

**TOWN OF BETHUNE MUNICIPAL COURT
BETHUNE, SOUTH CAROLINA**

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

**TOWN OF BETHUNE MUNICIPAL COURT
BETHUNE, 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 | |
| <u>TIMELY ACCURATE RECORDING AND REPORTING BY THE TOWN</u> <i>Adherence to Judicial Department Fine Guidelines</i> <i>Installment Payment Collection Fee</i> | 5 |
| <u>PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING</u> <i>Lack of Proper Accounting</i> | 5-6 |
| <u>TIMELY ACCURATE REPORTING TO THE STATE TREASURER</u> <i>Supplemental Schedule of Fines and Assessments</i> | 6 |
| APPENDIX | |
| CORRECTIVE ACTION PLAN | |

State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

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

(803) 253-4160
FAX (803) 343-0723

November 19, 2008

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

The Honorable Gail W. Hall, Municipal Judge
Town of Bethune
Bethune, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of Bethune 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 Town of Bethune 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. Gail W. Hall, Judge for the Town of Bethune, 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 TOWN

- We traced each month's reporting by the Clerk of Court to the Municipal Treasurer's Office and to the Town'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 TOWN " in the Accountants' Comments section of this report.

3. PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING

- We inquired as to the format determined by Town 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, 2008 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 C-1 and to the beginning fund balance as adjusted in that fund for fiscal year 2008.
- We judgmentally selected a sample of Victim Assistance Fund reimbursable expenditures and verified that these 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 Town's financial statement Supplemental Schedule of Fines and Assessments of the year ended June 30, 2008 report related to fines and assessments revenues reporting on page C-1 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 finding is reported under "TIMELY ACCURATE REPORTING TO THE STATE TREASURER" 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 Bethune Town Council, Town clerk of court, Town 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.

A handwritten signature in blue ink that reads "Clin Brantley CPA". The signature is written in a cursive style.

September 29, 2008

ACCOUNTANTS' COMMENTS

TOWN OF BETHUNE MUNICIPAL COURT
BETHUNE, 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.

TOWN OF BETHUNE MUNICIPAL COURT
BETHUNE, SOUTH CAROLINA
State Auditor's Report, Continued
June 30, 2008

TIMELY ACCURATE RECORDING AND REPORTING BY THE TOWN

ADHERENCE TO JUDICIAL DEPARTMENT FINE GUIDELINES

CONDITION: The Municipal Court Judge is not adhering to the Judicial Department minimum/maximum fine guidelines included in the laws.

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 Judge did not use the current Judicial Department's fine guidelines.

EFFECT: By not assessing the minimum fines as required in the legislation, the Town is violating the law.

AUDITORS' RECOMMENDATION: We recommend that the Judge comply with the state law by using the correct minimum/maximum fine guidelines.

INSTALLMENT PAYMENT COLLECTION FEE

CONDITION: The Town has elected not to assess the 3% collection fee on all fines paid on an installment basis as mandated by law.

CRITERIA: South Carolina Code of Laws Section 14-17-725 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.... "

CAUSE: The Town was unaware of the required 3% collection fee on partial payments.

EFFECT: The Town is not complying with Section 14-17-725 when they do not assess the 3% collection fee.

AUDITORS' RECOMMENDATION: We recommend the Judge comply with the law related to installment payments and collect the 3% fee as required by law.

PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING

LACK OF PROPER ACCOUNTING

CONDITION: The Town does not properly account for the Victim Assistance money it collects. The Town 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 Town has not established separate accounts for Victim Assistance.

EFFECT: The Town's Victim Assistance records are non existent.

TOWN OF BETHUNE MUNICIPAL COURT
BETHUNE, SOUTH CAROLINA
State Auditor's Report, Continued
June 30, 2008

AUDITORS' RECOMMENDATION: The Town should design and implement a system that will establish a Victim Assistance fund and prospectively keep accurate records monthly. The Town should comply with law by setting up the fund with the carry forward balance of accumulated Victim Assistance revenues.

TIMELY ACCURATE REPORTING TO THE STATE TREASURER

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 of the information that is required by law to be included on the schedule. The schedule did not include funds by source allocated to Victim Assistance.

CRITERIA: South Carolina Code of Laws Section 14-1-208(E) states "the annual independent external audit... must include ... 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."

CAUSE: The Town 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: The Town is responsible for the schedule, and therefore should ensure the schedule complies with State law.

TOWN OF BETHUNE
POST OFFICE BOX 447
BETHUNE SOUTH CAROLINA 29009
(843) 334-6238
FAX (843) 334-6114

Carlisle Davis, Mayor
Janice Hunter, Clerk
Gail Hall, Municipal Judge

Council Members
Gayle Beasley
Joe Casey
Beverly Farmer
John Heflin

November 20, 2008

Mary Stone, M.A.S.
Cline Brandt Kochenower & Co., P.A.
Certified Public Accountants
Post Office Box 848
Gaffney, South Carolina 29342

Dear Ms. Stone;

The following is our Corrective Action Plan:

- (1) I have discussed with the Chief of Police the minimum and maximum fines required by the Legislation and the guidelines will be observed from this day forth.**
- (2) I have discussed with the town clerk the 3% collection fee and it will be collected on all installment payments.**
- (3) I have discussed with the town clerk that the Victims Assistance funds should be maintained in a separate account and used only for purposes set forth by state law.**
- (4) Will inform the internal Auditor of the Victims Assistance Fund that must meet all state laws.**

If additional information is needed please contact me at (843) 334-6238.

Sincerely,



Gail Hall
Municipal Judge