

**TOWN OF SALLEY MUNICIPAL COURT
SALLEY, SOUTH CAROLINA
STATE AUDITOR'S REPORT
JUNE 30, 2010**

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State of South Carolina



Office of the State Auditor

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

April 20, 2011

The Honorable Nikki R. Haley, Governor
State of South Carolina
Columbia, South Carolina

The Honorable Donna H. Williamson, Municipal Judge
Town of Salley
Salley, South Carolina

Ms. Becky Brown, Town Treasurer/Clerk of Court
Town of Salley
Salley, South Carolina

We have performed the procedures described below, which were agreed to by the Town of Salley Municipal Court, solely to assist you in evaluating the performance of the Town of Salley Municipal Court for the fiscal year ended June 30, 2010, in the areas addressed. The Town of Salley and the Town of Salley Municipal Court are responsible for its financial records, internal controls and compliance with State laws and regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified parties in this 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 the associated findings are as follows:

1. **Clerk of Court**

- We gained an understanding of the policies and procedures established by the Clerk of Court to ensure proper accounting for all fees, fines, assessments, surcharges, forfeitures, escheatments, or other monetary penalties.
- We obtained certain judgmentally selected court monthly remittance reports from the Clerk of Court. We randomly selected 25 receipt transactions from the monthly remittance reports and recalculated the fee, fine, assessment and surcharge calculation to ensure that the fee, fine, assessment or surcharge was properly allocated in accordance with applicable State law. We also determined that the fee, fine, assessment and/or surcharge adhered to State law and to the South Carolina Court Administration fee memoranda.

We found no exceptions as a result of the procedures.

The Honorable Nikki R. Haley, Governor
and
The Honorable Donna H. Williamson, Municipal Judge
Ms. Becky Brown, Town Treasurer/Clerk of Court
Town of Salley
April 20, 2011

2. **Town Treasurer**

- We gained an understanding of the policies and procedures established by the Town to ensure proper accounting for court fees, fines, assessments, surcharges, forfeitures, escheatments, or other monetary penalties.
- We obtained copies of all State Treasurer's Revenue Remittance Forms submitted by the Town for the fiscal year ended June 30, 2010. We agreed the amounts reported on the State Treasurer's Revenue Remittance Forms to the monthly court remittance reports and to the State Treasurer's receipts. We also agreed the total revenue due to the State Treasurer to the general ledger.
- We determined if the State Treasurer's Revenue Remittance Forms were submitted in a timely manner to the State Treasurer in accordance with State law.
- We verified that the amounts reported by the Town on its supplemental schedule of fines and assessments for the fiscal year ended June 30, 2010 agreed to the State Treasurer's Revenue Remittance Forms and to the Town's general ledger.

Our findings as a result of these procedures are presented in Timely Submission of State Treasurer's Revenue Remittance Form and Supplementary Schedule in the Accountant's Comments section of this report.

3. **Victim Assistance**

- We gained an understanding of the policies and procedures established by the Town to ensure proper accounting for victim assistance funds.
- We made inquiries and performed substantive procedures to determine that any funds retained by the Town for victim assistance were accounted for in a separate account.
- We tested all victim assistance expenditures to ensure that the Town expended victim assistance funds in accordance with State law and South Carolina Court Administration Fee Memoranda, Attachment L.
- We determined if the Town reported victim assistance financial activity on the supplemental schedule of fines and assessments in accordance with State law.
- We inspected the Town's general ledger to determine if the Victim Assistance Fund balance was retained as of July 1 from the previous fiscal year in accordance with State law.

Our finding as a result of these procedures is presented in Supplementary Schedule in the Accountant's Comments section of this report.

4. **Status of Prior Findings**

- We inquired about the status of findings reported in the Accountant's Comments section of the State Auditor's Report for the twelve month period ended April 30, 2006, and dated September 20, 2006, to determine if the Town had taken adequate corrective action.

Our finding as a result of these procedures is presented in Timely Submission of State Treasurer's Revenue Remittance Form in the Accountant's Comments section of this report.

The Honorable Nikki R. Haley, Governor
and
The Honorable Donna H. Williamson, Municipal Judge
Ms. Becky Brown, Town Treasurer/Clerk of Court
Town of Salley
April 20, 2011

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, 2010, and, furthermore, we were not engaged to express an opinion on the effectiveness of 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, Chairman of the House Ways and Means Committee, Chairman of the Senate Finance Committee, Chairman of the House Judiciary Committee, Chairman of the Senate Judiciary Committee, members of the Town of Salley Town Council, Town of Salley Municipal Judge, Town of Salley Clerk of Court, Town of Salley Treasurer, State Treasurer, State Office of Victim Assistance, and the Chief Justice and is not intended to be and should not be used by anyone other than these specified parties.

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

ACCOUNTANT'S COMMENTS

SECTION A – 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 governing court collections and remittances. 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.

TIMELY SUBMISSION OF STATE TREASURER'S REVENUE REMITTANCE FORM

During our testing of the Town's State Treasurer's Revenue Remittance Forms (STRRF), we noted seven out of twelve STRRF were not submitted to the State Treasurer by the fifteenth day of the month as required by State law. The forms were submitted from one to fourteen work days late.

The Town Treasurer/Clerk of Court stated the STRRF were submitted late because she is the only employee working in the Clerk of Court and Treasurer's offices.

Section 14-1-208(B) of the 1976 South Carolina Code of Laws, as amended, requires the Town to remit the balance of the assessment revenue to the State Treasurer on a monthly basis by the fifteenth day of each month and make reports on a form and in a manner prescribed by the State Treasurer.

We recommend the Town implement procedures to ensure the STRRF are submitted by the fifteenth day of each month in compliance with State law.

SUPPLEMENTARY SCHEDULE

During our testing of the schedule of court fines, assessments and surcharges included in the Town's financial statements for the year ended June 30, 2010, we noted the schedule did not include all of the elements as required by State law.

Section 14-1-208(E)(1) of the 1976 South Carolina Code of Laws, as amended, states, "The supplementary schedule must include the following elements: (a) all fines collected by the clerk of court for the municipal court; (b) all assessments collected by the clerk for the municipal court; (c) the amount of fines retained by the municipal treasurer; (d) the amount of assessments retained by the municipal treasurer; (e) the amount of fines and assessments remitted to the State Treasurer pursuant to this section; and (f) the total funds, by source, allocated to victim services activities, how those funds were expended, and any balances carried forward.

The independent auditors who prepared the Town's financial statements did not respond to our inquiries as to why the required elements were omitted from the schedule.

Even though the Town relied on their independent auditor to prepare the supplementary schedule, the Town is ultimately responsible for the schedule's content. We recommend the Town implement procedures to ensure the supplementary schedule contains all required elements in accordance with State law.

SECTION B – STATUS OF PRIOR FINDINGS

During the current engagement, we reviewed the status of corrective action taken on each of the findings reported in the Accountant's Comments section of the Report on Agreed Upon Procedures of Town of Salley Municipal Court for the year ended April 30, 2006 and dated September 20, 2006. We determined that the Town of Salley has taken adequate corrective action on the deficiencies titled Improper Application of Conviction Surcharge, Lack of an Expenditure Allocation Plan and Required Schedule of Fines and Assessments. However, we determined that the deficiency titled Timely Filing still exists; consequently we have reported a similar finding titled Timely Submission of State Treasurer's Revenue Remittance Form in Section A of the report.

TOWN'S RESPONSE

Mayor
N.R. Salley, Sr.
Clerk/Treasurer
Becky Brown

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June 16, 2011

Mr. Richard H. Gilbert, Jr., CPA
Deputy State Auditor
1401 Main Street, Suite 1200
Columbia, SC 29201

Dear Sir,

In response to your preliminary draft copy of the report resulting from your performance of agreed-upon procedures to the accounting records of the Town of Salley Municipal Court for the fiscal year ending June 30, 2010, I would like to offer the following comments:

- Our review of the report has been completed and you are authorized to release upon the inclusion of our comments in "Town's Response" section of the report.
- On page three (3) first paragraph, and last sentence, which reads, "Had we performed additional procedures, other matters might have come to our attention that would have been reported to you."

I think that this is making some broad assumptions and should not be included in the report. The opposite of this statement is also true. You may not have anything to report.

Section A-Violations of State Laws, Rules or Regulations

- Timely Submission of STRRF

The clerk and Mayor will establish a tickle file to remind each other when the report is due.

- Supplementary Schedule

"During our testing of the schedule of court fines, assessments and surcharges included in the Town's financial statements for the year ended June 30, 2010, we noted the schedule did not include all of the elements as required by State law."

Your report indicates six (6) elements that must be included in our annual audit. Which ones were missing?

An audit is kind of like a set of construction drawings. We expect the engineers and architects to design according to applicable codes-we don't know and are not expected to know them. I feel the same way about the multiplicity of audit requirements. We pay a CPA good money and expect them to comply with all rules and regulations.

-8-

Salley Town Council

Jerry Griswold

Mark Hartley

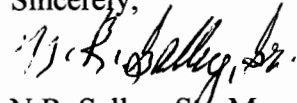
Marion Milhouse

Paul Salley

Please revise this section of your report to reflect of the specific items that were not included. Upon receipt of that information we will contact our auditors to make certain everything is included in the future.

If there are any questions pertaining to my response, please contact me at 803-258-3485.

Sincerely,



N.R. Salley, Sr., Mayor
Town of Salley

cc. Judge Donna H. Williamson
Becky C. Brown

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