

CITY OF CAYCE MUNICIPAL COURT

CAYCE, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2009

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State of South Carolina



Office of the State Auditor

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DEPUTY STATE AUDITOR

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

October 29, 2009

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

Ms. Christine Mayson, Clerk of Court
City of Cayce
Cayce, South Carolina

We have performed the procedures described below, which were agreed to by the City of Cayce Municipal Court, solely to assist you in evaluating the performance of the City of Cayce Municipal Court System for the fiscal year ended June 30, 2009, in the areas addressed. The City of Cayce and the City of Cayce 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 fine, fee, assessment or surcharge was properly allocated in accordance with applicable State law. We also determined that the fine, fee, assessment and/or surcharge adhered to State law and to the South Carolina Court Administration fee memoranda.
- We tested recorded court receipt transactions to determine that the receipts were remitted in a timely manner to the City Treasurer in accordance with State law.

Our findings as a result of these procedures are presented in Adherence to Fine Guidelines in the Accountant's Comments section of this report.

2. **City Treasurer**

- We gained an understanding of the policies and procedures established by the City to ensure proper accounting for court fees, fines, assessments, surcharges, forfeitures, escheatments, or other monetary penalties.
- We agreed amounts reported on the judgmentally selected monthly court remittance reports to the City's general ledger.
- We obtained copies of all State Treasurer's Revenue Remittance Forms submitted by the City during the fiscal year ended June 30, 2009. 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 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 City on its supplemental schedule of fines and assessments for the fiscal year ended June 30, 2008 agreed to the State Treasurer's Revenue Remittance Forms and to the City's general ledger.

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.

3. **Victim Assistance**

- We gained an understanding of the policies and procedures established by the City to ensure proper accounting for victim assistance funds.
- We made inquiries and performed substantive procedures to determine that any funds retained by the City for victim assistance were accounted for in a separate account.
- We tested judgmentally selected expenditures to ensure that the City expended victim assistance funds in accordance with State law and South Carolina Court Administration Fee Memoranda, Attachment L.
- We determined that the City reported victim assistance financial activity on the supplemental schedule of fines and assessments in accordance with State law.
- We inspected the City'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 findings as a result of these procedures are presented in Accounting for Victim Assistance Funds and Documentation of Travel Charges 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 July 26, 2006, to determine if the City had taken adequate corrective action.

The Honorable Mark Sanford, Governor
and
Ms. Christine Mayson, Clerk of Court
City of Cayce
October 29, 2009

Our findings as a result of these procedures are presented in Adherence to Fine Guidelines, Accounting for Victim Assistance Funds and Timely Submission of State Treasurer's Revenue Remittance Form in the Accountant's 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 June 30, 2009, 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, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, members of the City of Cayce City Council, City of Cayce Municipal Judge, City of Cayce Clerk of Court, City of Cayce 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.

ADHERENCE TO FINE GUIDELINES

During our test of court collections and remittances, we noted two instances where the municipal judge assessed fines below the minimum set by State law. One individual who pled guilty to driving under suspension, first offense, was fined \$98.80 and paid a total of \$230.00 in fines, fees and assessments. Section 56-1-460(A)(1) of the 1976 South Carolina Code of Laws, as amended, states, "... a person who drives a motor vehicle on any public highway of this State when his license to drive is canceled, suspended or revoked must, upon conviction, be punished as follows: (a) for a first offense, three hundred dollars or imprisoned for thirty days, or both." We noted during our review of the support for the transaction that the individual served jail time in addition to paying the fine. Taking this into account would have decreased the minimum fine required by law; however, we were unable to determine the revised minimum fine because the Court could not sufficiently document the exact amount of jail time the individual served.

Another individual who pled guilty to sale of liquor to a person under 21, first offense, was fined \$166.27 and paid a total of \$400.00 in fines, fees and assessments. Section 61-6-4080(A) of the 1976 South Carolina Code of Laws, as amended, states, "A person engaged in the sale of alcoholic liquors who knowingly sells the alcoholic liquors to a person under the age of twenty-one is guilty of a misdemeanor and, upon conviction: (1) for a first offense, must be fined not less than two hundred dollars nor more than three hundred dollars or imprisoned not more than thirty days, or both."

The municipal judge stated she used an out-of-date bench book when assessing these fines; however, all resources she uses currently, including the bench book, are all appropriately updated and in compliance with State law.

We recommend the Court continue its efforts to ensure that all current resources are up to date so that fines levied adhere to the minimum and maximum required by State law.

ACCOUNTING FOR VICTIM ASSISTANCE FUNDS

Supplementary Schedule

During our testing of victim assistance expenditures, we noted the City charged the \$1,000 fee for the preparation of the schedule of court fines, assessments and surcharges to victim assistance funds, which is not an allowable expense. A similar finding was noted in the Accountant's Comments section of the State Auditor's Report for the twelve month period ended April 30, 2006, and dated July 26, 2006. In its response to the prior report, City personnel stated they did not think the criteria used in the finding was clear and asked for further information as to how to proceed with its corrective action. Since it did not receive any additional information, the City continued to charge the fees to victim assistance funds.

Clothing Allowance

The City reimburses its Victim Advocate up to \$250 semi-annually (Spring and Fall) for the purchase of clothing. During our testing of victim assistance expenditures, we noted one such purchase made by the Victim Advocate for plain clothes, but not specifically uniforms, which is an unallowable expense. The Municipality considers clothing purchases by the Victim Advocate as uniforms and therefore believes they are allowable charges to victim assistance funds.

Criteria

Section 14-1-208 (D) of the 1976 South Carolina Code of Laws, as amended, 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. These funds must be appropriated for the exclusive purpose of providing victim services as required by Article 15 of Title 16." In addition, the South Carolina Court Administration Memorandum, Attachment L, dated June 19, 2008, sets forth guidelines for expenditures of monies collected for crime victim services as recommended by the South Carolina Victims Assistance Network.

Recommendations

We recommend the City reimburse the victim assistance funds for the expenditures improperly charged to Victims Assistance and establish and implement policies and procedures to ensure victim assistance revenue is used only for allowable expenditures in accordance with State law. The City should contact the State Office of Victim Assistance in cases where the City is unsure if the charge is allowable.

TIMELY SUBMISSION OF STATE TREASURER'S REVENUE REMITTANCE FORM

We noted one instance where the City did not submit its State Treasurer's Revenue Remittance Form (STRRF) to the State Treasurer by the fifteenth day of the month as required. A similar finding was noted in the Accountant's Comments section of the State Auditor's Report for the twelve month period ended April 30, 2006, and dated July 26, 2006.

Because the City did not document the date that it submits the STRRF and could not provide us with any other documentation to support the date submitted, we used the State Treasurer's receipt date to determine if the forms were submitted timely. The State Treasurer's receipt for December was dated January 27, 2009.

Section 14-1-208(B) of the 1976 South Carolina Code of Laws, as amended, requires the City 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 City implement procedures to ensure the STRRF is submitted by the fifteenth day of each month in compliance with State law.

SECTION B – OTHER WEAKNESS

The condition described in this section has been identified while performing the agreed-upon procedures but is not considered a violation of State Laws, Rules or Regulations.

DOCUMENTATION OF TRAVEL CHARGES

We tested seven victim assistance expenditure transactions. City management could not provide detailed support documentation for one of the transactions tested and they could not explain why the support documentation was not present. Because the documentation was not available, we could not determine if the expenditure was properly charged to the victims assistance account.

City personnel informed us that their policy for reimbursement of travel charges requires employees to submit detailed receipts along with credit card charge slips (if an expense was charged) to the finance department. However, this policy is not a formal written policy.

We recommend the City establish and implement a formal written policy to ensure all reimbursable travel charges are supported by adequate documentation.

SECTION C – 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 State Auditor's Report on the City of Cayce's Municipal Court System for the twelve month period ended April 30, 2006 and dated July 26, 2006. We determined that the deficiencies titled Unallowable Charges to the Victim Assistance Funds and Timely Reporting by the City still exist; consequently we have reported similar findings in Section A of the report. For the deficiencies outlined in the finding titled Adherence to Judicial Department Fine Guidelines, we determined the Court has taken adequate corrective action. However, we noted additional deficiencies during our testwork, which will be reported in Adherence to Fine Guidelines in Section A of the report.

MUNICIPALITY'S RESPONSE



CITY OF CAYCE

MAYOR
ELISE PARTIN

MAYOR PRO-TEM
JAMES E. JENKINS

COUNCIL MEMBERS
KENNETH D. JUMPER
RICHARD N. MYERS
STEVE ISOM

CITY MANAGER
JOHN C. SHARPE

ASSISTANT CITY MANAGER
TAMMY P. BARKLEY

April 27, 2010

The Honorable Mark Sanford, Governor
State of South Carolina
PO Box 12267
Columbia South Carolina 29211

Mr. Richard H. Gilbert, Jr., CPA
Deputy State Auditor
Office of the State Auditor
1401 Main St., Suite 1200
Columbia South Carolina 29201

Responses to Office of the State Auditor's Agreed upon Procedures Report

Dear Governor Sanford and Mr. Gilbert:

We have read the revised Deputy State Auditor's Independent Accountant's Report on Applying Agreed Upon Procedures dated October 29, 2009 related to certain procedures they performed at the City of Cayce's (the "City") Municipal Court. Our response to their findings is as follows:

Section A 'Alleged' Violations of State Laws, Rules or Regulations

Adherence to Fine Guidelines

The Court will continue its efforts to maintain up to date resources and will review its procedures for improving case documentation.

Accounting for Victim Assistance Funds - Supplementary Schedule.

The report states that the audit fee related to the City's presentation of its court fines, assessments and surcharges "is not an allowable expense". Section 14-1-208(E)(3) of the 1976 South Carolina Code of Laws, as amended, does not specify which portion of the 107.5% assessment is to be used to fund the costs of the audit. Since the Code section states "...the municipality may retain and pay from the fines and assessments collected pursuant to this section... actual expenses charged by external auditors...", it is clear that no violation of State law occurred. Additionally, Cayce understands that a State government agency may have issued some guidelines on this

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matter. Cayce previously requested this information three years ago and is currently still waiting to receive it. Cayce believes it is compliant with State Law on this matter.

Accounting for Victim Assistance Funds – Clothing Allowance

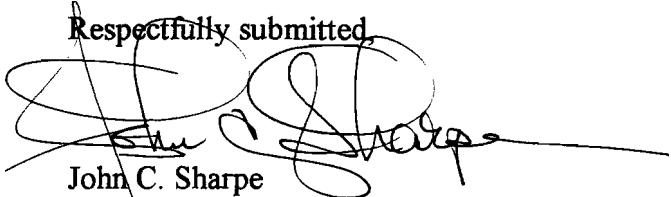
The Deputy State Auditor alleges a violation of State law over the interpretation of what constitutes a "uniform". The City disagrees with the Deputy State Auditor's interpretation. The City will continue to monitor its use of victims' assistance funds to insure compliance.

Timely Submission of State Treasurer's Revenue Remittance Form

The Deputy State Auditor cites the State Treasurer's receipt date as the evidentiary matter to declare Cayce out of compliance with State Statute. Cayce, however, has documented to the Deputy State Auditor that the inconsistencies in the State Treasurer's dating of receipts calls into question the validity of the receipt date as satisfactory evidence to support their allegation.

The City will continue to monitor its policies surrounding the timely submission of the monthly remittance reports.

This response is for the purpose of addressing the specific allegations of State law violations set forth in the Deputy State Auditor's report dated October 29, 2009. The City's response makes no admission that it agrees with the findings presented. On the contrary, the City defends its work on maintaining and improving its internal controls to ensure compliance with respect to the Municipal Court transactions.

Respectfully submitted,

John C. Sharpe
City Manager

JS/tb

cc: Judge Melody James
Garry Huddle, Municipal Treasurer
Robert Milhous, CPA

3 copies of this document were published at an estimated printing cost of \$1.52 each, and a total printing cost of \$4.56. Section 1-11-125 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.