

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

**State Auditor's Report on Applying
Agreed-Upon Procedures
March 31, 2007**

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CHESTER, SOUTH CAROLINA**

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State of South Carolina



Office of the State Auditor

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October 19, 2007

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

The Honorable Valeria Johnson, Clerk of Court
City of Chester
Chester, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the City of Chester Municipal Court System for the period April 1, 2006 through March 31, 2007, 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

Independent Accountants' Report on Applying Agreed-Upon Procedures

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 Chester Municipal Court System and to assist the South Carolina Office of the State Auditor in complying with the 2006 - 2007 General Appropriations Act (H. 4810) Section 72.80. Valeria Johnson, Clerk of Court for the City of Chester, 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 2006 - 2007 General Appropriations Act (H. 4810) Section 72.80. 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 April 1, 2006 to March 31, 2007 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 assistance surcharge (Section 14-1-211) for the period April 1, 2006 – March 31, 2007.
- 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 2006 – 2007 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 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, 2006 audited Victim Assistance Fund fund balance with all adjustments to the fund balance shown in the Schedule of Fines, Assessments and Surcharges of the audited financial statement and to the beginning fund balance as adjusted in that fund for fiscal year 2007.
- We verified the Victim Assistance Fund reimbursable expenditures were in compliance with Section 14-1-208(E) and Section 14-1-211(B).

Our finding is reported under "PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING" in the Accountants' Comments section of this report.

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 April 1, 2006 to March 31, 2007.
- 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 of the year ended June 30, 2006 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 March 31, 2007 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 Chester City Council, City clerk of court, City 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.



September 13, 2007

ACCOUNTANTS' COMMENTS

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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.

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TIMELY REPORTING BY THE CLERK OF COURT

TIMELY FILING

CONDITION: One of the twelve State Treasurer's Remittance Reports for the procedures period April 30, 2006 through March 31, 2007 was not timely filed with the City Treasurer. This report was three days late.

CRITERIA: South Carolina Code of Laws Sections 14-1-208 (A) states "...This assessment must be paid to the municipal clerk of court and deposited with the city treasurer for remittance to the State Treasurer..." Section 14-1-208(B) states further "The City treasurer must remit ... on a monthly basis by the fifteenth day of each month..."

CAUSE: The Clerk of Court did not remit the report in a timely manner.

EFFECT: The Clerk of Court did not comply with the timely filing requirement.

AUDITORS' RECOMMENDATION: The Clerk of Court should develop and implement policies and procedures to ensure compliance with applicable law.

TIMELY ACCURATE RECORDING AND REPORTING BY THE CITY

ACCURATE ALLOCATION OF SEATBELT AND CHILD RESTRAINT FINES

CONDITION: The city's software allocates the child restraint and the seat belt violations to both fine and assessments revenue accounts rather than just to fine revenue.

CRITERIA: South Carolina Code of Laws Section 56-5-6450 states a violator "must be fined not more than twenty-five dollars, no part of which may be suspended. Court costs, assessments, or surcharges may not be assessed against a person who violates a provision of this article."

CAUSE: The software was programmed to handle seatbelt and child restraint violations incorrectly.

EFFECT: The city has incorrectly allocated State assessment and victim assistance fund revenue while under allocating fine revenues that the City retains.

AUDITORS' RECOMMENDATION: The city should have the software modified to correctly allocate the \$25 child restraint and seatbelt violation fine to fine revenue. The City should determine the extent of the error and make the necessary adjustments to its accounting system to properly distribute the fine in accordance with the law. This would include revising reports made to the State Treasurer's Office. These changes should occur as soon as possible. The City's external auditor should issue a separate report opining on the City's determination.

ADHERENCE TO JUDICIAL DEPARTMENT FINE GUIDELINES

CONDITION: The Municipal Court Judge was not adhering to the Judicial Department minimum/maximum fine guidelines included in the laws concerning child restraint and seatbelt violations. The city collected less than the minimum on seatbelt violations and above the maximum on child restraint violations (prior to May 2006).

CRITERIA: Judicial Department Guidelines for Fines – Minimums and Maximums. These guidelines are obtained from the minimum and maximum fines recorded in the respective laws.

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CAUSE: The Judge did not use the current Judicial Department's fine guidelines.

EFFECT: By not assessing the minimum/maximum fines as required in the legislation, the City Judge is violating the law.

AUDITORS' RECOMMENDATION: We recommend the City judge comply with the law and use the current fine guidelines when assessing fines.

PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING

LACK OF PROPER VICTIM ASSISTANCE FUND ACCOUNTING

CONDITION: The City is not maintaining accurate financial records for victim assistance financial activity.

CRITERIA: South Carolina Code of Laws Section 14-1-208(E)(4) states "The clerk of court and municipal treasurer shall keep records of fines and assessments required to be reviewed pursuant to this subsection...."

CAUSE: The City experienced turnover in its accounting department prior to and during the procedures period. The Finance Officer and other accounting positions were vacant.

EFFECT: The City did not keep up with how much money it should have allocated to Victim Assistance. There is no accurate fund balance for the victim assistance account.

AUDITORS' RECOMMENDATION: The City should reconstruct its records, if possible, to determine how much money is due to Victim Assistance. Amounts related to collections not properly allocated to Victim Assistance should be deposited into Victim Assistance accounts. The City should ensure accounting records are kept prospectively.

TIMELY ACCURATE REPORTING TO THE STATE TREASURER

TIMELY FILING

CONDITION: Four of the twelve State Treasurer's Remittance Reports for the procedures period April 30, 2006 through March 31, 2007 were not timely filed. The delays ranged from 1 to 7 days late.

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 Clerk of Court was late in getting the report to the City Treasurer once, which caused the City Treasurer to be late in submitting to the State Treasurer. The City Treasurer was late in filing three other reports without a determining cause apart from the Treasurer's own tardiness.

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

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

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REQUIRED SUPPLEMENTARY SCHEDULE OF FINES AND ASSESSMENTS

CONDITION: The required supplemental schedule of fines and assessments was not available for testing.

CRITERIA: South Carolina Code of Laws Section 5-7-240 requires an annual independent audit of each municipality. In conjunction with the annual audit Section 14-1-208(E) requires the Schedule of Fines and Assessments to be audited and an opinion rendered in relation to the annual financial statement audit.

CAUSE: The City has not had a financial audit since the fiscal year ended June 30, 2003. Because there has been no audit of the financial statements, the City has not prepared and submitted the supplemental schedule of fines and assessments as required by State law.

EFFECT: The City has not complied with the law related to annual audits or the required schedule of fines and assessments.

AUDITORS' RECOMMENDATION: The City should ensure that its financial statements are audited annually. The financial statements should include a supplementary schedule on the City's court fines and assessments as required by law.



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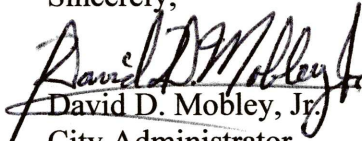
October 16, 2007

Steven L. Blake, CPA
Cline, Brandt, Kochenower & Co., PA
Post Office Box 848
1225 West Floyd Baker Boulevard
Gaffney, SC 29342

Dear Mr. Blake,

Thank you for your comments made concerning your review of the City of Chester's Court Fines. We will review your recommendations and implement them as a part of our overall improvements in our internal controls.

Sincerely,


David D. Mobley, Jr.
City Administrator
City of Chester