

TOWN OF ST. GEORGE MUNICIPAL COURT
ST. GEORGE, SOUTH CAROLINA

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

For the Year Ended June 30, 2018



June 20, 2019

Ms. Annette L. Moore, Town Clerk/Treasurer
Town of St. George
St. George, South Carolina

This report resulting from the application of agreed-upon procedures to the accounting records of the Town of St. George Municipal Court System as of and for the year ended June 30, 2018, was issued by The Hobbs Group, 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,

George L. Kennedy, III, CPA
State Auditor

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 20, 2019

Mr. George L. Kennedy, III, CPA
State Auditor
State of South Carolina
Columbia, South Carolina

Ms. Annette L. Moore, Town Clerk/Treasurer
Town of St. George, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Office of the State Auditor and the Town of St. George Municipal Court (the "*Town*"), on the systems, processes, and behaviors related to court fines and fees of the Town for the period July 1, 2017 through June 30, 2018, in the areas addressed. The Town is responsible for the systems, processes and behaviors related to court fines and fees. The sufficiency of these procedures is solely the responsibility of the South Carolina Office of the State Auditor and the Town. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the agreed-upon procedures report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. **Clerk of Court**

- We gained an understanding of the policies and procedures established by the Clerk of Court to confirm timely reporting by the Clerk of Court's Office.
- We obtained the court dockets or equivalents from the Clerk of Court. We randomly selected 25 cases from the court dockets and recalculated the fine, fee, assessment and surcharge calculation to confirm that the fine, fee, assessment and surcharge were properly allocated in accordance with applicable State law and the South Carolina Court administration fee memoranda.
- We randomly selected 25 court receipt transactions to confirm that the fine, fee, assessment and surcharge adhered to State law and the South Carolina Court administration fee memoranda and that the receipts were allocated in accordance with applicable State law.

Finding -- Installment Fee

During our test of court collections and remittances, there were two instances where the Town collected a three percent installment fee from individuals who did not pay on installment. Section

14-17-725 of the 1976 South Carolina Code of Laws, as amended, states, "Where criminal fines, assessments or restitution payments are paid through installments, a collection cost charge of three percent of the payment also must be collected by the Clerk of Court, Magistrate, or Municipal Court from the defendant..".

Management Response:

Per Clerk of Court, the procedure for an installment agreement is for the installment payment fee to be removed prior to a payment in full being made. Court staff has no control over the payment of installment fees when defendants pay electronically. However, when payments are made in person, Town staff is to alert the Clerk of Court and have the fees removed prior to accepting payment. If for some reason the Clerk of Court is not available at the time of payment, Town staff is still required to alert the Clerk so that the fee can be removed post payment and a refund is generated if the payment is equal to or greater than \$5. If the payment is less than \$5, the clerk is to update the overpayment from an installment fee to a "Court Overpayment" and no refund is issued.

2. **Town Treasurer**

- We gained an understanding of the policies and procedures established by the Town treasurer to confirm timely reporting by the Town.
- We inspected all monthly court remittance forms or equivalents to confirm that the forms were completed in accordance with instructions and submitted timely in accordance with State law.
- We agreed the amounts reported on the monthly remittance forms or equivalents to the Town's support.
- We inspected the Town's support to confirm that the Town properly classified fine, fee, assessment, and surcharge receipts.
- We inspected all State Treasurer's Revenue Remittance Forms for the period July 1, 2017 through June 30, 2018 and agreed the amounts reported on the State Treasurer's Revenue Remittance Forms to the court remittance forms or equivalents.
- We agreed the amounts reported by the Town on its supplemental schedule of fines and assessments, as reported in the annual financial statement audit, for the period July 1, 2017 through June 30, 2018, to the Town's general ledger.
- We inspected the Town's supplemental schedule of fines and assessments, as reported in the annual financial statement audit, to confirm that it contained all the elements required by State law.

Finding -- General Ledger Accounting

Funds retained by the Town for victim assistance were properly deposited into a separate bank account; however, there were only two months during the year in which this activity was posted to the general ledger. As a result, \$7,005.89 was not properly deposited into a separate bank account as it should have been.

Management Response:

Due to limited staffing, payments to this account were missed but were still defined as being owed to the fund. We will work more timely in the future to ensure that payments are not missed.

Finding -- Supplemental Schedule of Fines and Assessments

The Town did not prepare financial statements for fiscal year ended June 30, 2018, June 30, 2017, or June 30, 2016. The audit for those periods is currently still ongoing. As a result, the Town has not prepared a supplemental schedule of fines and assessments as required by State law. Therefore, we could not complete testing to ensure amounts tested agreed to the audited supplementary schedule numbers reported.

Section 5-7-240 of the South Carolina Code of Laws, as amended, states, "The council shall provide for an independent annual audit of all financial records and transactions of the municipality and any agency funded in whole by municipal funds..". In addition, Section 14-1-208(E) of the South Carolina Code of Laws, as amended, states, "To ensure that fines and assessments imposed pursuant to this section and Section 14-1-209(A) are properly collected.. the annual independent external audit required to be performed for each municipality must include a supplementary schedule detailing all fines and assessments collected..".

Management Response:

The Town has a major system crash causing our 2016, 2017, and 2018 audits to be delayed. McGregor and Company LLP and WebsterRogers are currently working on our 2017 and 2018 audits. We are waiting on the final 2016 report to be presented to the town council. In the coming years, our records will be up-to-date.

3. Victim Assistance

- We gained an understanding of the policies and procedures established by the Town to confirm proper accounting for victim assistance funds.
- We made inquiries and confirmed that any funds retained by the Town for victim assistance were deposited into a separate account.
- There were no expenditures of victim assistance funds during the fiscal year.
- We inspected the Town's victim assistance financial activity on the supplemental schedule of fines and assessments, as reported in the annual financial statement audit, and confirmed that it was in compliance with applicable State law.
- We agreed the amounts reported by the Town on its supplemental schedule of fines and assessments, as reported in the annual financial statement audit for the year ended June 30, 2018, applicable to the Victim Assistance Fund, to the Town's general ledger or subsidiary ledgers.
- We inspected the Town's victim assistance account to confirm the Victim Assistance fund balance was retained as of July 1 from the previous fiscal year in accordance with State law.

Finding -- Supplemental Schedule of Fines and Assessments

The Town did not prepare financial statements for fiscal year ended June 30, 2018, June 30, 2017, or June 30, 2016. The audit for those periods is currently still ongoing. As a result, the Town has not prepared a supplemental schedule of fines and assessments as required by State law. Therefore, we could not complete testing to ensure amounts tested agreed to the audited supplemental schedule numbers reported.

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Management Response:

The Town of St. George had a major system crash, causing our 2016, 2017, and 2018 audits to be delayed. McGregor & Company LLP and WebsterRogers are currently working on our 2017 and 2018 audits. There were expenditures out of the Victim assistances account but they were ran through the Town's general fund first and then a refund was made to the general fund and a journal entry was made to the victims assistance fund. With the auditors working on the 2017 and 2018 audits, I did not want to remove funding without permission. When the audits mentioned above are complete, the victim fund will then issue checks back to the general fund. The Town has since purchased checks for this fund to run expenditures directly out of it.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be an opinion or conclusion, respectively, on the systems, processes, and behaviors related to court fines and fees of the Town of St. George Municipal Court. Accordingly, we do not express an opinion or conclusion. 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 St. George Town Council, the Clerk of Court, Town Treasurer, State Treasurer, South Carolina Department of Crime Victim Compensation, and the Chief Justice and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

The Hobbs Group, P.A.
Columbia, South Carolina

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