

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

---

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



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

Table of Contents

	<u>PAGE</u>
<b>STATE AUDITOR TRANSMITTAL LETTER</b>	
<b>I. INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES</b>	1-3
<b>II. ACCOUNTANTS' COMMENTS</b>	
<b>SECTION A – VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS</b>	4
<u>TIMELY ACCURATE RECORDING AND REPORTING BY THE TOWN</u>	5
<i>Remittance of Partial Payments</i>	
<i>Installment Payment Collection Fee</i>	
<u>TIMELY ACCURATE REPORTING TO THE STATE TREASURER</u>	5-6
<i>Timely Filing</i>	
<i>Supplemental Schedule of Fines and Assessments</i>	
<b>SECTION B – OTHER WEAKNESSES</b>	7-8
<b>ATTACHMENT 1</b>	
Schedule of Court Fines and Fees	9
<b>APPENDIX</b>	
CORRECTIVE ACTION PLAN	

# *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

April 15, 2009

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

The Honorable Dawn T. Osborne, Clerk of Court  
Town of Quinby  
Quinby, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of Quinby 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/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 Quinby 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. Dawn T. Osborne, Clerk of Court for the Town of Quinby, 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.

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 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 to the beginning fund balance as adjusted in that fund for fiscal year 2008.
- We verified the Victim Assistance reimbursable expenditures were in compliance with Section 14-1-208(E) and Section 14-1-211(B).

We found no exceptions as a result of the procedures.

#### 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 financial statement Supplemental Schedule of Fines and Assessments of the year ended June 30, 2007 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.

#### 5. CALCULATION OF UNDERREPORTED ASSESSMENTS AND SURCHARGES

- Using the State Treasurer's Revenue Remittance Forms as available from July 2005 through June 2008, we accumulated the assessment and surcharge amounts for the State court fines, fees and assessments in accordance with the South Carolina Code of Laws and the South Carolina Judicial Department memorandums.
- We compared our calculation to the amounts previously remitted on the State Treasurer's Revenue Remittance form to determine if the Town had over/(under) remitted court fines, fees and assessments to the State Treasurer's Office.

The results of our procedures disclosed that the Town had under reported amounts due to the State. See Attachment 1 in the Accountants' Comments section of this report for further detail.

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 Quinby 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.



October 16, 2008

**ACCOUNTANTS' COMMENTS**

**TOWN OF QUINBY MUNICIPAL COURT**  
**QUINBY, SOUTH CAROLINA**  
State Auditor's Report  
June 30, 2008

**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. 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.

**TOWN OF QUINBY MUNICIPAL COURT  
QUINBY, SOUTH CAROLINA**  
State Auditor's Report, Continued

**TIMELY ACCURATE RECORDING AND REPORTING BY THE TOWN**

REMITTANCE OF PARTIAL PAYMENTS

**CONDITION:** The Town collects partial payments but does not allocate and remit them in the month they are collected. Instead, it allocates and remits them when the fine is fully paid.

**CRITERIA:** South Carolina Code of Law Section 14-1-208(B) states "Assessments paid in installments must be remitted as received."

**CAUSE:** The Town manually allocates the fines and was unsure of how to correctly distribute partial payments.

**EFFECT:** The Town is not complying with Section 14-1-208(B) by not remitting assessments paid in installments as they were received.

**AUDITORS' RECOMMENDATION:** The Town should allocate payments and remit payments as received.

INSTALLMENT PAYMENT COLLECTION FEE

**CONDITION:** The Town has not assessed the 3% collection fee on fines paid on an installment basis as mandated by law.

**CRITERIA:** South Carolina Code of Laws Section 14-17-725 states, "Where criminal fines, assessments, or restitution payments are paid through installments, a collection cost charge of three percent of the payment also must be collected by the clerk of court.... "

**CAUSE:** The Town was unaware of the required 3% collection fee on partial payments.

**EFFECT:** The Town is not complying with Section 14-17-725.

**AUDITORS' RECOMMENDATION:** We recommend the Town comply with the law related to installment payments and collect the 3% fee.

**TIMELY ACCURATE REPORTING TO THE STATE TREASURER**

TIMELY FILING

**CONDITION:** The Town treasurer did not remit the State Treasurer's Remittance Reports for the procedures period July 1, 2007 through June 30, 2008.

**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...."

**CAUSE:** The Town has not developed procedures to ensure that reports are submitted timely.

**EFFECT:** The Town treasurer has not complied with Section 14-1-208(B).

**AUDITORS' RECOMMENDATION:** The Town should implement procedures to ensure compliance with State law.

**TOWN OF QUINBY MUNICIPAL COURT**  
**QUINBY, SOUTH CAROLINA**  
State Auditor's Report, Continued

SUPPLEMENTAL SCHEDULE OF FINES AND ASSESSMENTS

**CONDITION:** The Supplemental Schedule of Fines and Assessments was unavailable.

**CRITERIA:** South Carolina Code of Laws Section 14-1-208(E) states "the annual independent external audit ... must include ... a supplementary schedule detailing all fines and assessments collected at the court level, the amount remitted to the municipal treasurer, and the amount remitted to the State Treasurer."

**CAUSE:** The Town's audit for the fiscal year ending June 30, 2007 has not been completed.

**EFFECT:** Schedules have not been prepared in accordance with South Carolina Code of Laws Section 14-1-208(E).

**AUDITORS'RECOMMENDATION:** We recommend that the Town implement procedures to ensure it receives an audit in a timely manner.

**TOWN OF QUINBY MUNICIPAL COURT**  
**QUINBY, SOUTH CAROLINA**  
State Auditor's Report, Continued  
June 30, 2008

**SECTION B – OTHER WEAKNESSES**

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

**TOWN OF QUINBY MUNICIPAL COURT**  
**QUINBY, SOUTH CAROLINA**  
State Auditor's Report, Continued  
June 30, 2008

**OTHER WEAKNESSES**

**CONDITION 1:** Financial accounting records are not reconciled and exceptions investigated in a timely manner. For example, the Town did not allow checks written to the State for assessments to clear before closing the bank account. Tickets that were reissued to replace Nolle Prose tickets were not recorded on the court docket.

**CRITERIA:** Committee of Sponsoring Organizations (COSO) of the Treadway Commission Internal Control Framework report.

**CAUSE:** The clerk did not enter all of the replacement ticket numbers on the docket.

**EFFECT:** The collections recorded in the collections municipal fines ledger do not agree with the amounts recorded in the docket.

**AUDITORS' RECOMMENDATION:** We recommend the clerk reconcile the books in a timely manner. Differences between the two records should be timely resolved.

**CONDITION 2:** We were unable to trace manual accounting system balances to the books and records of the town. The town does not maintain complete and accurate financial records (e.g. general ledger, subsidiary ledgers, etc).

**CRITERIA:** The Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Internal Control Framework report.

**CAUSE:** The treasurer does not record accounting transactions timely.

**EFFECT:** The general ledger is not complete or in balance.

**AUDITORS' RECOMMENDATION:** We recommend the Town design and implement a system to prospectively maintain accurate accounting records. The general ledger should be reconciled to subsidiary ledgers and other support documents monthly to ensure that the records are balanced.

**TOWN OF QUINBY**  
 Schedule of Court Fines and Fees  
 For the 36 months ended June 30, 2008

Attachment 1

Allocation in Accordance with Judicial  
Department Memo

Allocation in Accordance  
with State Law

	<u>TOTAL COLLECTIONS</u>	<u>Law Enforement Surcharge</u>	<u>DUI/\$12</u>	<u>DUI/\$100</u>	<u>Drug Surcharge P 33.7</u>	<u>Conviction Surcharge</u>	<u>Fine &amp; Assessment</u>	<u>State Assessment</u>	<u>Victim Services</u>	<u>Fine</u>	<u>DUS PULLOUT</u>	<u>DUI PULLOUT</u>
Total Corrected Remittance Forms												
Nov-2005 - June 2006		1,450.00	0.00	0.00	0.00	200.00		3,494.07	438.94			
July 2006- June 2007	\$ 0	1,500.00	0.00	0.00	0.00	100.00	0.00	4,160.20	522.60	0.00	0.00	0.00
July 2007 - June 2008	0.00	1,650.00	0.00	0.00	0.00	175.00	0.00	4,955.98	622.56	0.00	0.00	0.00
<b>Total Corrected Remittance Forms</b>	<b>0.00</b>	<b>4,600.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>475.00</b>	<b>0.00</b>	<b>12,610.25</b>	<b>1,584.10</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total State Receipts</b>												
Nov-2005 - June 2006		400.00						429.78				
July 2006- June 2007		475.00						1,560.02				
Oct 2008- November 2008		2,800.00						8,036.10				
<b>Total State Receipts</b>	<b>0.00</b>	<b>3,675.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>10,025.90</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Balance Due Victim Services:</b>	<b>2,059.10</b>					<b>475.00</b>			<b>1,584.10</b>			
<b>Balance Due State:</b>	<b>\$ 3,509.35</b>	<b>925.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>			<b>2,584.35</b>			<b>0.00</b>	<b>0.00</b>
State Treasurer Revenue Remittance Form Line		K	G	H	J	O		L	N		F	I

# TOWN OF QUINBY

**P. O. BOX 15056**

**80 DOGWOOD LANE**

**QUINBY, SC 29506**

**PHONE 843-669-3031**

Thomas A. Gregg, Jr.  
Robert Clayton  
Christopher Johnson  
Clifford Mays, Jr.  
Odell Spears  
K. E. Cox  
Dawn T. Osborne

Mayor  
Councilmember  
Councilmember  
Councilmember  
Chief of Police  
Clerk

April 24, 2009

## RESPONSE TOWN OF QUINBY MUNICIPAL COURT State Auditor's Report on Applying Agreed-Upon Procedures

### REMITTANCE OF PARTIAL PAYMENTS

The Town of Quinby has implemented a system of accounting and docketing using specialized software. The Clerk no longer manually calculates assessments when fully paid. The software system in place calculates the partial payments as they are received in the Clerk's office. The Clerk has also instituted a program for remittance of partial payments on a monthly basis along with the monthly assessment remittance for fines paid in full.

### INSTALLMENT PAYMENT COLLECTION FEE

The Clerk is currently assessing the 3% collection fee on all fines paid on an installment basis which is calculated by the software referred to above. The Clerk has also implemented a system whereby all defendants are required to sign an agreement outlining all particulars of the installment agreement. A copy of this agreement is filed for use in overseeing the installments as agreed upon.

### TIMELY FILING

All remittance forms and fees for 2007-08 have been properly submitted. All 2009/10 forms and fees have been properly submitted as required. The system set forth in Item #1 will ensure future completion and timely filing of remittance forms and fees due.

### SUPPLEMENTAL SCHEDULE OF FINES AND ASSESSMENTS

The Town has engaged an auditor who will collect all financial records including the Supplemental Schedule of Fines and Assessments and complete all annual audits in a timely fashion.

Throughout this audit, the Town has become aware of issues to be addressed and has taken adequate steps based upon the recommendations of the auditor to correct all issues. Many of the issues were addressed before the audit was complete. The specialized software that is now in use eliminates many of these issues which resulted due to the use of a manual system. The Clerk has also implemented weekly and monthly checks in all areas to minimize the chance of errors in reporting and docketing. This system includes reconciling in a timely fashion and resolving differences between the two records. Also included is monthly reconciliation of the general ledger to subsidiary ledgers and support documents to ensure balanced records.