

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

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

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

Table of Contents

	<u>PAGE</u>
STATE AUDITOR TRANSMITTAL LETTER	
I. INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES	1-3
II. ACCOUNTANTS' COMMENTS	
VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS	4
<u>TIMELY ACCURATE RECORDING AND REPORTING BY THE COUNTY</u> <i>Improperly Allocation of Child Restraint Violation Collections</i> <i>Adherence to Judicial Department Fine Guidelines</i>	5
<u>PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING</u> <i>Supplemental Schedule Fund Balance</i>	5-6
<u>TIMELY ACCURATE REPORTING TO THE STATE TREASURER</u> <i>Timely Filing</i>	6
APPENDIX	
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

October 10, 2007

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

The Honorable Patty L. Smith, Chief Magistrate
McCormick County
McCormick, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the County of McCormick Magistrate 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 County of McCormick Magistrate 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. Judge Patty Smith, Chief Magistrate for the County of McCormick, 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 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 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 April 1, 2006 through March 31, 2007 to determine if the Magistrate submitted the reports to the County Treasurer in accordance with the law.

We found no exceptions as a result of the procedures.

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 assistance surcharge (Section 14-1-211) for the period April 1, 2006 to March 31, 2007.
- 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 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 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 findings are reported under "TIMELY ACCURATE RECORDING AND REPORTING BY THE COUNTY" in the Accountants' Comments section of this report.

3. PROPER VICTIM 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, 2006 audited Victim Assistance Fund fund balance with all adjustments to the fund balance shown in the Schedule of Fines, Assessments and Surcharges on page 65 of the audited financial statement and to the beginning fund balance as adjusted in that fund for fiscal year 2007.
- We judgmentally selected a sample of Victim Assistance Fund reimbursable expenditures and verified that these expenditures were in compliance with Section 14-1-207(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 Magistrate Remittance Forms or equivalents for the period April 1, 2006 through March 31, 2007.
- 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 page 65 of the year ended June 30, 2006 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 finding is 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 McCormick County Council, the clerk of court, the treasurer, the 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.



May 11, 2007

ACCOUNTANTS' COMMENTS

COUNTY OF MCCORMICK MAGISTRATE COURT
MCCORMICK, SOUTH CAROLINA
State Auditor's Report
March 31, 2007

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.

COUNTY OF MCCORMICK MAGISTRATE COURT
MCCORMICK, SOUTH CAROLINA
State Auditor's Report, Continued
March 31, 2007

TIMELY ACCURATE RECORDING AND REPORTING BY THE COUNTY

IMPROPERLY ALLOCATION OF CHILD RESTRAINT VIOLATION COLLECTIONS

CONDITION: The County did not allocate surcharges and assessments for child restraint law violations as required by law as of May 9, 2006.

CRITERIA: South Carolina Code of Laws Section 56-5-6450, as amended by Senate Bill 800, requires assessments and surcharges to be applied to child restraint violations effective May 9, 2006.

CAUSE: The County's court software system treated the violation as a pre amendment seatbelt violation for allocation purposes.

EFFECT: The County processed the collections of child restraint violations in the same manner as other fines. Neither the State nor Victim Services received assessments from the child restraint violations.

AUDITORS' RECOMMENDATION: The County should update their software to accommodate the current child restraint law. The County 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.

ADHERENCE TO JUDICIAL DEPARTMENT FINE GUIDELINES

CONDITION: The Magistrates were 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 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 are not using the current Judicial Department fine guidelines.

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

AUDITORS' RECOMMENDATION: The Magistrates should use current fine guidelines.

PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING

SUPPLEMENTAL SCHEDULE FUND BALANCE

CONDITION: The fiscal year-ended June 30, 2006 audited Victim Assistance Fund fund balance on page 65 of the audited financial statement does not agree with the general ledger balance. The schedule is overstated \$406.

CRITERIA: South Carolina Code of Laws Section 14-1-211(B) states "The revenue collected...must be deposited into a separate account... and used exclusively for the provision of services to the victims of crime. All unused funds must be separately identified in the governmental entity's adopted budget as funds unused and carried forward from previous years." Section 14-1-207(D) further states, "The revenue retained by the county... must be appropriated for the exclusive purpose of providing victim services... All unused funds must be carried forward from year to year...." and Section 14-1-207(E) states "...the annual independent external audit... must include... a supplementary schedule detailing...(1)(f) the total funds, by source, allocated to victim services activities, how those funds were expended, and any balances carried forward."

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

State Auditor's Report, Continued
March 31, 2007

CAUSE: An independent external auditor prepared the Supplementary Schedule of Fines and Assessments from an adjusted general ledger. The Treasurer did not make all of the suggested adjustments to the County's General Ledger.

EFFECT: The County did not comply with the law.

RECOMMENDATION: The County should ensure that their accounting records reconcile to the audited financial statements.

TIMELY ACCURATE REPORTING TO THE STATE TREASURER

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. The report was faxed 20 days late.

CRITERIA: South Carolina Code of Laws Section 14-1-207(B) states "The county treasurer must remit... the balance of the assessment revenue ...by the fifteenth day of the each month...."

CAUSE: The County Treasurer did not submit the remittance form timely.

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

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

COUNTY OF MCCORMICK

OFFICE OF THE TREASURER
133 S. Mine Street Room 104
McCormick, SC 29835

Mary G. Holloway, Treasurer

864-852-2332

September 13, 2007

Cline Brandt Kochenower & Co., P.A.
1225 West Floyd Baker Boulevard
Gaffney, South Carolina 29342

RE: Corrective Action Plan

The County of McCormick Magistrate Court respectfully submits the following corrective action plan for the agreed-upon procedures as of March 31, 2007.

The violation of state laws, rules or regulations is described below and is named consistently with the accountants' comments.

PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING

SUPPLEMENTAL SCHEDULE FUND BALANCE

CONDITION: The fiscal year-ended June 30, 2006 audited Victim Assistance fund balance on page 65 of the audited financial statements does not agree with the general ledger balance. The schedule is overstated \$406.

ACTION TAKEN: The County Treasurer contacted the independent external auditor in order to reconcile their accounting records to the audited financial statements. It was discovered that an audit adjustment from the 2005 fiscal year was overlooked but considered immaterial by the auditors. Therefore, the auditors did not require the County Treasurer record the adjustment as they would correct the mistake during the current audit. However, due to the accountants' comments and agreed-upon procedures performed, the County Treasurer has recorded the adjustment and reconciled their beginning general ledger balances with that of the audited financial statements. In the future, the County will ensure that their accounts records reconcile to the audited financial statements on an annual basis.

If there are any questions regarding this plan, please contact us.

Sincerely,



Mary G. Holloway
McCormick County Treasurer

COUNTY OF MCCORMICK

OFFICE OF THE TREASURER

133 S. Mine Street Room 104

McCormick, SC 29835

Mary G. Holloway, Treasurer

864-852-2332

September 13, 2007

Cline Brandt Kochenower & Co., P.A.
1225 West Floyd Baker Boulevard
Gaffney, South Carolina 29342

RE: Timely Filing of reports to State Treasurer

The County of McCormick Magistrate Court respectfully submits a response to the State Auditors report dated March 31, 2007.

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. The report was faxed 20 days late.

ACTION TAKEN: The County Treasurer has procedures in place that ensures timely filing of the State Treasurer's Revenue Remittance Forms. However, due to human error the report was not faxed in a timely matter. This did not come to our attention until we were reconciling our accounts. In the future, the County will ensure that their reports are sent in a timely manner.

If there are any questions regarding this plan, please contact us.

Sincerely,



Mary G. Holloway
McCormick County Treasurer