effect of the errors made and will contact the State Treasurer's office and revise the reports as instructed. This will be a tedious task. The length of the corrective actions from past may depend upon whether mistakes began occurring prior to a change in personnel or whether they go back further in the past. The City of Mullins will depend upon the State for assistance in correcting these problems.

The above is the plan to correct past mistakes and to prevent future problems. It would be helpful for the City to know how far in the past the records should be examined and corrected. If I can provide any further information or anything needs clarification, please feel free to contact me. Also you will be getting the information you requested for the past two years, hopefully by the end of the calendar year. Your assistance in this matter is greatly appreciated.

Sincerely,



Edwin P. Rogers, Jr.
Administrator