

**JASPER COUNTY GENERAL SESSIONS COURT
RIDGELAND, SOUTH CAROLINA**

**State Auditor's Report
March 31, 2005**

**JASPER COUNTY GENERAL SESSIONS COURT
RIDGELAND, SOUTH CAROLINA**

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State of South Carolina

Office of the State Auditor

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September 27, 2005

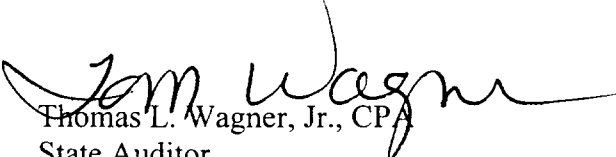
The Honorable Mark Sanford, Governor
State of South Carolina
Columbia, South Carolina

The Honorable Mary Bostick, Clerk of Court
Jasper County
Ridgeland, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Jasper County General Session Court for the period April 1, 2004 through March 31, 2005, 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,


Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/trb

Independent Accountants' Report on Applying Agreed-Upon Procedures

Thomas L. Wagner, Jr., CPA
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 Jasper County General Sessions Court System and to assist the South Carolina Office of the State Auditor in complying with the 2004 - 2005 General Appropriations Act (H. 4925) Section 72.92 for the fiscal year ended June 30, 2005. The Honorable Margaret Bostick, Clerk of Court for Jasper County is responsible for compliance with the requirements for the General Sessions Court reporting and the South Carolina Office of the State Auditor is responsible for compliance with the requirements of the 2004 - 2005 General Appropriations Act (H. 4925) Section 72.92. 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. PROPER ALLOCATION AND TIMELY REPORTING BY THE CLERK OF COURT

- We researched South Carolina Code of Laws Section 14-17-750 to determine the definition of timely reporting with respect to the Clerk of Court'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 timely filing of fines, fees and assessments to the County Treasurer, including requirements for allocating fines, fees and assessments paid on an installment basis.
- We inquired of the Clerk of Court and County Treasurer to gain an understanding of their policy for ensuring timely reporting and to determine how the County Treasurer specifically documents timeliness.
- We inspected documentation, including the Clerk of Court Remittance Forms for the months of April 1, 2004 through March 31, 2005, to determine if the Clerk of Court submitted the reports in accordance with the law.
- 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 range.

Our findings, *TIMELY TRANSMITTAL TO THE COUNTY TREASURER* and *ALLOCATION OF INSTALLMENT PAYMENTS*, are reported under "PROPER ALLOCATION AND TIMELY REPORTING BY THE CLERK OF COURT" in the Accountants' Comments section of this report.

2. TIMELY RECORDING AND REPORTING BY THE COUNTY

- We traced and agreed each month's reporting by the Clerk of Court to the County Treasurer's Office and to the County's general ledger accounts for the assessments (Sections 14-1-206(A), (B) and (D)) and victim's assistance surcharge (Section 14-1-211) for the period April 1, 2004 to March 31, 2005.
- We compared amounts from the Clerk of Court collections distribution reports to the credit entries posted to the general ledger accounts for the period April 1, 2004 to March 31, 2005.
- We compared the aggregate monthly amounts from the Clerk of Court Remittance Forms to the general ledger account aggregate monthly totals.
- We compared the amounts reported on the Clerk of Court Remittance Forms 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 2004 – 2005 and with South Carolina Judicial Department training instructions and interpretations.

Our finding, *MONTHLY ACCOUNTING DISTRIBUTION AND ALLOCATION*, is reported under "TIMELY RECORDING AND REPORTING BY THE COUNTY" in the Accountants' Comments section of this report.

3. PROPER VICTIMS' 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 14-1-206(E)(4).
- We compared the fiscal year-ended June 30, 2004 audited Victims' Assistance Fund fund balance with all adjustments to the fund balance shown in Note 15 on page 41 of the audited financial statement and to the beginning fund balance as adjusted in that fund for fiscal year 2005.
- We verified Victims' Assistance expenditures were in compliance with Section 14-1-206(E) and Section 14-1-211(B).

Our finding, *MONTHLY ACCOUNTING DISTRIBUTION AND ALLOCATION*, is reported under the "PROPER VICTIMS' ASSISTANCE FUNDS ACCOUNTING" title in the Accountants' Comments section of this report.

4. TIMELY ACCURATE REPORTING TO THE STATE TREASURER INCLUDING REQUIRED FINANCIAL STATEMENT SCHEDULES IN ACCORDANCE WITH SECTION 14-1-206(E)

- We vouched the amounts reported in the State Treasurer Remittance Forms to Clerk of Court Remittance Forms for the period April 1, 2004 to March 31, 2005.
- We scanned the State Treasurer Remittance Forms for timely filing in accordance with Section 14-1-206(B).
- We traced and agreed amounts from the supporting schedules to the Schedule of Fines, Assessments and Surcharges as reported in the County's basic financial statements to ensure compliance with the reporting requirements identified in Section 14-1-206(E).
- We traced and agreed amounts in the supporting schedules to the Clerk of Court Remittance Forms.

Our findings, *SUPPORT DOES NOT AGREE TO FINANCIAL STATEMENT SCHEDULE* and *TOTAL FINE REVENUE ON GENERAL LEDGER DID NOT AGREE TO REMITTANCE FORMS TOTAL*, are reported under "TIMELY ACCURATE REPORTING TO THE STATE TREASURER INCLUDING REQUIRED FINANCIAL STATEMENT SCHEDULES IN ACCORDANCE WITH SECTION 14-1-206(E)" 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, 2005 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, the Governor, Chairmen of the House Ways & Means Committee, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, State Treasurer, Office of Victims' Assistance, the local Clerk of Court and County Treasurer and is not intended to be and should not be used by anyone other than these specified parties.



July 11, 2005

ACCOUNTANTS' COMMENTS

JASPER COUNTY GENERAL SESSIONS COURT
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**SECTION A - 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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PROPER ALLOCATION AND TIMELY REPORTING BY THE CLERK OF COURT

TIMELY TRANSMITTAL TO THE COUNTY TREASURER

CONDITION: All Clerk of Court Remittance Reports for the procedures period of April 1, 2004 through March 31, 2005 were not timely filed.

CRITERIA: South Carolina Code of Laws Section 14-17-750. Section 14-17-750 requires that the Clerk make a full and accurate statement, in writing, to the County Auditor and County 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 County Clerk's office was not fully staffed during this time period and extended leave due to family illness and death created an overload of work for the remaining staff.

EFFECT: The County did not comply with South Carolina Code of Laws Section 14-17-750 for the months of April 1, 2004 through March 31, 2005. The months of February 2004 through January 2005 were all receipted on April 4, 2005. February 2005 was receipted on April 8, 2005. March 2005 was receipted on April 14, 2005.

AUDITORS' RECOMMENDATION: We recommend the County Clerk of Court's office have or be provided sufficient resources so work is being done timely.

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SECTION B - OTHER WEAKNESSES NOT CONSIDERED MATERIAL

The conditions described in this section have been identified as weaknesses subject to correction or improvement but they are not considered material weaknesses or violations of State Laws, Rules, or Regulations.

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PROPER ALLOCATION AND TIMELY REPORTING BY THE CLERK OF COURT

ALLOCATION OF INSTALLMENT PAYMENTS

CONDITION: The Clerk of Court's computer system does not allocate installment payments ratably across all fine, assessment and surcharge categories as required.

CRITERIA: Section 35.11 of the Temporary Provisions of the General Appropriations Act for the fiscal year 2004 – 2005 and fiscal year 2003 – 2004 as well as Judicial Department memos dated June 4, 2004 and June 30, 2003 for the respective fiscal years. Judicial Department training materials and sessions.

CAUSE: The automated system used by the Clerk does not allocate costs, instead it uses a priority order that applies fine, fee and assessment receipts to the first priority until that priority is fully paid. Once paid, it applies any remaining funds to the second and third priorities etcetera, until they are fully paid. The system has a built-in default for applying payments or the system manager can set a different order which is deemed more appropriate. The current General Sessions computer system version cannot allocate installment payments to the applicable recipients.

EFFECT: The Judicial Department's guidance in the memos related to Section 35.11 of the Temporary Provisions of the General Appropriations Act for the fiscal year 2004 – 2005 and 2003 – 2004 were not complied with. The County is unable to comply with the current version of the software they are using without major manual intervention.

AUDITORS' RECOMMENDATION: We recommend the Clerk of Court meet with the software developer to determine if the current system can be modified to allocate installment payments to the various recipients as required by law.

TIMELY RECORDING AND REPORTING BY THE COUNTY

MONTHLY ACCOUNTING DISTRIBUTION AND ALLOCATION

CONDITION: The County finance office does not record all revenue and liability related to monies collected by the clerk of court that are due the State Treasurer and the Victims' Assistance Fund in the proper fund and account monthly.

CRITERIA: South Carolina Code of Laws Section 14-1-206(E)(4) and Section 14-1-206(B). Section 14-1-206(E)(4) reads "The Clerk of Court and County Treasurer shall keep records of fines and assessments required to be reviewed pursuant to this subsection in the format determined by the county council and make those records available for review." The Committee of Sponsoring Organizations Treadway Commission Report entitled *Internal Control – Integrated Framework* provides criteria against which internal control can be evaluated. Strong internal controls are necessary and essential to comply with state and federal laws, regulations, grants and contracts.

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TIMELY RECORDING AND REPORTING BY THE COUNTY, Continued

MONTHLY ACCOUNTING DISTRIBUTION AND ALLOCATION, Continued

CAUSE: The County Treasurer does not keep a set of books in her office. The accounting process begins with the books being maintained on an automated system in the Finance Office in accordance with Section 14-1-206(E)(4). The system is not an integrated system. As part of the process, the external auditor routinely comes in to reconcile the County Treasurer's bank accounts. The external auditor prepares suggested journal entries for the Finance Office to make. These entries are very rudimentary. For example, all deposits from the Clerk of Court are physically deposited in and therefore recorded in the general ledger account "Clerk of Court Fines and Fees", a revenue account. Whenever a check is written to the State Treasurer for these fees, it is debited directly to this account. Sometime after year-end the external auditor reconciles the money charged and credited to this account with the Clerk of Court's reports. From this reconciliation a journal entry is made to record the Victims' Assistance revenue in the Victims' Assistance fund.

EFFECT: There are no accounts maintained on a monthly basis that show the balance due the State Treasurer, the amount of Victims' Assistance revenue for surcharges or assessments or the county fines and fees revenue for the Clerk of Court.

AUDITORS' RECOMMENDATION: We recommend the County Finance Office post monthly accounting transactions. The Finance Office should properly and timely record all fine revenues and liabilities to the State Treasurer in the general ledger fund and account to which they relate.

PROPER VICTIMS' ASSISTANCE FUNDS ACCOUNTING

MONTHLY ACCOUNTING DISTRIBUTION AND ALLOCATION

CONDITION: The County does not account for victim's assistance transactions on a monthly basis anywhere in the accounting process. Instead the external auditor separates the Victims' Assistance money from the Clerk of Court Fines and Fees Revenue Account at year-end as part of the accounting process to reconcile accounts for the audit. Journal entries are posted after year-end to record the activity in total by fund.

CRITERIA: South Carolina Code of Laws Section 14-1-206(E)(4) and Section 14-1-206(B). Section 14-1-206(E)(4) reads "The Clerk of Court and County Treasurer shall keep records of fines and assessments required to be reviewed pursuant to this subsection in the format determined by the county council and make those records available for review." The Committee of Sponsoring Organizations Treadway Commission Report entitled *Internal Control – Integrated Framework* provides criteria against which internal control can be evaluated. Strong internal controls are necessary and essential to comply with state and federal laws, regulations, grants and contracts.

CAUSE: At the time of our procedures the external auditor had not come in to separate the Victims' Assistance money out of the "Clerk of Court Fines and Fees" revenue account in the General Fund at year-end for June 30, 2005.

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PROPER VICTIMS' ASSISTANCE FUNDS ACCOUNTING, Continued

EFFECT: No accounting transactions were recorded in the general ledger from July 1, 2004 through March 31, 2005. Total credits to the "Clerk of Court Fines and Fees" revenue account reconciled in the aggregate to the total collections of fines, fees and assessments for the period. The balance due the State is charged to this account when the check is written. The remaining credit balance at any month end represents the collections of fines, fees and assessments that are due the State but as yet unpaid, due the Victims' Assistance Fund or "Clerk of Court Fines and Fees" revenues to the County. Therefore, the unpaid liability to the State as well as the liability due to the Victims' Assistance Fund are actually a credit balance in the "Clerk of Court Fines and Fees" revenue account in the unadjusted general ledger at June 30, 2005 or any given month end. For the period April through June 2004, it is impossible to determine just by the journal entry the amount of revenue in the Victims' Assistance Fund for the procedures period since there is one aggregate journal entry made for the year ended 2004.

AUDITORS' RECOMMENDATION: We recommend the County Finance Office post monthly accounting transactions. The Finance Office should properly and timely record all fine revenues and liabilities to the State Treasurer in the general ledger fund and account to which they relate.

TIMELY ACCURATE REPORTING TO THE STATE TREASURER INCLUDING REQUIRED FINANCIAL STATEMENT SCHEDULES IN ACCORDANCE WITH SECTION 14-1-206(E)

SUPPORT DOES NOT AGREE TO FINANCIAL STATEMENT SCHEDULE

CONDITION: The auditors' supporting schedules used to prepare the Section 14-1-206(E) required financial statement schedule included in a note to the financial statement were compared to the Clerk of Court Remittance Forms with the following exceptions: 1) There was a 10 cent error in transferring amounts in total for the traffic court from the Clerk of Court Remittance Form's auditors' supporting summary to the required financial statement schedule; 2) There was a 4 cent error in transferring from the Clerk of Court Remittance Forms to the auditors' supporting summary estimates in State money; 3) two amounts in the summary were purported to be estimated (May and June 2004) with a difference between the summary and the Clerk of Court Remittance Forms actuals of \$2,444.84. The note to the financial statement was actually less than the amounts reported in the monthly remittances collected by the clerk of court for State money; and 4) the month of April Remittance Forms were \$796.73 greater than the note to the financial statements. As a result Note 15 was \$3,241.57 less than the amount actually collected.

CRITERIA: South Carolina Code of Laws Section 14-1-206(E). This section states "To ensure that fines and assessments imposed pursuant to this section and Section 14-1-209(A) are properly collected and remitted to the State Treasurer, the annual independent external audit required to be performed for each county pursuant to Section 4-9-150 must include a supplementary schedule detailing all fines and assessments collected by the Clerk of Court for the court of general sessions, the amount remitted to the County Treasurer, and the amount remitted to the State Treasurer."

CAUSE: Human error, misunderstanding of the criteria and the use of estimates.

EFFECT: The amounts reported on the schedule did not match the actual money remitted to the County Treasurer nor did it match the money remitted to the State Treasurer's Office as of and for the year ended June 30, 2004. The money eventually was remitted however; it just was not timely remitted.

AUDITORS' RECOMMENDATION: We recommend that the Clerk of Court remit revenue generated from fines, fees, and assessments to the County Treasurer in a timely manner so the accounting transactions can be reported in the proper fiscal year and estimates do not have to be used.

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TIMELY ACCURATE REPORTING TO THE STATE TREASURER INCLUDING REQUIRED FINANCIAL STATEMENT SCHEDULES IN ACCORDANCE WITH SECTION 14-1-206(E), Continued

TOTAL FINE REVENUE ON GENERAL LEDGER DID NOT AGREE TO REMITTANCE FORMS TOTAL

CONDITION: The reconciliation to the general ledger showed collections of county revenue on the Clerk of Court Remittance Forms in excess of general ledger revenues of \$1,894.

CRITERIA: Good business practices dictate that the amount of money collected should equal the amount of revenue in the account.

CAUSE: The general ledger was posted in the aggregate by month. It was not reconciled monthly with each individual account balance. By posting in the aggregate and remitting without reconciling, totals could get out of balance on an annual basis.

EFFECT: The revenue account was out of balance from the total collections by \$1,894. All collections due the state were remitted, however, the general ledger revenue account for the County Fines and Fees portion was less than the total collected per the Clerk of Court's Remittance Forms.

AUDITORS' RECOMMENDATION: We recommend the County Clerk of Court's office have or be provided sufficient resources so work is being done timely.

JASPER COUNTY GENERAL SESSIONS COURT
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APPENDIX -Corrective Action Plan
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The County was given an opportunity to respond and chose not to.