

CITY OF HARTSVILLE MUNICIPAL COURT
HARTSVILLE, SOUTH CAROLINA

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

For The Year Ended June 30, 2017



June 26, 2018

Ms. Karen Caulder, Finance Director
City of Hartsville Municipal Court
Hartsville, South Carolina

This report resulting from the application of agreed-upon procedures to the accounting records of the City of Hartsville Municipal Court System as of and for the year ended June 30, 2017, 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 26, 2018

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

Ms. Karen Caulder, Finance Director
City of Hartsville, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Office of the State Auditor and the City of Hartsville Municipal Court (the "City"), on the systems, processes, and behaviors related to court fines and fees of the City for the period July 1, 2016 through June 30, 2017, in the areas addressed. The City 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 City. 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.

We found no exceptions as a result of the procedures.

2. City Treasurer

- We gained an understanding of the policies and procedures established by the City treasurer to confirm timely reporting by the City.
- 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 City's support.
- We inspected the City's support to confirm that the City properly classified fine, fee, assessment, and surcharge receipts.
- We inspected all State Treasurer's Revenue Remittance Forms for the period July 1, 2016 through June 30, 2017 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 City on its supplemental schedule of fines and assessments, as reported in the annual financial statement audit, for the period July 1, 2016 through June 30, 2017, to the City's general ledger.
- We inspected the City'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 -- Timely Reporting to the State Treasurer

Five of the twelve State Treasurer's Remittance Reports for the year ended June 30, 2017 were not timely filed. The report was filed and payment was made with the following month's remittance. This caused these reports to be one month late. South Carolina Code of Laws Section 14-1-208(B) requires the City Treasurer to remit the balance of the assessment money to the State Treasurer by the fifteenth day of the month.

Management Response: The Remittance Report is currently a part of the monthly procedures and processes that have been put in place during the 2017-2018 fiscal year. This will hopefully prevent this oversight in the future.

Finding -- Amount Due to the State Treasurer

The December 2016 remittance due to the State Treasurer in the amount of \$11,300 was never remitted. This amount was also never recorded in the general ledger. Management contacted the State Treasurer's office during our site visit and the State Treasurer told management to remit that amount with the June 2018 remittance.

Management Response: The SC State Treasurer's Revenue Remittance Form was submitted on May 30, 2018 after confirming with the State Treasurer that this amount had not previously been reported. The amount of \$11,299.94 was remitted to the State Treasurer on June 19, 2018. The corresponding journal entry has been posted to the general ledger as well.

Finding -- Supplemental Schedule of Fines and Assessments

The supplemental schedule of fines and assessments, as reported in the annual financial statement audit, contained the following errors:

	Audit	Actual	Over/Under Reported
Court Fines Collected	\$ 92,404	\$ 103,962	\$ (11,558)
Court Fines Retained by Town	(85,586)	(97,241)	11,655
Court Fines Remitted to the State Treasurer	6,818	6,722	96
Court Assessments Collected	107,578	111,587	(4,009)
Court Assessments Retained by the Town	(12,019)	(12,468)	449
Court Assessments Remitted to the State Treasurer	95,559	99,119	(3,560)
Court Surcharges Collected	53,965	58,652	(4,687)
Court Surcharges Retained by the Town	(8,456)	(9,085)	629
Court Surcharges Remitted to the State Treasurer	45,509	49,568	(4,059)
Court Assessments Allocated to Victim Services	20,475	21,553	(1,078)

Management Response: The recap report was put together during preliminary field work and the final June fines report was not available at that time. When the financial statements were prepared, this was overlooked and mistakenly reported incorrectly in the financial statements. Management will verify and review the recap report of the fines prior to completion of the financial statements.

3. Victim Assistance

- We gained an understanding of the policies and procedures established by the City to confirm proper accounting for victim assistance funds.
- We made inquiries and confirmed that any funds retained by the City for victim assistance were deposited into a separate account.
- We randomly selected 5 expenditures to confirm that the City expended victim assistance funds in accordance with State law and the South Carolina Court administration fee memoranda.
- We inspected the City'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 City on its supplemental schedule of fines and assessments, as reported in the annual financial statement audit, applicable to the Victim Assistance Fund, to the City's general ledger or subsidiary ledgers.
- We inspected the City'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 -- Victim's Advocate Salary Allocation not Supported

The City pays a portion of an officer's salary with Victim Assistance funds. There is no documented job description indicating the percentage of time that the officer will serve as an advocate and no statistical research was conducted to determine the percentage of time allocated to Victim Assistance as required by the State Office of Victim Assistance. Additionally, the City does not keep Time and Activity forms weekly showing the activities of this officer.

Management Response: During the auditor visit, Human Resources (HR) was able to obtain information to help us align better with the requirements as set forth by the Office of the Attorney General. Based on the data, HR met with the department which now handles the Victim's Advocate duties. During this meeting, the following data was determined:

The Community Outreach Department has been in charge of Victim's Advocate since August of 2017, specifically Lt. Richardson. We discovered Lt. Richardson had indeed been keeping a record of his time spent on Victim's Advocate duties – our version of a Time and Activity form, compliant with the requirements as discussed during the audit. These records have been maintained since 8/21/17 and back up our system for budgeting the Victim's Advocate salaries according to the information we provided the auditors. We will be happy to provide this documentation if requested.

It was also discovered that the previous employee assigned Victim's Advocate responsibilities also kept a record. This information is being collecting and will be provided to HR so that statistical research can be compiled according to the 2-5 year requirement.

We are appreciative of the information received from the auditors and have now made process improvements regarding:

- Updating our Time and Activity Form
- Approval of Signatures
- Final Record to HR for record retention
- Updated Job Descriptions / HR for record retention
- Creating a statistical research document

4. Calculation of Over/(Under) Reported Amounts

- We inspected copies of monthly State Treasurer Revenue Remittance Forms for the twelve month period ended June 30, 2017, which the City prepared and submitted to the South Carolina Office of the State Treasurer. We calculated the amount over/(under) reported by the City by category.

We found no exceptions as a result of the procedures.

5. Status of Prior Findings

- We inquired with management of the City about the status of findings reported in the Accountant's Comments section of the State Auditor's Report on the City resulting from an engagement for the period ended April 30, 2006 to confirm that the City had taken adequate corrective action.

We noted the finding in the prior report was not resolved for the year ended June 30, 2017. Our continued finding is reported under "Timely Reporting to the State Treasurer".

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 City of Hartsville 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, Chairman of the House Ways and Means Committee, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, members of the Hartsville City Council, the Clerk of Court, City Treasurer, State Treasurer, State Office of Victim Assistance, 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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