

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

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

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

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*State of South Carolina*



*Office of the State Auditor*

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

(803) 253-4160  
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November 12, 2008

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

The Honorable Sabrina Coleman, Clerk of Court  
Town of North  
North, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of North 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

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 North 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. Sabrina Coleman, Clerk of Court for the Town of North, 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.

Our finding is reported under "TIMELY REPORTING BY THE CLERK OF COURT" in the Accountants' Comments section of this report.

## **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 August 31, 2006 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 31 and to the beginning fund balance as adjusted in that fund for fiscal year 2007.
- We verified the Victim Assistance Fund 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 Town's Supplemental Schedule of Fines and Assessments of the year ended August 31, 2006 report related to fines and assessments revenues reporting on page 31 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 for the charges of Child Restraint and Drug Offenses 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 Town 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 Town had over/(under) remitted court assessments related to Victim Assistance.

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

Richard H. Gilbert, Jr., CPA  
Deputy State Auditor  
Office of the State Auditor  
Page Four

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 North 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 "Clint Brantley & Co. PA". The signature is written in a cursive, flowing style.

August 20, 2008

**ACCOUNTANTS' COMMENTS**



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

**TIMELY REPORTING BY THE CLERK OF COURT**

TIMELY FILING

**CONDITION:** Twelve of the twelve State Treasurer's Revenue Remittance Reports for the procedures period July 1, 2007 through June 30, 2008 were not filed timely with the Town Treasurer.

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

**CAUSE:** The Clerk of Court did not remit the reports in a timely manner.

**EFFECT:** The Clerk of Court did not comply with the timely filing requirement.

**AUDITORS' RECOMMENDATION:** The Clerk of Court should develop and implement procedures to ensure compliance with applicable law.

**TIMELY ACCURATE RECORDING AND REPORTING BY THE TOWN**

ADHERENCE TO JUDICIAL DEPARTMENT FINE GUIDELINES

**CONDITION:** The Municipal Court Judge was not adhering to the Judicial Department minimum/maximum fine guidelines described in the applicable State law.

**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/maximum fines as required in the legislation, the Town is violating the law.

**AUDITORS' RECOMMENDATION:** We recommend that the Town comply with the fine guidelines.

ACCURATE ALLOCATION OF CHILD RESTRAINT FINES

**CONDITION:** The Town did not allocate surcharges and assessments for the child restraint law violations as required by law after May 9, 2006.

**CRITERIA:** South Carolina Code of Laws Section 56-5-6450 as amended by Senate Bill 800, requires that assessments and surcharges be applied to child restraint violations effective May 9, 2006.

**CAUSE:** An incorrect code was entered into the software system that treated the violation as a preamendment child restraint violation for allocation purposes.

**EFFECT:** The Town processed the collections of child restraint violations as fine amounts. Neither the State nor Victim Services received their allocated portion of these collections.

**AUDITORS' RECOMMENDATION:** We recommend the Town repay the liability to the Victim Assistance fund determined in Attachment 1 and adjust collections reported to the State Treasurer as assessments and fines over-reported in the Town general fund.

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

DRUG SURCHARGE OMISSIONS

**CONDITION:** The Court fine and assessment software is not properly allocating fines for drug offense convictions.

**CRITERIA:** South Carolina 2007 - 2008 General Appropriations Act (H. 3620) Part 1B Section 33.7, states "(A) In addition to all other assessments and surcharges required to be imposed by law, during the current fiscal year, a one hundred dollar surcharge is also levied on all fines, forfeitures, escheatments, or other monetary penalties imposed in the 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."

**CAUSE:** The software did not allocate any of the payment collected to the drug surcharge.

**EFFECT:** By not assessing the drug surcharge as required in the legislation, the Town is violating the law.

**AUDITORS' RECOMMENDATION:** We recommend the Town comply with the law and use the current guidelines when reporting surcharges. We recommend the Town repay the liability determined in Attachment 1 to the State Treasurer as surcharges under-reported on the State Treasurer's Revenue Remittance Reports.

**PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING**

LACK OF PROPER ACCOUNTING

**CONDITION 1:** The Town 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 Town is not recording all of the revenue earned by the Victim Assistance program in the Victim Assistance account.

**EFFECT:** The Town's Victim Assistance program revenue is understated.

**AUDITORS' RECOMMENDATION:** The Town should design and implement a system that will prospectively keep accurate records. The Town should determine the amounts that should have been reported to Victim Assistance in the past and adjust the Victim Assistance account accordingly.

**CONDITION 2:** The Town does not properly account for Victim Assistance expenses.

**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...."

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

**CAUSE:** The Town records a direct adjustment to the Victim Assistance revenue account instead of recording the transaction in an expense account.

**EFFECT:** The Town has understated the Victim Assistance revenue and expense accounts.

**AUDITORS' RECOMMENDATION:** The Town should establish an expense account to properly account for Victim Assistance expenses.

**CONDITION 3:** The Town does not maintain accounts for liabilities that may accrue to the Victim Assistance program and does not maintain a fund balance account for Victim Assistance funds that may remain in the account at year end.

**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 does not consistently or accurately account for Victim Assistance funds.

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

**AUDITORS' RECOMMENDATION:** The Town should design and implement a system that will prospectively keep accurate records. The Town should determine the amounts that should have been reported to Victim Assistance in the past and adjust the Victim Assistance accounting records to accurately reflect the account balances.

## **TIMELY ACCURATE REPORTING TO THE STATE TREASURER**

### TIMELY FILING

**CONDITION:** Twelve of the State Treasurer's Remittance Reports for the procedures period July 1, 2007 through June 30, 2008 were not filed timely. These twelve reports were submitted 1 to 58 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 Town has not developed procedures to ensure that reports are submitted timely.

**EFFECT:** As a result the Town Treasurer was late in filing all the reports.

**AUDITORS' RECOMMENDATION:** The Town should implement procedures to comply with State law.

### SUPPLEMENTAL SCHEDULE OF FINES AND ASSESSMENTS

**CONDITION:** The Supplemental Schedule of Fines and Assessments for fiscal year end August 31, 2006 could not be reconciled to the general ledger. The schedule did not include all required information.

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

State Auditor's Report, Continued  
June 30, 2008

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

**EFFECT:** The Town's Supplemental Schedule of Fines and Assessments did not comply with South Carolina Code of Laws Section 14-1-208(E)(1)(b) & (f).

**AUDITORS' RECOMMENDATION:** The Town should ensure that the Supplemental Schedule is properly prepared and includes all required information. Review procedures should be used to ensure the accuracy of the information and a reconciliation of the schedule to the general ledger data should be prepared.

**TOWN OF NORTH**  
 Schedule of Court Fines and Fees  
 For the 36 months ended June 30, 2008

Allocation in Accordance with Judicial  
Department Memo

Allocation in Accordance  
with State Law

	<u>TOTAL COLLECTIONS</u>	<u>Law Enforcement Surcharge</u>	<u>DUI/\$12</u>	<u>DUI/\$100</u>	<u>Drug Surcharge P 33.7</u>	<u>Conviction Surcharge</u>	<u>Fine &amp; Assessment</u>	<u>State Assessment</u>	<u>Victim Services</u>	<u>Fine</u>	<u>DUS PULLOUT</u>	<u>DUI PULLOUT</u>
Total Simple Possession	\$ 2795.00	125.00	0.00	0.00	500.00	125.00	2045.00	941.22	118.24	985.54	0.00	0.00
Total Child Restraint	1325.00	225.00	0.00	0.00	0.00	0.00	1100.00	299.15	37.62	763.24	0.00	0.00
Corrected Collections	4120.00	350.00	0.00	0.00	500.00	125.00	3145.00	1240.37	155.85	1748.78	0.00	0.00
Total Remittances Made for the 36 Month Period:	<u>4120.00</u>	<u>275.00</u>	<u>0.00</u>	<u>0.00</u>	<u>100.00</u>	<u>125.00</u>	<u>3620.00</u>	<u>1194.34</u>	<u>150.09</u>	<u>2275.57</u>	<u>0.00</u>	<u>0.00</u>
	<u>0.00</u>											
Balance Due Victim Services:	<span style="border: 1px solid black; padding: 2px;">5.77</span>					<u>0.00</u>			<u>5.77</u>			
Balance Due State:	\$ <span style="border: 1px solid black; padding: 2px;">521.03</span>	<u>75.00</u>	<u>0.00</u>	<u>0.00</u>	<u>400.00</u>			<u>46.03</u>			<u>0.00</u>	<u>0.00</u>
State Treasurer Revenue Remittance Form Line		K	G	H	J	O		L	N		F	I

**Town of North**  
"A GOOD PLACE TO LIVE"  
P.O. BOX 399  
North, South Carolina 29112  
(803) 247-2101  
(803) 247-3045 fax

November 10, 2008

Cline Brandt Kochenower & Co., PA  
PO Box 848  
1225 West Floyd Baker Blvd.  
Gaffney, SC 29342

The Town of North has received the State Auditors Report for June 30, 2008. We would like to respond as follows:

Timely Reporting by the Clerk of Court

*The Town is in the process of exploring our current Reporting process and looking at ways of implementing a more effective system.*

Timely Accurate Recording and Reporting by the Town

- Adherence to Judicial Department Fine Guidelines  
*We have complied and the Judge is now assessing the fees as required in the legislation.*
- Accurate Allocation of Child Restraint Fines  
*The Town's software has been corrected to provide appropriate assessments for past violations, as well as future violations. The assessments due to the State Treasurer and Victim Assistance Fund will be repaid.*
- Drug Surcharge Omissions  
*The Town's software has been corrected to provide appropriate assessments for past violations, as well as future violations. The assessments due to the State Treasurer will be repaid.*

Proper Victim Assistance Funds Accounting

*The Town will be utilizing a system of handling the Victim Assistance money which has been recommended by our new auditors.*

Timely Accurate Reporting to the State Treasurer

- Timely Filing  
*The Town is in the process of exploring our current Reporting process and looking at ways of implementing a more effective system.*
- Supplemental Schedule of Fines and Assessments  
*The Town will be using a template that our new auditors are providing for reporting the Supplemental Schedule.*

With kindest regards,



W. Earl Jeffcoat  
Mayor