

**CITY OF LAURENS MUNICIPAL COURT
LAURENS, SOUTH CAROLINA**

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

**CITY OF LAURENS MUNICIPAL COURT
LAURENS, SOUTH CAROLINA**

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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

January 16, 2007

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

The Honorable Sonya Barrett, Clerk of Court
City of Laurens
Laurens, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the City of Laurens 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 City of Laurens 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. Sonya Barrett, Clerk of Court for the City of Laurens 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.

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 CITY

- We traced each month's reporting by the Clerk of Court to the Municipal Treasurer's Office and to the City'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 findings are reported under "TIMELY ACCURATE RECORDING AND REPORTING BY THE CITY" in the Accountants' Comments section of this report.

3. PROPER VICTIM'S ASSISTANCE FUNDS ACCOUNTING

- We inquired as to the format determined by City 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, 2005 audited Victims' Rights Fund fund balance with all adjustments to the fund balance shown in the Schedule of Fines, Assessments and Surcharges on page 42 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).

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 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 City's financial statement Schedule of Fines, Assessments and Surcharges on page 42 of the year ended June 30, 2005 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.

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.



July 10, 2006

ACCOUNTANTS' COMMENTS

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**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.

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TIMELY REPORTING BY THE CLERK OF COURT

TIMELY FILING

CONDITION: Three of the Clerk's monthly transmittals of fine and assessment revenue reports for the period of May 1, 2005 through April 30, 2006 were not timely filed. The reports were six to ten days late.

CRITERIA: South Carolina Code of Laws Section 14-17-750. Section 14-17-750 requires that the Clerk make a full and accurate statement, in writing, to the City Auditor and Treasurer, of all monies collected on account of licenses, fines, penalties and forfeitures during the past month, on the first Wednesday or within ten days thereafter, in each successive month.

CAUSE: The Clerk of Court was unable to complete the reports timely.

EFFECT: The Clerk of Court did not submit reports timely as defined by Section 14-17-750.

AUDITORS' RECOMMENDATION: We recommend the Clerk of Court implement procedures to ensure timely submission.

TIMELY ACCURATE RECORDING AND REPORTING BY THE CITY

INCONSISTENT APPLICATION OF CONVICTION SURCHARGE

CONDITION: The City was not consistent in charging the conviction surcharge on Open Container violations.

CRITERIA: South Carolina Code of Laws Section 14-1-211(A)(1) requires that the \$25 conviction surcharge must be imposed on all convictions obtained in municipal court, but must not be imposed on misdemeanor traffic offenses.

CAUSE: When the violation is coded in their system as "Open Container", the program does not charge the conviction surcharge. When the violation is coded in their system as, "Open Container in Vehicle", the conviction surcharge is charged. According to the Chief of Police, these are the same violations coded two different ways in the system.

EFFECT: The violation is an alcohol related violation, not a traffic violation. The City did not consistently apply the law to the offense.

AUDITORS' RECOMMENDATION: The City should develop and implement procedures to update violation codes in the software tables timely and review and test updates to ensure they are assessing fines in compliance with the law.

ASSESSMENT OF THE 3% COLLECTION COST CHARGE ON INSTALLMENT PAYMENTS

CONDITION: The City does not assess 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. The Section 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"

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CAUSE: In the past, the City did not accept partial payments. Once they started, the software was not programmed to assess the 3% collection fee.

EFFECT: The City is not complying with Section 14-17-725 by not assessing the 3% collection fee.

AUDITORS' RECOMMENDATION: The City should develop and implement procedures to update the software tables timely and review and test updates to ensure they are assessing fines in compliance with the law.

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 City is violating 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 rounded the minimum fines down thus causing the fine to be below the minimum amount allowed by law.

EFFECT: The City's fines were not set within the minimum and maximum amounts set by the respective laws.

AUDITORS' RECOMMENDATION: The City should use the most current fine guidelines and adhere to the minimums and maximums in the respective laws.

TIMELY ACCURATE REPORTING TO THE STATE TREASURER

TIMELY FILING

CONDITION: Eleven of the twelve State Treasurer's Remittance Reports for the procedures period May 1, 2005 through April 30, 2006 were not timely filed. The delays ranged from 16 to 108 days late.

CRITERIA: South Carolina Code of Laws Section 14-1-208(B) requires that the City Treasurer to remit the balance of the assessment money to the State Treasurer by the fifteenth day of the month.

CAUSE: The Clerk of Court was late in filing her reports to the City Treasurer three times during the procedures period, which may have caused the City Treasurer's report to the State Treasurer to be late during those three months. The City Treasurer was late in filing the report to the State Treasurer eight more times.

EFFECT: The City did not comply with the timely filing law.

AUDITORS' RECOMMENDATION: The City should develop and implement a policy to ensure timely filing in compliance with State law.

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SCHEDULE OF FINES AND ASSESSMENTS

CONDITION: The City's Schedule at Exhibit 21 on page 42 in their June 30, 2005 audited financial statements did not include any Victims' Assistance Funds information at year end. The Schedule did not contain total fines or assessments collected either.

CRITERIA: South Carolina Code of Laws Section 14-1-208(E)(1) 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 of court for the municipal court; ... (f) the total funds, by source, allocated to victim services activities, how those funds were expended, and any balances carried forward.

CAUSE: The City did not know the requirements of the law.

EFFECT: The Victims' Assistance activity is not disclosed as well as complete activities on fines and assessments.

AUDITORS' RECOMMENDATION: The City should implement procedures to ensure that all financial statement schedules include all information required including Victims' Assistance and fine and assessment details.

LAURENS POLICE DEPARTMENT

ROBIN E. MORSE, CHIEF

250 W. Laurens St.
Laurens, SC 29360
864-984-3532
864-984-5054 Fax

January 18, 2007

Cline Brandt Kochenower & Co., P.A.
P.O. Box 848
1225 West Floyd Baker Blvd.
Gaffney, SC 29342

Reference: 2006 Court Audit

After reviewing the audit you made of the Laurens Municipal Court, I make the following responses to your findings:

1. Timely Reporting by the Clerk of Court – We make an effort to get the reports to the City Clerk with (5) five days from the first of the month. On occasion, there may be a problem that might delay this. We have addressed this with the Clerk of Court and will make every effort to have the reports to the City Clerk as soon as possible after the first day of the month.
2. Inconsistent Application of Conviction Surcharge – In reference to the surcharge on the Open Container, at one time we were under the impression that was traffic related if it was in a motor vehicle. We have since changed and have been charging the surcharge for all open containers whether they are in a vehicle or not. That was changed prior to the audit; however, the time frame of the audit did find some instances where the surcharge was not added in.
3. Assessment of 3% collection cost for time payments – In the past we were not charging the 3% cost due to problems in tracking it in the computer. In March 2006, we had an upgrade on the software that allowed us to begin charging the 3% without any problems and the software would pull the assessments out as payments were made. That problem is now fixed.
4. Adherence to Judicial Department Fine Guidelines – Our Judges follow the guidelines set forth in the Judicial Guidelines. The Judge has the authority to reduce the fine to any amount he wants. Some times we were putting that amount in as the fine. In the future, we will be sure the minimum amount is entered as the fine. We will then suspend the amount necessary to equal the amount the Judge actually collected.
5. Timely Filing – I have discussed this with the City Clerk and she will make every effort to file the reports and remittance in a timely manner according to the guidelines set forth by the State Treasurer.
6. Schedule of Fines and Assessments – This is an area not under the control of the Municipal Court. This report will be forwarded to the Mayor and City Clerk. In reference to the victim's assistance fund. The City of Laurens has contracted with Laurens County to provide that service. There was a contract amount that the City paid. In July of 2005, the City of Laurens changed the contract. We now send them the money that is collected for victim's assistance. There is no longer a set amount. The County gets what we collect and that's all.

If you have any more questions in reference to the audit, do not hesitate to call.

Sincerely,

Robin E. Morse, Chief