
Town of Saluda Municipal Court

Saluda, South Carolina

Independent Accountant's Report on Applying Agreed-Upon
Procedures for the year ended September 30, 2015



**South Carolina
Office of the State Auditor**

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

June 12, 2017

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

The Honorable William F. Partridge, Jr., Chief Judge
Town of Saluda Municipal Court
Saluda, South Carolina

Ms. Mandy K. Hess, Town Clerk/Treasurer
Ms. Tabitha Morris, Town Municipal Court Clerk
Town of Saluda
Saluda, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the Town of Saluda Municipal Court System as of and for the year ended September 30, 2015, was issued by Brown CPA, LLC 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/cwc

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BROWN CPA, LLC

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State Auditor
State of South Carolina
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We have performed the procedures described below, which were agreed to by the South Carolina Office of State Auditor and Town of Saluda Municipal Court, solely to assist you in evaluating the performance of the Town of Saluda Municipal Court for the period October 1, 2014 through September 30, 2015, in the areas addressed. The Town of Saluda 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 Saluda 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.

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

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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 October 1, 2014 through September 30, 2015. 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 October 1, 2014 through September 30, 2015, 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 finding as a result of these procedures is 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 October 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 Saluda Council, Town of Saluda Clerk of Court, Town of Saluda 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
June 12, 2017

Accountant's Comments

Management of Town of Saluda 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 Saluda 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.

2015-1 Collection and Retention of Victim Services Assessments and Surcharges

Comment – The Town prior to the fiscal year ended September 30, 2015 did not maintain a separate accounting of fines and penalties collected by the Town for Victim Services. Rather, amounts collected and retained by the Town prior to fiscal year 2015 were comingled in the Town's general fund. Town personnel were informed during fiscal year 2015 of the requirement to maintain a separate accounting of victim services fines and the restrictions on spending these amounts. It was noted that for fiscal year 2015 and 2016 that the Town has retained and deposited into a separate bank account those amounts collected, except as noted in comment 2015-2 below, for victim services.

Criteria – South Carolina Code Sections 14-1-206(B)(D), 14-1-207(B)(D), 14-1-208(B)(D), and 14-1-211(B) of the 1976 Code require, among other things, that a separate accounting of amounts generated from court fines and assessments be maintained and specifies restrictions on spending these amounts.

Recommendation – We recommend that the Town contact the South Carolina State Office of Victim Assistance and seek their guidance and consent on how to properly resolve this matter.

2015-2 Victim Services Bank Account Balance

Comment – In response to the situation identified in comment 2015-1 the Town repurposed a bank account and is now using that account to separately track amounts collected for Victim Services. In July 2015 a deposit was made to this account to establish an account balance for the fiscal 2015 activity. For the fiscal year ended September 30, 2015 we noted the following as related to amounts collected and retained by the Town for Victim Services. As detailed below it appears that the Town needs to correct the balance in the account by \$121.95.

Fiscal 2015 Amounts Allocated to Victim Services	\$ 7,822.59
	Difference 121.95
Bank Balance End of Year	7,533.08
Outstanding Deposit due to Victims Services Account	<u>411.46</u>
Amount Available End of Year	<u>\$ 7,944.54</u>

Criteria – South Carolina Code Sections 14-1-206(B)(D), 14-1-207(B)(D), 14-1-208(B)(D), and 14-1-211(B) of the 1976 Code require, among other things, that a separate accounting of amounts generated from court fines and assessments be maintained and specifies restrictions on spending these amounts.

Recommendation – We recommend that the Town correct the account balance as detailed above.

2015-3 Presentation of Supplemental Schedule of Fines Assessments

Comment – The supplemental schedule contained in the Town’s September 30, 2015 financial statement audit did not contain all the required elements as required by state law. Specifically, the schedule did not disclose: 1) Amounts expended for victim assistance. Although no amounts were expended during the fiscal year, the schedule should indicate that zero expenses were incurred. And, 2) the schedule did not include an account balance roll forward detailing the opening balance of the Victim Services account, amounts collected, amounts expended, and an ending balance.

Criteria – Section 14-1-208(E)(1) of the 1976 South Carolina Code of Laws, as amended, states, “The supplementary schedule must include the following elements: (a) all fines collected by the clerk of court for the municipal court; (b) all assessments collected by the clerk for the municipal court; (c) the amount of fines retained by the municipal treasurer; (d) the amount of assessments retained by the municipal treasurer; (e) the amount of fines and assessments remitted to the State Treasurer pursuant to this section; and (f) the total funds, by source, allocated to victim services activities, how those funds were expended, and any balances carried forward.

Recommendation – We recommend that the Town revise the supplemental schedule to comply with requirements of South Carolina Code of Laws.

2015-4 Timely Submission of State Treasurer’s Revenue Remittance Forms (STRRF)

Comment – During our testing of the Town’s collection of fines and assessments for the fiscal year ended September 30, 2015 and remittance of the State’s share of those fines we noted that five of the twelve STRRF were not timely submitted to the South Carolina Office of State Treasurer.

Criteria – Section 14-1-208(A) of the 1976 South Carolina Code of Laws, as amended, states “...this assessment must be paid to the municipal clerk of court and deposited with the city treasurer for remittance to the State Treasurer.” Section 14-1-208(B) of the 1976 South Carolina Code of Laws, as amended, requires the Town to remit the balance of the assessment revenue to the State Treasurer on a monthly basis by the fifteenth day of each month and make reports on a form and in a manner prescribed by the State Treasurer.

Recommendation – We recommend that the Town develop policies and procedures to comply with State law as it relates to the timely submission of the STRRF.

Attachment A

June 12, 2017

To whom it may concern:

We have 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.

As referenced by the comments:

2015-1 Collection and Retention of Victim Services Assessments and Surcharges

As noted in the comment, the Town from fiscal year September 20, 2015 forward has deposited into a separate bank account amounts collected for victim services. As recommended, we will also contact the South Carolina Office of Victim Assistance and seek their guidance on how to resolve the issue of not maintaining in a separate account amounts collected before fiscal year 2015.

2015-2 Victim Services Bank Account Balance

We will make a correcting deposit to the Victim Services bank account for \$121.95.

2015-3 Presentation of Supplemental Schedule of Fines Assessments

We are disappointed to learn that our contract auditing firm did not prepare this schedule properly on our behalf. We have changed audit firms for fiscal year ended September 30, 2016 and will ensure that they are aware of the requirements of state law and that the schedule is properly prepared on a go forward basis.

2015-4 Timely Submission of State Treasurer's Revenue Remittance Forms (STRRF)

The Town of Saluda has a very small administrative staff with numerous regulatory reporting requirements and we have to prioritize work as we see to be in the best interest of the Town. With that being said, we will try to improve upon our timely submission of the STRRF.

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

Sincerely yours,



Ms. Mandy K. Hess, Town Clerk / Treasurer



Ms. Tabitha Morris, Town Municipal Court Clerk