

**COUNTY OF DILLON MAGISTRATE COURT
DILLON, SOUTH CAROLINA**

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

**COUNTY OF DILLON MAGISTRATE COURT
DILLON, SOUTH CAROLINA**

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State of South Carolina



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December 1, 2006

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

The Honorable James F. Rogers, Clerk of Court
Dillon County
Dillon, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Dillon County Magistrate's 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

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 County of Dillon Magistrate 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. The Honorable James F. Rogers, Chief Magistrate for the County of Dillon is responsible for compliance with the requirements for the Magistrate 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 MAGISTRATE

- We researched South Carolina Code of Laws Section 14-17-750 to determine the definition of timely reporting with respect to the Magistrate's responsibility for reporting fines, fees and assessments to the County 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 Magistrate and County 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 Magistrate Remittance Forms or equivalents for the months of May 1, 2005 through April 30, 2006 to determine if the Magistrate submitted the reports to the County Treasurer in accordance with the law.

Our finding is reported under "TIMELY REPORTING BY THE MAGISTRATE" in the Accountants' Comments section of this report.

2. TIMELY ACCURATE RECORDING AND REPORTING BY THE COUNTY

- We traced each month's reporting by the Magistrate to the County Treasurer's Office and to the County's general ledger accounts for the assessments (Sections 14-1-207(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 Magistrate Remittance Forms or equivalents to the Magistrate'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 Magistrate'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 finding is reported under "TIMELY ACCURATE RECORDING AND REPORTING BY THE COUNTY" in the Accountants' Comments section of this report.

3. PROPER VICTIM'S ASSISTANCE FUNDS ACCOUNTING

- We inquired as to the format determined by County council and local policy for record keeping as it relates to fines and assessments in accordance with Section 14-1-207(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 Schedule 2 and 3 on pages 46 and 47 of the audited financial statement and to the beginning fund balance as adjusted in that fund for fiscal year 2005.
- We judgmentally selected a sample of Victim's Rights Fund reimbursable expenditures and verified that these expenditures were in compliance with Section 14-1-207(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 Magistrate 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 14-1-207(B).
- We traced amounts recorded in the County's financial statement Schedule of Fines, Assessments and Surcharges on Schedule 2 and 3 on pages 46 and 47 of the year ended June 30, 2005 report related to fines and assessments revenues reporting in accordance with Section 14-1-207(E) to supporting schedules used in the audit to comply with Section 14-1-207(E).
- We traced and agreed amounts in the supporting schedules to the Magistrate 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.



June 30, 2006

ACCOUNTANTS' COMMENTS

COUNTY OF DILLON MAGISTRATE COURT
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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 MAGISTRATE

TIMELY FILING

CONDITION: One Magistrate submitted four of the twelve Magistrate Remittance Forms to the County Treasurer after the tenth of the month during the procedures period. One Magistrate submitted one of the twelve Magistrate Remittance Forms to the County Treasurer after the tenth of the month during the procedures period. The other Magistrates were timely.

CRITERIA: South Carolina Code of Laws Section 22-1-90 requires that Magistrates make a full and accurate statement, in writing, to the County 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 Magistrates were unable to submit the reports in accordance with the requirements in a timely manner.

EFFECT: The Magistrates did not comply with State law.

AUDITORS' RECOMMENDATION: The Magistrates need to develop and implement procedures to timely file their Magistrates Remittance forms.

TIMELY ACCURATE RECORDING AND REPORTING BY THE COUNTY

MAGISTRATE REMITTANCE FORM ACCURACY

CONDITION: Not all Magistrates are including support from computer-generated reports with the completed Magistrate Remittance Forms that they submit monthly to the County Treasurer. One Magistrate had included the support documents. However, for two of the three months tested during the procedures period, this support did not agree with the amounts documented on the Magistrates Remittance Form.

CRITERIA: South Carolina Code of Laws Section 22-1-90 requires that Magistrates make a full and accurate statement, in writing, to the County Auditor and Treasurer, of all monies collected on account of licenses, fines, penalties and forfeitures. Each individual line item on the State Treasurer's Revenue Remittance Form has a reporting purpose. Within the Code column of the form is a reference to the South Carolina Code of Laws that establishes the fine, fee, and assessment or surcharge amount. The Forms instructions require accurate reporting of the relevant items in its specific line item.

CAUSE: The Magistrate's Office re-enters the data from the software's collection summary reports into the Magistrate Remittance Forms. Typographical errors may be made when data is entered or undocumented adjustments from the computer-generated data are made.

EFFECT: As a result, the Magistrate Remittance form, prepared by the Magistrate's Clerk, did not accurately transcribe computer-generated report information related to fines, fees and assessments' collections. The amount reported by the Magistrate versus the computer-generated support was less than \$500 a month different in each of the two months. Several line items were different on the Magistrate Revenue Remittance forms versus the support but in total less than \$500 per month was under reported.

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AUDITORS' RECOMMENDATION: The Magistrate's Office should immediately implement procedures to properly report prospectively each item as it is collected and summarized. The Magistrate's Office should revise and resubmit the Magistrate Remittance Forms to the County Treasurer that are found to be in error in prior months. The County should assess the probable under and over payments to the State and revise and resubmit State Treasurer's Revenue Remittance forms previously submitted.

TIMELY ACCURATE REPORTING TO THE STATE TREASURER

TIMELY FILING

CONDITION: Three of the twelve State Treasurer's Remittance Reports for the procedures period May 31, 2005 through April 30, 2006 were not timely filed. The delays ranged from 1 to 3 days late.

CRITERIA: South Carolina Code of Laws Section 14-1-207(B) requires the County Treasurer to remit the balance of the assessment money to the State Treasurer and submit a report in a manner prescribed by him by the fifteenth day of the month.

CAUSE: The Magistrates did not file their reports to the County Treasurer by the tenth of the month at least four times during the procedures period. The Magistrates tardiness may have caused the County Treasurer's report to the State Treasurer to be late for one of those months. However, the County Treasurer was late in filing the report to the State Treasurer two additional times that did not involve the Magistrates submitting their reports late.

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

AUDITORS' RECOMMENDATION: The County should develop and implement procedures to ensure timely filing of the State Treasurer's Revenue Remittance Forms.

ADHERENCE TO JUDICIAL DEPARTMENT FINE GUIDELINES

CONDITION: The Magistrates did not adhere 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 County is not complying with 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 Magistrates software is assessing the seat belt fine and is therefore splitting the \$25 minimum fine between assessment and fine that creates a fine below the minimum. Also, in cases where the defendant is convicted by pleading guilty to a lesser charge, the fine amount for the original charge, in some cases, is still being levied.

EFFECT: The Magistrates' fines were not set at the minimum and maximum amounts set by the law.

AUDITORS' RECOMMENDATION: The Magistrates should comply with the fine guidelines mandated by law.

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REQUIRED SCHEDULE OF FINES AND ASSESSMENTS

CONDITION: The County Schedule neither reported the revenues or expenditures of Victims' Assistance funds nor reported an ending balance of Victims' Assistance funds at June 30, 2005.

CRITERIA: The South Carolina Code of Law section 14-1-206(E) requires "the total funds, by source, allocated to victim services activities, how those funds were expended, and any balances carried forward" to be included in the Schedule.

CAUSE: The County did not publish the required amounts in their financial statement. The County had the amounts available to publish in the Schedule that reconciled to the general ledger. These amounts were not published.

EFFECT: The County has not complied with Section 14-1-206(E). It is likely the fund balance of Victims' Assistance would be zero given the excess expenditures over revenues from year to year.

AUDITORS' RECOMMENDATION: The County should ensure that the Schedule of Fines and Assessments complies with the law when they issue their audited financial statement for June 30, 2006.

CHILD RESTRAINT AND SEAT BELT SOFTWARE PROGRAMMING

CONDITION: The County's software allocates the child restraint and the seat belt violation collections between fines and assessments.

CRITERIA: South Carolina Code of Laws Section 56-5-6450 and 6540 require that no surcharges or assessments be assessed on these violations.

CAUSE: The software is not properly allocating these fines.

EFFECT: The County is to retain 100% of those violations as fines. The County has over reported assessments on the State Treasurer's Revenue Remittance Form and has allocated fine monies to Victim's Assistance Funds as well.

AUDITORS' RECOMMENDATION: We recommend the County contact the software vendor to modify the software to account for the seat belt and child restraint fines in accordance with the law. Once the vendor has made the modification to the software the County should test it to ensure that it properly accounts for the fines before accepting the modification from the vendor. In addition, the County should determine the extent of the error and make the necessary adjustments to its accounting system to properly distribute the fines 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.

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CORRECTIVE ACTION PLAN

Management has elected not to respond.