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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

For the Year Ended June 30, 2023

SOUTH CAROLINA OFFICE OF THE STATE AUDITOR
1401 Main Street, Suite 1200 • Columbia, SC 29201

June 17, 2024

The Honorable Margo D. Banks, Chief Judge
Ms. Angie Phillips, Municipal Clerk
Town of St. Stephen
St. Stephen, South Carolina

This report resulting from the application of agreed-upon procedures to the accounting records of the Town of St. Stephen Municipal Court as of and for the period July 1, 2022 through June 30, 2023, was issued by The Hobbs Group, PA, 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 17, 2024

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

The Honorable Margo D. Banks, Chief Judge
Ms. Angie Phillips, Municipal Clerk
Town of St. Stephen
St. Stephen, South Carolina

We have performed the procedures described below on the systems, processes, and behaviors related to financial activity of the Town of St. Stephen Municipal Court (the "*Town*") for the period July 1, 2022 through June 30, 2023, in the areas addressed. The Town is responsible for the systems, processes and behaviors related to financial activity.

The South Carolina Office of the State Auditor has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the systems, processes and behaviors related to financial activity for the period July 1, 2022 through June 30, 2023. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

1. **Clerk of Court**
   - We obtained the court dockets or equivalents from the Clerk of Court. We haphazardly 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 haphazardly 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.

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We found no exceptions as a result of the procedures performed.

2. **Town Treasurer**
    - 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 ("STRRF") for the period July 1, 2022 through June 30, 2023 and agreed the amounts reported on the STRRF to the court remittance forms or equivalents.

Finding – <u>Amounts Retained Did Not Agree to Town's Support</u>

The STRRF for July 2022 reported victim assessments and surcharges of $6,043 which agreed to the supporting detail; however, the amount retained by the Town for July 2022 was $5,996 for victim assessments and surcharges.

<u>Management's Response</u>: The difference will be identified by the auditor and corrected during the audit for the fiscal year ending for June 30, 2023.

3. **Victim Assistance**
    - We made inquiries and confirmed that any funds retained by the Town for victim assistance were deposited into a separate account.
    - We haphazardly selected seven expenditures to confirm that the Town expended victim assistance funds in accordance with State law and the South Carolina Court Administration fee memoranda.
    - 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 -- <u>No Separate Accounting for Victim Assistance</u>

The Town does not maintain a separate bank account for victim assistance funds. These funds are commingled with the general fund bank account. Per the general ledger detail obtained and inquiries made with management, the Town does not separate the victim revenue from the amounts retained by the Town until the annual audit. The Department of Crime Victim Compensation recommends segregating these funds quarterly at a minimum but suggests monthly.

<u>Management's Response</u>: In response to this finding, we present that the accounting was not done in the general ledger for the revenue as it was posted to the Bonds and Fines Revenue account with the Town's portion but there was a separate spreadsheet kept of how much was Victim Assistance Funds and how much was for the Town's portion. This worksheet has been kept every year since the funds were started and the revenue is separated and tracked apart from the Town's portion. The VA fund

does not have a separate bank account, but it does account for the income, expense and fund balance for all VA funds collected.

Finding -- Carryforward Victims Assistance Fund Balance

The Town has not spent or transferred victim assistance amounts collected in accordance with State Law. Proviso 59.15 of the fiscal year 2023 Appropriations Act limits the amount retained to an annual limit of no more than $25,000 or ten percent of funds collected in the prior fiscal year, whichever is higher. Unspent funds greater than the carry forward limit, regardless of year collected, are required to be remitted to the State Victim Assistance Program with the Office of the Attorney General within 120 days after the end of the Town's fiscal year. Based on the Town's most recent audit issued, the victim assistance funds available at June 30, 2022 was $143,660.

Management's Response: The Town was not aware of the State Law 59.15 that was effective as of July 1, 2019 but they are able now to transfer the funds in excess of the $25,000 limit on VA funds not expended each year. They can do this as of the June 30, 2023 balance and then each year going forward.

4. **Uniform Schedule of Court Fines, Assessments and Surcharges**
    - We agreed amounts reported by the Town on its Uniform Schedule of Court Fines, Assessments and Surcharges ("Uniform Schedule"), as reported in the annual financial statement audit, for the period July 1, 2021 through June 30, 2022, to the Town's general ledger. The Uniform Schedule for the period July 1, 2022 through June 30, 2023 was not available.
    - We inspected the Town's Uniform Schedule of Court Fines, Assessments and Surcharges, as reported in the annual financial statement audit, for the period July 1, 2021 through June 30, 2022, to confirm that it contained all the elements required by the South Carolina Code of Laws Section 14-1-208.

Finding -- Uniform Schedule

The Uniform Schedule was not prepared in accordance with State law. The Uniform Schedule was not in the prescribed format, and it did not contain any victim fund balance reconciliation information, including a properly detail of victim assistance revenues and expenditures. Per Section 14-1-208(e)(1) of the 1976 South Carolina Code of Law, as amended, states, "..the Uniform Supplemental Schedule Form developed by the Office of the Attorney General, SC Crime Victim Services Division, must be used by all counties and municipalities to report their crime victim services funds and must include the following elements;...(f) the total funds, by source, allocated to victim service activities, how those funds were expended, and any balances carried forward."

Management's Response: The Town has always included in the audit the Statement of Fines and Assessments Collected but it does not include the expenditure of those funds and the new fund balance. This can be easily adjusted to incorporate the Uniform Schedule of Court Fines, Assessments and Surcharges into the statements in place of the current statement being provided now. The current schedule provided shows the Municipal Court total fines collected, those remitted to the State and those retained by the Town. It then breaks down the Town's portion and the Victim Assistance portion to arrive at the municipal revenue. What is missing is the expenditures and the beginning and ending fund balance. It will be provided on the June 30, 2023 audit once it is completed.

We were engaged by the South Carolina Office of the State Auditor to perform this agreed-upon procedures engagement and conducted our engagement 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 the expression of an opinion or conclusion, respectively, on the systems, processes, and behaviors related to financial activity of the Town for the period July 1, 2022 through June 30, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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 Town of St. Stephen Municipal Council, the Clerk of Court, Town Clerk/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.
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