
Town of Honea Path Municipal Court

Honea Path, South Carolina

Independent Accountant's Report on Applying Agreed-Upon
Procedures for the year ended May 31, 2016



**South Carolina
Office of the State Auditor**

**George L. Kennedy, III, CPA
State Auditor**

May 4, 2017

The Honorable Henry McMaster, Governor
State of South Carolina
Columbia, South Carolina

The Honorable Dennis C. Bannister, Jr., Chief Judge
Ms. Beverly Crawford, Municipal Court Clerk
Town of Honea Path Municipal Court
Honea Path, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of Honea Path Municipal Court System as of and for the year ended May 31, 2016, was issued by Brown, CPA, 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 blue ink that reads "George L. Kennedy, III".

George L. Kennedy, III, CPA
State Auditor

GLKIII/sag

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Independent Accountant's Report on Applying Agreed-Upon Procedures

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

The Honorable Dennis C. Bannister, Jr., Chief Judge
Town of Honea Path Municipal Court
Honea Path, South Carolina

Ms. Beverly Crawford, Municipal Court Clerk
Town of Honea Path Municipal Court
Honea Path, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Office of State Auditor and Town of Honea Path Municipal Court, solely to assist you in evaluating the performance of the Town of Honea Path Municipal Court for the period June 1, 2015 through May 31, 2016, in the areas addressed. The Town of Honea Path Municipal Court's management is responsible for its financial records, internal controls and compliance with State laws and regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor and the Town of Honea Path Municipal Court. 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 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 determine timely reporting by the Clerk of Court's Office.
- We obtained the court dockets from the Clerk of Court. We judgmentally selected twenty-five cases from the court dockets and recalculated the fine, fee, assessment and surcharge calculation to determine that the fine, fee, assessment or surcharge was properly allocated in accordance with applicable State law and the South Carolina Court Administration fee memoranda.
- We tested twenty-five judgmentally selected court receipt transactions to determine that the fee, fine, and/or assessment charge adheres to State law and the South Carolina Court Administration fee memoranda.
- We tested twenty-five judgmentally selected court receipt transactions to determine that the receipts were allocated in accordance with applicable State law.

We found no exceptions as a result of the procedures.

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2. **Municipal Treasurer**

- We gained an understanding of the policies and procedures established by the municipal treasurer to determine timely reporting by the municipality.
- We obtained copies of all court remittance forms or equivalents and tested each monthly remittance form to determine that the forms were completed in accordance with instructions and submitted timely in accordance with State law.
- We verified that amounts reported on the monthly court remittance forms or equivalents agreed to the municipality's support.
- We scanned the municipality's support to determine if the municipality had misclassified fine, fee, assessment, and surcharge receipts.
- We obtained copies of all State Treasurer's Revenue Remittance Forms for the period June 1, 2015 through May 31, 2016. We vouched the amounts reported on the State Treasurer's Revenue Remittance Forms to the court remittance forms or equivalents.
- We verified that the amounts reported by the municipality on its supplemental schedule of fines and assessments, as reported in the annual financial statement audit for the period June 1, 2015 through May 31, 2016, agreed to the municipality's general ledger.
- We determined that the Town's supplementary schedule of fines and assessments, as reported in the annual financial statement audit, contained all the required elements in accordance with State law.

Our findings as a result of these procedures are presented in the Accountant's Comments section of this report.

3. **Victim Assistance**

- We gained an understanding of the policies and procedures established by the municipality to determine proper accounting for victim assistance funds.
- We made inquiries and performed substantive procedures to determine that any funds retained by the municipality for victim assistance were deposited into a separate account.
- We tested selected expenditures to determine that the municipality expended victim assistance funds in accordance with State law and South Carolina Court administration Fee Memoranda.
- We determined that the municipality reported victim assistance financial activity on the supplemental schedule of fines and assessments, as reported in the annual financial statement audit, in accordance with applicable State law.
- We verified that the amounts reported by the municipality on its supplemental schedule of fines and assessments, as reported in the annual financial statement audit, applicable to Victim Assistance fund agreed to the Municipality's general ledger or subsidiary ledgers.
- We inspected the Municipality's victim assistance account to determine if the Victim Assistance fund balance was retained as of June 1 from the previous fiscal year in accordance with State law.

Our findings as a result of these procedures are presented in the Accountant's Comments section of this report.

We were not engaged to and did not conduct an examination or a review of the subject matter, the objective of which would be the expression of an opinion or a disclaimer of an opinion on the subject matter. Accordingly, we do not express such an opinion. 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 Town of Honea Path Council, Town of Honea Path Clerk of Court, Town of Honea Path Treasurer, State Office of Victim Assistance, the Chief Justice, and the South Carolina Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

BROWN CPA, L.L.C.

Irmo, South Carolina
May 4, 2017

Accountant's Comments

Management of Town of Honea Path is responsible for establishing and maintaining internal controls to ensure compliance with State Laws, Rules or Regulations governing court collections and remittances. The procedures agreed to by the Town of Honea Path require that we plan and perform the engagement to determine whether any violations of State Laws, Rules or Regulations occurred.

SECTION A - VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS

The conditions described in this section have been identified as violations of State Laws, Rules or Regulations.

Comment – The Town did not properly report within the financial statement audit the financial activity for the year for Victim Services fine assessments and surcharges as detailed on the supplemental schedule within the audit. We noted the following deficiencies:

1. In the financial reconciliation of the Victim Services account balance for the year ended May 31, 2016 there was a deduction from the account titled “Reconciliation” wherein a \$650 deduction was entered to arrive at the final ending account balance for the year.
2. In the financial reconciliation of the Victim Services account balance for the year ended May 31, 2015 there was an addition to the account titled “Prior Period Reconciliations” wherein a \$1,998 increase was entered to arrive at the final ending account balance for the year.

The usage of terms such as “Reconciliation” and “Prior Period Reconciliations” within the financial statement audit supplemental schedule of fines, assessments, and surcharges of the Victim Services account without explanation as to what these amounts represent to arrive a final account balance should not be used. State regulations require that local municipalities that collect and retain Victim Service amounts maintain accurate financial records as to beginning account balance, amounts collected, and amounts disbursed during the fiscal year. Further the State of South Carolina Office of Victim Assistance has guidelines related to the expenditure of Victim Services funds and such guidelines do not allow for nebulous terms such as “Reconciliation” and “Prior Period Reconciliations” to support a deductions from or increases to the account balance.

Based upon our review of the amounts collected and banking activity it appears that the following revisions to the Supplemental Schedule of Fines, Assessments, and Surcharges should be made.

For the Year Ended May 31, 2016	As Presented in		
	Audit Report	Difference	As Revised
Amount Available / Bank Balance Beginning of Year	\$ 46,552.00	\$ (0.02)	\$ 46,551.98
Outstanding Deposit due to Victims Services Account	-	567.06	567.06
Amount Available Beginning of Year	46,552.00	567.04	47,119.04
Amounts Allocated to Victim Services Account	6,916.00	0.73	6,916.73
Reconciliation	(650.00)	650.00	-
Amount Available End of Year	<u>\$ 52,818.00</u>	<u>\$ 1,217.77</u>	<u>\$ 54,035.77</u>
Bank Balance End of Year			\$ 52,817.73
Outstanding Deposit due to Victims Services Account		1,218.04	1,218.04
Amount Available End of Year	<u>\$ 52,818.00</u>	<u>\$ 1,217.77</u>	<u>\$ 54,035.77</u>

Recommendation – We recommend that the Town take greater care to accurately report the financial activity of the Victim Services account.

SECTION B - OTHER WEAKNESSES

The conditions described in this section have been identified while performing the agreed-upon procedures but they are not considered violations of State Laws, Rules or Regulations.

Comment –It was noted that on the Supplemental Schedule of Fines, Assessments, and Surcharges within the financial statement audit that:

1. The Town presented “Court Assessment / Pullout Remitted to the State Treasurer” totaling \$50,277.
The schedule further detailed this total by showing the total remitted to the State Treasurer was \$44,826 and the Town retained \$5,451.
2. The Town presented “Court Surcharges Remitted to the State Treasurer” totaling \$23,457.
The schedule further detailed this total by showing the total remitted to the State Treasurer was \$21,992 and the Town retained \$1,465.

Recommendation – The Town should consider revising the presentation of the Schedule of Fines, Assessments, and Surcharges including within the financial statement audit to better reflect actual financial activity.

Attachment A

**Town of Honea Path
204 South Main Street
Honea Path, SC 29654
864-369-2466**

May 15, 2017

Mr. Matt Brown, CPA
Brown CPA, LLC
P.O. Box 3288
Irmo, SC 29063

Dear Mr. Brown:

The Town of Honea Path has reviewed the comments and recommendations provided herein related to the preparation of the municipal court Schedule of Fines, Assessments, and Surcharges included within our annual financial statement audit. We are in agreement with the comments and recommendations provided.

During our next financial statement audit we will place additional emphasis in accurately balancing and reporting the financial activity of the municipal court and the Victim Services account and reporting that activity on the Schedule of Fines, Assessments, and Surcharges included within the audit report.

We are always receptive to positive constructive criticism in our effort to improve upon financial reporting.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Beverly Crawford", written over a horizontal line.

Beverly Crawford

Clerk / Treasurer