

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

**State Auditor's Report
April 30, 2006**

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

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State of South Carolina



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October 31, 2006

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

The Honorable Becky Brown, Clerk of Court
Town of Salley
Salley, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of Salley Municipal Court for the period May 1, 2005 through April 30, 2006, 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/trb

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 Salley Municipal Court System and to assist the South Carolina Office of the State Auditor in complying with the 2005 - 2006 General Appropriations Act (H. 3716) Section 72.86. Becky Brown, Clerk of Court for the Town of Salley 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 2005 - 2006 General Appropriations Act (H. 3716) Section 72.86. 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 May 1, 2005 through April 30, 2006 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's assistance surcharge (Section 14-1-211) for the period May 1, 2005 to April 30, 2006.
- 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 2005 – 2006 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 TOWN" in the Accountants' Comments section of this report.

3. PROPER VICTIM'S 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, 2005 audited Victims' Rights Fund fund balance with all adjustments to the fund balance shown in the Schedule of Fines, Assessments and Surcharges on page 20 of the audited financial statement and to the beginning fund balance as adjusted in that fund for fiscal year 2005.
- We verified the Victims' Rights 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'S 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 May 1, 2005 to April 30, 2006.
- 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 Schedule of Fines, Assessments and Surcharges on page 20 of the year ended June 30, 2005 report related to fines and assessments revenues reporting 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.

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 April 30, 2006 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 Office of the State Auditor, Chairmen of the House Ways & Means Committee, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, State Treasurer, Office of Victim Assistance, Chief Justice and the Governor and is not intended to be and should not be used by anyone other than these specified parties.

September 20, 2006

ACCOUNTANTS' COMMENTS

TOWN OF SALLEY MUNICIPAL COURT
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MATERIAL WEAKNESSES AND/OR VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS

The procedures agreed to by the agency require that we plan and perform the engagement to obtain reasonable assurance about whether noncompliance with the requirements of State Laws, Rules, or Regulations occurred and whether internal accounting controls over certain transactions were adequate. Management of the entity is responsible for establishing and maintaining internal controls. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Therefore, the presence of a material weakness or violation will preclude management from asserting that the entity has effective internal controls.

The conditions described in this section have been identified as material weaknesses or violations of State Laws, Rules, or Regulations.

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TIMELY ACCURATE RECORDING AND REPORTING BY THE TOWN

IMPROPER APPLICATION OF CONVICTION SURCHARGE

CONDITION: The Town imposes a \$25 conviction surcharge on what appears to be misdemeanor traffic violations.

CRITERIA: South Carolina Code of Laws Section 14-1-211(A)(1) states "In addition to all other assessments and surcharges, 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 magistrate's and municipal court in this State. The surcharge must not be imposed on convictions for misdemeanor traffic offenses. However, the surcharge applies to all violations of Section 56-5-2930 and Section 56-5-2933."

CAUSE: The court allows defendants charged with Title 56 misdemeanor traffic violations to plead guilty to a municipal ordinance violation, "Thoughtless Operation of a Vehicle". The Clerk of Court is assessing a \$25 surcharge to all persons found guilty of "Thoughtless Operation of a Vehicle" even those convicted of misdemeanor Title 56 related violations.

EFFECT: It appears the Court is imposing a surcharge on misdemeanor traffic related violations that is not authorized by State law.

AUDITORS' RECOMMENDATION: The Clerk of Court needs to evaluate each "Thoughtless Operation of a Vehicle" conviction to ensure that no Title 56 violations are assessed the \$25 conviction surcharge unless it is a violation of Section 56-5-2930 or 2933.

PROPER VICTIM'S ASSISTANCE FUNDS ACCOUNTING

LACK OF AN EXPENDITURE ALLOCATION PLAN

CONDITION: The Town's Victims' Advocate has multiple duties. The Town supplies the Victims' Advocate with a cell phone so the employee can be reached at all times. The Town has not developed an allocation plan for the use of the cell phone; instead the Town charges 100% of the cost to the Victims' Assistance program. In addition, there were other costs, such as a major repair to the Town's police car that were charged 100% to Victims' Assistance program. Since the employee performs duties related to non-victims' assistance functions, the costs should be allocated to the benefiting departments.

CRITERIA: South Carolina Code of Laws Section 14-1-208(D) states, "The revenue retained by the municipality under subsection (B) must be used for the provision of services for the victims of crime including those required by law."

CAUSE: The Town was unaware they needed to develop an allocation plan.

EFFECT: The Town is charging expenditures to the Victims' Assistance program that benefit other departments instead of allocating the cost equitably to all of the benefiting departments.

AUDITORS' RECOMMENDATION: The Town should develop and implement an allocation plan that will fairly allocate the costs of goods and services to all benefiting departments.

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TIMELY ACCURATE REPORTING TO THE STATE TREASURER

TIMELY FILING

CONDITION: Eight of the twelve State Treasurer's Remittance Reports for the procedures period May 31, 2005 through April 30, 2006 were not timely filed. The delays ranged from one to five business days late.

CRITERIA: South Carolina Code of Laws Section 14-1-208(B) requires that the Town Treasurer remit the balance of the assessment money to the State Treasurer by the fifteenth day of the month.

CAUSE: The Clerk compiles the fine distribution report and completes the State Treasurer's Remittance Form manually each month. This manual process is more time consuming in some months than in others. The volume of activity causes her to be late in faxing the report to the State Treasurer's Office.

EFFECT: The Town did not comply with the timely filing law.

AUDITORS' RECOMMENDATION: The Town should develop and implement a policy to ensure they comply with State law.

REQUIRED SCHEDULE OF FINES AND ASSESSMENTS

CONDITION: The Supplementary Schedule of Fines and Assessments did not agree to the Town's general ledger or other support documentation because the schedule did not include information from the general ledger reconciliation work sheet.

CRITERIA: South Carolina Code of Laws Section 14-1-208(E)(1) 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 Town 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 Town did not review the schedule to ensure that it agreed to the general ledger and/or supporting work schedules.

EFFECT: The Supplementary Schedule of Fines and Assessments did not agree or reconcile to the Town's general ledger.

AUDITORS' RECOMMENDATION: The Town should ensure their schedule reconciles to the Town's general ledger.

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CORRECTIVE ACTION PLAN

Management has elected not to respond.