

TOWN OF CALHOUN FALLS, SOUTH CAROLINA

RESOLUTION NO. [2025-~~03~~]

A RESOLUTION TO IMPLEMENT FISCAL, ADMINISTRATIVE, AND PROCUREMENT REFORMS PURSUANT TO THE 2025 FORENSIC AUDIT REPORT

WHEREAS, the South Carolina Office of the State Auditor commissioned a forensic audit of the Town of Calhoun Falls due to concerns regarding financial mismanagement, reporting delays, and internal control weaknesses; and

WHEREAS, the forensic examination conducted by CRI Advisors, LLC, concluded on April 12, 2025, and identified twenty-six (26) specific findings, including high-risk issues relating to credit card misuse, delinquent audits, unrecorded liabilities, improper procurement practices, and substantial utility losses; and

WHEREAS, the Town Council recognizes the urgent need to restore public confidence, improve fiscal management, ensure legal compliance, and stabilize the Town's financial position;

NOW, THEREFORE, BE IT RESOLVED

by the Town Council of the Town of Calhoun Falls, duly assembled, that the following reforms are hereby adopted and shall take effect immediately, unless otherwise noted:

Section 1 – Fiscal Management and Transparency

1. The Town Clerk shall prepare and present monthly financial reports, including budget-to-actual comparisons, bank balances, and accounts payable aging schedules at every regular Council meeting. **Monthly financial reports shall be sent to Council members no later than the Wednesday preceding each regular meeting by 6:00 PM to allow time for review.**
2. A written balanced budget shall be adopted annually by June 30th, with at least one public hearing held prior to adoption.
3. All Town financial statements shall be closed within 45 days of fiscal year-end and submitted for audit by no later than October 31st annually.
4. **All bank accounts of the Town shall be reconciled monthly. Reconciliations shall be reviewed and certified by the Clerk and the Council or their designee.**

Note: See Findings #2, #3, #4, and #5 – Timely financial reports, budget adoption, and reconciliation deficiencies.

Section 2 – Internal Controls and Expenditure Oversight

5. Dual signatures shall be required on all checks exceeding \$500, and the use of a signature stamp is hereby prohibited unless affixed in the physical presence of the Mayor and authorized by prior written resolution. **All arguments or discussions regarding dual signatures shall occur in an open forum setting during Council meetings.**
6. A formal credit card policy shall be adopted within 30 days requiring: receipts to be submitted within five (5) business days; monthly review by the Mayor Pro Tem or designee; suspension of card privileges for repeated violations.
7. Fuel cards shall be subject to odometer verification, PIN-user assignments, and monthly departmental reviews. **Each fuel card transaction shall also be verified with the vehicle's VIN number to ensure authenticity.**
8. All bonus payments must be approved by Council and processed through the Town's payroll provider.

Note: See Findings #8, #10, #11, #15, and #16 – Credit card misuse, lack of documentation, and bonus reporting failures.

Section 3 – Procurement and Vendor Management

9. **The Town shall enforce its procurement thresholds and bidding requirements as outlined in the Town Code and shall adopt a new procurement policy incorporating: mandatory use of purchase orders for all contracts and purchases exceeding \$500; competitive quotes for purchases between \$1,500 and \$7,500; formal bidding and Council approval for contracts exceeding \$7,500.**
10. A centralized log of all interfund transfers shall be maintained and each transfer shall require documented Council approval, unless explicitly authorized in the budget ordinance. **The log must include account numbers and the names of both the sending and receiving accounts.**
11. A conflict of interest certification shall be executed annually by all elected officials and department heads.

Note: See Findings #18, #19, #20, #21, and #22 – Delayed payments, lack of competitive bidding, and unsupported procurement processes.

Section 4 – Utility System Reform

12. A full engineering audit of the Town's water system shall be commissioned within 90 days to quantify leakage, metering deficiencies, and system loss.
13. A three-year meter replacement plan shall be developed, with priority given to commercial customers and high-usage residential areas.
14. Council shall review and adjust utility rates annually to ensure full cost recovery and long-term system sustainability.
15. All 'no-read' meters shall be billed using the average of the three most recent usable months, in compliance with Town Code Section [cite].
16. Delinquency and disconnection enforcement procedures shall be uniformly applied.

Note: See Findings #23, #24, #25, and #26 – Utility fund mismanagement, rate stagnation, meter failure, and water loss.

Section 5 – Reporting and Public Communication

17. Monthly Council meeting packets shall include: financial reports; accounts payable summaries; credit card reconciliation status; fuel card usage summaries. .
18. Audited financial statements, annual budgets, and monthly financial reports shall be posted publicly via the Town’s website or municipal bulletin board.

Note: Supports transparency improvements aligned with audit-wide findings related to Council oversight and public accountability.

Section 6 – Implementation

19. The Mayor and Town Clerk are directed to begin immediate implementation of the foregoing provisions and to report progress at each regular meeting.
20. A quarterly compliance report shall be presented to the Council until all provisions of this resolution are fully implemented.

Note: Supports execution of recommendations based on cumulative findings throughout the forensic report.

RESOLVED AND ADOPTED this __ day of _____, 2025, by the Town Council of the Town of Calhoun Falls.

ATTEST:

Mayor Terrico Holland

Town Clerk

Council Member

Council Member

Council Member

Council Member