

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

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

**TOWN OF SANTEE MUNICIPAL COURT
SANTEE, 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

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October 20, 2008

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

The Honorable Deloris Clinton, Clerk of Court
City of Santee
Santee, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of Santee 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 Santee 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. Delores Clinton, Clerk of Court for the Town of Santee, 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 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 43 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 Supplemental Schedule of Fines and Assessments of the year ended June 30, 2007 report related to fines and assessments revenues reporting on page 43 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.

5. CALCULATION OF UNDERREPORTED SURCHARGES

- Using the corrections from court dockets and collections, both provided from the court-system software, for the period July 1, 2005 through June 30, 2008, we recalculated the fine, assessment and surcharge amounts for the charges of Open Container, Simple Possession and some specific local ordinances in accordance with the South Carolina Code of Laws and the South Carolina Judicial Department memorandums.
- Using the auditor recalculated fine, assessments and surcharges amounts, we summarized those corrections and compared that summary to the amounts reported on the State Treasurer's Revenue Remittance form for the months of September and October 2008 to determine if the Town had properly corrected the amounts over/(under) remitted for court fines, fees and assessments to the State Treasurer's Office.
- Using the auditor recalculated fine, assessments and surcharges amounts, we summarized those corrections and compared that summary to the amounts reported on the State Treasurer's Revenue Remittance form for the months of September and October 2008 to determine if the Town had properly corrected the amounts over/(under) remitted for the Victim Assistance fund.

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

Richard H. Gilbert, Jr., CPA
Deputy State Auditor
Office of the State Auditor
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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 Santee 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 Baudt" followed by a stylized flourish and the initials "E. Co. RA".

August 14, 2008

ACCOUNTANTS' COMMENTS

**TOWN OF SANTEE MUNICIPAL COURT
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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 REPORTING BY THE CLERK OF COURT

TIMELY FILING

CONDITION: Neither the Clerk of Court nor the Treasurer's office has vested responsibility for submitting and documenting the timeliness of revenue remittances.

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 Town treasurer must remit ... on a monthly basis by the fifteenth day of each month..." The 2007-2008 General Appropriation Act (H. 3620) Section 72.75 states "...the State Auditor shall determine where the error was made."

CAUSE: Neither the Clerk of Court nor Treasurer has developed procedures to ensure the timely submission of reports to the State Treasurer's Office.

EFFECT: Because there is no policy and the submission date is not documented we could not determine if the reports were timely submitted or who was responsible if they were late.

AUDITORS' RECOMMENDATION: The Town should develop and implement a policy whereby they vest responsibility for and document compliance with state 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 included in the laws. Seatbelt violators were routinely fined \$51, which is in excess of the maximum fine allowed by 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 fines as required in the legislation, the Town is violating the law. This deficiency did not affect the amount remitted to the State because seatbelt violations are retained by the municipality.

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

IMPROPER CLASSIFICATION OF VIOLATIONS

CONDITION: The violations of Open Container, Simple Possession and some local ordinances are improperly classified as traffic offenses and as such did not have the conviction surcharge allocated. The \$25 conviction surcharge collected was allocated between fines and assessments rather than as a surcharge.

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."

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CAUSE: The clerk incorrectly keyed these violations as traffic offenses rather than non-traffic offenses.

EFFECT: Because the conviction surcharge was treated as a fine and assessment, monies that should have been transferred to the Victim Assistance fund were allocated to the Town general fund and the State.

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

PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING

LACK OF PROPER ACCOUNTING

CONDITION: The Town has not accounted for the Victim Assistance money it collected for the June 30, 2007 year-end. A Victim Assistance bank account exists but only contains money from years prior to June 30, 2006. The Town did not make any deposits to the bank account during the fiscal year ended June 30, 2007 or the current procedures period.

CRITERIA: South Carolina Code of Laws Section 14-1-208 (B) states "The city treasurer must remit 12 percent of the revenue generated by the assessment imposed in subsection (A) to the municipality to be used for the purposes set forth in subsection (D)..." and South Carolina Code of Laws Section 14-1-208 (D) states "These funds must be appropriated for the exclusive purpose of providing victim services... All unused funds must be carried forward from year to year and used exclusively for the provision of services for victims of crime. All unused funds must be separately identified..."

CAUSE: The Town does not have general ledger accounts set up to do monthly Victim Assistance accounting and is waiting for independent auditor confirmation of transactions before it posts some year-end transactions. The Town is waiting for the auditor's confirmation because of a fraud that occurred during the June 30, 2007 fiscal year.

EFFECT: The Town has not recorded accounting transactions related to Victim Assistance for either June 30, 2007 or 2008.

AUDITORS' RECOMMENDATION: The Town should comply with the law and record accounting activity related to Victim Assistance in a timely manner. The Victim Assistance accounting activity should be recorded at least monthly to provide management with current information.

TIMELY ACCURATE REPORTING TO THE STATE TREASURER

TIMELY FILING

CONDITION: Ten of the twelve State Treasurer's Remittance Reports for the procedures period July 1, 2007 through June 30, 2008 were not timely filed. These ten reports were submitted 36 and 289 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..."

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CAUSE: The Town has not developed procedures to ensure that either the Treasurer or the Clerk of Court submits reports timely.

EFFECT: As a result the Town Treasurer was late in filing the report ten times.

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

CALCULATION OF UNDERREPORTED SURCHARGES

The Town did not properly classify Open Container, Simple Possession and some local ordinances in the monthly State Treasurer Revenue Remittance form and as such, did not properly allocate the \$25 conviction surcharge for collections. The Town adjusted its September 2008 and October 2008 State Treasurer Revenue Remittance forms to reflect the corrections for the period July 1, 2005 through June 30, 2008 thereby correcting the underpayment errors.

The September 2008 State Treasurer Revenue Remittance form reflected the following corrections: added \$861.37 to line O for the conviction surcharge, reduced line L \$419.55 for the assessment, and reduced the Town's share of the municipal fine for the current month's collections \$441.82. The October 2008 State Treasurer Revenue Remittance form reflected the following corrections: added \$3,760.06 to line O for the conviction surcharge, reduced line L \$1,947.26 for the assessment, and reduced the Town's share of the municipal fine for the current month's collections \$1,812.80.

The Town remitted the total underpayments of \$4,621.43 of Conviction Surcharges on line O, the reductions of assessments of \$2,366.81 on line L and reduction of municipal fines for those months.



MAYOR
SILAS SEABROOKS

TOWN ADMINISTRATOR
DONNIE HILLIARD

TOWN CLERK
REBECCA WRIGHT

COUNCIL MEMBERS

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October 14, 2008

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

RE: State Auditor's Report Response
Town of Santee Municipal Court System

Dear Mr. Gilbert:

The Town of Santee is in receipt of the Cline Brandt Kochenower & Co. fiscal year 2008 audit report for the Town of Santee Municipal Court System.

The Town of Santee is implementing the necessary corrective actions as recommended in the audit report and will address each finding. It is important to note that during FY 2008 the Town at times had to revert to a part-time Clerk of Court; however, the Town has employed an individual for the Clerk of Court position.

We appreciate Mr. Steven Blake and the staff of Cline Brandt Kochenower & Co for their guidance and suggestions that were given during the audit.

With kindest regards, I am

Sincerely,

William A. Frick
Town Administrator