

**TOWN OF SURFSIDE BEACH MUNICIPAL COURT  
SURFSIDE BEACH, SOUTH CAROLINA**

---

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

**TOWN OF SURFSIDE BEACH MUNICIPAL COURT  
SURFSIDE BEACH, SOUTH CAROLINA**

Table of Contents

	<u>PAGE</u>
<b>STATE AUDITOR TRANSMITTAL LETTER</b>	
<b>I. INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES</b>	1-3
<b>II. ACCOUNTANT'S COMMENTS</b>	
<b>SECTION A - MATERIAL WEAKNESSES AND/OR VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS</b>	4
<u>TIMELY ACCURATE RECORDING AND REPORTING BY TOWN</u> Adherence to Judicial Department Guidelines	5
<u>PROPER VICTIM'S ASSISTANCE FUNDS ACCOUNTING</u> Lack of Allocation Plan for Expenses to Victim's Assistance Fund	5
<b>SECTION B - OTHER WEAKNESSES NOT CONSIDERED MATERIAL</b>	6
<u>TIMELY ACCURATE REPORTING TO THE STATE TREASURER</u> Collection Fees Reported as Part of Victim's Assistance	7
<b>APPENDIX</b>	
<b>CORRECTIVE ACTION PLAN</b>	

*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

October 12, 2006

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

The Honorable Tricia Honosky, Clerk of Court  
Town of Surfside Beach  
Surfside Beach, South Carolina

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

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 Surfside Beach 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. Tricia Honosky, Clerk of Court for the Town of Surfside Beach 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 “PROPER VICTIM’S ASSISTANCE FUNDS ACCOUNTING” in the Accountants’ Comments section A 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 March 31, 2006 audited Victims’ Rights Fund fund balance with all adjustments to the fund balance shown in the Schedule of Fines, Assessments and Surcharges 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 A 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 of the year ended March 31, 2006 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 finding is reported under "TIMELY ACCURATE REPORTING TO THE STATE TREASURER" in the Accountants' Comments section B 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.



August 2, 2006

**ACCOUNTANTS' COMMENTS**

**TOWN OF SURFSIDE BEACH MUNICIPAL COURT**  
**SURFSIDE BEACH, SOUTH CAROLINA**  
State Auditor's Report  
April 30, 2006

**SECTION A - 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.



**TOWN OF SURFSIDE BEACH MUNICIPAL COURT**  
**SURFSIDE BEACH, SOUTH CAROLINA**  
State Auditor's Report, Continued  
April 30, 2006

**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 and maximum fine guidelines included in legislation. By not assessing the minimum and maximum fines as required in the legislation, the Town is not complying with the law.

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

**CAUSE:** The Judge was using obsolete fine guidelines.

**EFFECT:** The Town's fines related to Title 56-1-460 violations were not set at the minimum and maximum amounts set by the respective law.

**AUDITORS' RECOMMENDATION:** The Judge should use the most current fine guidelines.

**PROPER VICTIM'S ASSISTANCE FUNDS ACCOUNTING**

LACK OF ALLOCATION PLAN FOR EXPENSES TO VICTIM'S ASSISTANCE FUND

**CONDITION:** The Victims Advocate is also the Assistant Clerk of Court. A portion of her salary is charged to the Victim's Assistance fund, however the Town could not provide documentation to support the allocation.

**CRITERIA:** South Carolina Code of Laws Section 14-1-208(D) requires that victim's assistance funds must be appropriated for the exclusive purpose of providing victim services.

**CAUSE:** The Town has not developed a plan to properly allocate the assistant clerk's salary between her clerk duties and her victim's assistance duties.

**EFFECT:** There is no way to determine if the salary charged to victim's assistance is reasonable.

**AUDITORS' RECOMMENDATION:** The Town needs to develop and implement a plan to allocate the assistant clerk of court's salary between her clerk duties and her victim's assistance duties.

**TOWN OF SURFSIDE BEACH MUNICIPAL COURT**  
**SURFSIDE BEACH, SOUTH CAROLINA**  
State Auditor's Report, Continued  
April 30, 2006

**SECTION B - OTHER WEAKNESSES NOT CONSIDERED MATERIAL**

The conditions described in this section have been identified as weaknesses subject to correction or improvement but they are not considered material weaknesses or violations of State Laws, Rules, or Regulations.

**TOWN OF SURFSIDE BEACH MUNICIPAL COURT**  
**SURFSIDE BEACH, SOUTH CAROLINA**  
State Auditor's Report, Continued  
April 30, 2006

**TIMELY ACCURATE REPORTING TO THE STATE TREASURER**

*COLLECTION FEES REPORTED AS PART OF VICTIMS ASSISTANCE*

**CONDITION:** The Town Clerk includes the 3% collection fee in the municipal share of the assessments line on the State Treasurer's Office Remittance Form. By reporting the collection fee in this manner the Town is treating the fee as victims' assistance revenue. The collection fee is unrestricted, belonging to the Town, and should not be reported in the victim's assistance fund.

**CRITERIA:** Generally Accepted Accounting Principles stipulates that restricted funds be reported separately from unrestricted funds.

**CAUSE:** The Town Clerk did not realize the collection fees did not have to be reported on the remittance form to the State.

**EFFECT:** The result, although a minor one, is that unrestricted funds are being reported to the State as restricted.

**AUDITORS' RECOMMENDATION:** The Town Clerk should stop including the collection fees in the municipal share of the assessments and reporting them as victim's assistance to the State.

**TOWN OF SURFSIDE BEACH MUNICIPAL COURT**  
**SURFSIDE BEACH, SOUTH CAROLINA**  
State Auditor's Report, Continued  
April 30, 2006

**CORRECTIVE ACTION PLAN**

Management has elected not to respond.