

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

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

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

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State of South Carolina



Office of the State Auditor

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November 15, 2007

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

The Honorable Rebecca Shirley, Clerk of Court
City of Liberty
Liberty, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the City of Liberty 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 Liberty 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. Rebecca Shirley, Clerk of Court for the City of Liberty, 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.

We found no exceptions as a result of the procedures.

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 finding is 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 on page 37 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 14-1-208(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 on page 37 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 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 Liberty 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.



April 25, 2007

ACCOUNTANTS' COMMENTS

**CITY OF LIBERTY MUNICIPAL COURT
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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 ACCURATE RECORDING AND REPORTING BY THE CITY

IMPROPERLY ALLOCATING CHILD RESTRAINT VIOLATION COLLECTIONS

CONDITION: The City did not properly allocate surcharges and assessments to the Child Restraint violations in accordance with State law that was effective May 9, 2006. The City failed to allocate any collections to the law enforcement surcharge. They applied the assessments, but sent all of the assessments to the State, including the portion of assessments that should have been retained by the City for Victim's Services.

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

CAUSE: The clerk of court calculates the amounts using Excel. The clerk did not understand how the amended fine should be allocated and the Excel spreadsheet was not updated to reflect the amended law.

EFFECT: The City incorrectly calculated the fine amount. The City did not allocate any money to Law Enforcement Surcharges. The Victims' Services share was not properly calculated or allocated. Money paid and reported to the State was not reported on the correct line. The City's Victim Assistance fund has been under funded.

AUDITORS' RECOMMENDATION: 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.

PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING

VICTIM ASSISTANCE EXPENDITURES

CONDITION: The City used Victim Assistance funds to reacquire an asset that had been stolen from a victim and sold to a local pawnshop.

CRITERIA: South Carolina Code of Laws Article 15 of Title 16 defines the type of expenditures authorized for Victim Assistance funds.

CAUSE: The police department decided to purchase the stolen item and return it to the victim.

EFFECT: The police department's use of Victim Assistance funds was not in compliance with the Law.

AUDITORS' RECOMMENDATION: The City needs to develop and implement policies to ensure that Victim Assistance funds are spent in compliance with State law.

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TIMELY ACCURATE REPORTING TO THE STATE TREASURER

SCHEDULE OF FINES, ASSESSMENTS AND SURHCARGES

CONDITION: The Schedule of Fines, Assessments and Surcharges was inaccurate.

CRITERIA: South Carolina Code of Laws Section 14-1-208(E) states "To ensure that fines and assessments ...are properly collected and remitted to the State Treasurer, ... each municipality ...must include ...a supplementary schedule detailing all fines and assessments collected ..., the amount remitted "

CAUSE: A formula in the Excel Spreadsheet that was used as support for the numbers in the schedule was wrong and did not correctly total the data listed for the year, thus making the totals on the schedule inaccurate. In addition, the City did not reconcile the schedule to City's general ledger and/or subsidiary ledgers to ensure the accuracy of the Schedule.

EFFECT: The City's schedule was inaccurate.

AUDITORS' RECOMMENDATION: The City should reconcile all schedules included in the City's financial statements to the books of account before releasing the financial statements.

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CORRECTIVE ACTION PLAN

Management has elected not to respond.