



## State of South Carolina Office of the Governor

NIKKI R. HALEY  
GOVERNOR

OFFICE OF EXECUTIVE  
POLICY AND PROGRAMS

February 10, 2014

William Booker  
Town of Atlantic Beach  
PO Box 5285  
North Myrtle Beach, SC

Dear Mr. Booker:

The State Office of Victims Assistance (SOVA) is sending this notice to inform you that we have completed the 90 Day Follow-up Programmatic Review for the Town of Atlantic Beach Victim Assistance Program and a copy of official report is attached for your review. Due to Proviso 89.61, SOVA is now legislatively mandated to conduct programmatic reviews on any entity or non-profit organization receiving victim assistance funding to ensure that the crime victim funds are expended in accordance with the law.

Once again, enclosed is a copy of our audit results. Please be advised that all SOVA audits and follow-up reports are public information. You will have 5 business days from the completion date stated on the front of this report to provide me with a written response. At the end of 5 business days, this report will be posted on the SOVA website at [www.sova.sc.gov](http://www.sova.sc.gov) under the SOVA auditing tab.

Should you have any further questions or concerns, please feel free to contact me or Mr. Dexter L. Boyd at (803)734-1900.

Sincerely,

A handwritten signature in black ink that reads "L. Barker".

Larry Barker, Ph.D.  
Director

Cc: Ms. Linda Cheatham

VICTIMS' COMPENSATION • VICTIM/WITNESS ASSISTANCE • TRAINING • INFORMATION • REFERRALS

STATE OFFICE OF VICTIM ASSISTANCE  
1205 PENDLETON STREET, EDGAR A. BROWN BUILDING, ROOM 401  
COLUMBIA, SC 29201 (803) 734-1900  
[WWW.SOVA.SC.GOV](http://WWW.SOVA.SC.GOV)



**Office of the Governor  
State Office of Victim Assistance**

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June 7, 2013

**Programmatic Review of  
The Town of Atlantic Beach  
Victim Assistance Funds**

February 10, 2014

**90-day Follow-up Review**

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Acronyms:  
FFA – Fines, Fees, and Assessment  
SOVA – State Office of Victims Assistance  
SCLEVA – South Carolina Law Enforcement Victim Advocate

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# Introduction and Laws

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## PREFACE

This 90-day Follow-up Programmatic Review was initiated in response to recommendations made in the SOVA initial review issued on June 7, 2013. On October 10, 2013, the Director of SOVA issued a letter to the County Administrative Office and the Sheriff's Department to inform them of the Town of Atlantic Beach Victim Assistance 90-Day Follow-up Review. The review was conducted on November 20, 2013.

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### *Governing Laws and Regulations* *Proviso 89.61*

General Provision 89.61. (GP: Assessment Audit / Crime Victim Funds) Effective July 1, 2011

If the State Auditor finds that any county treasurer, municipal treasurer, county clerk of court, magistrate, or municipal court has not properly allocated revenue generated from court fines, fines, and assessments to the crime victim funds or has not properly expended crime victim funds, pursuant to 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, the State Auditor shall notify the State Office of Victim Assistance. The State Office of Victim Assistance is authorized to conduct an audit which shall include both a programmatic review and financial audit of any entity or non-profit organization receiving victim assistance funding based on the referrals from the State Auditor or complaints of a specific nature received by the State Office of Victim Assistance to ensure that crime victim funds are expended in accordance with the law. Guidelines for the expenditure of these funds shall be developed by the Victim Services Coordinating Council. The Victim Services Coordinating Council shall develop these guidelines to ensure any expenditure which meets the parameters of Title 16, Article 15 is an allowable expenditure.

**Proviso 89.61(cont)**

Any local entity or non-profit organization ~~who~~ that receives funding from ~~victim assistance~~ revenue generated from crime victim funds is required to submit their budget for the expenditure of these funds to the State Office of Victim Assistance within thirty days of the ~~budget being approved by the local budget's approval by the governing entity body of the entity~~ or non-profit organization. Failure to comply with this provision shall cause the State Office of Victim Assistance to initiate a programmatic review and a financial audit of the entity's or non-profit organization's expenditures of victim assistance funds. Additionally, the State Office of Victim Assistance will place the name of the non-compliant entity or non-profit organization on their website where it shall remain until such time as they are in compliance with the terms of this proviso. ~~In addition, any~~ Any entity or non-profit organization receiving victim assistance funding must cooperate and provide expenditure/program data requested by the State Office of Victim Assistance. If the State Office of Victim Assistance finds an error, the entity or non-profit organization has ninety days to rectify the error. An error constitutes an entity or non-profit organization spending victim assistance funding on unauthorized items as determined by the State Office of Victims Assistance. If the entity or non-profit organization fails to cooperate with the programmatic review and financial audit or to rectify the error within ninety days, the State Office of Victim Assistance shall assess and collect a penalty of ~~in~~ the amount of the unauthorized expenditure plus \$1,500 against the entity or non-profit organization for improper expenditures ~~in a fiscal year.~~ This penalty plus \$1,500 must be paid within thirty days of the notification by the State Office of Victim Assistance to the entity or non-profit organization that they are in non-compliance with the provisions of this proviso. All penalties received by the State Office of Victim Assistance shall be credited to the General Fund of the State. If the penalty is not received by the State Office of Victim Assistance within ~~ninety~~ thirty days of the notification, the political subdivision will deduct the amount of the penalty from the entity or non-profit organization's subsequent fiscal year appropriation.

*SC Code of Law  
Title 14*

Courts – General Provisions

Collection/Disbursement of Crime Victim Monies at the Municipal & County Levels: below is a brief synopsis of applicable sections.

- **Sec. 14-1-206, subsection(s) A, B & D:** A person who is convicted of, pleads guilty or nolo contendere to, or forfeits bond for an offense occurring after June 30, 2008, tried in general sessions court must pay an amount equal to 107.5 percent of the fine imposed as an assessment. The county treasurer must remit 35.35 % of the revenue generated by the assessment imposed in general sessions to the county to be used exclusively for the purpose of providing direct victim services and remit the balance of the assessment revenue to the State Treasurer on a monthly basis by the fifteenth day of each month.

- **Sec. 14-1-207 Subsection(s) A, B & D:** A person who is convicted of, pleads guilty or nolo contendere to, or forfeits bond for an offense occurring after June 30, 2008, tried in magistrate's court must pay an amount equal to 107.5 percent of the fine imposed as an assessment. The county treasurer must remit 11.16 % of the revenue generated by the assessment imposed in magistrate's court to the county to be used exclusively for the purpose of providing direct victim services and remit the balance of the assessment revenue to the State Treasurer on a monthly basis by the fifteenth day of each month.

**Sec. 14-1-208 Subsection(s) A, B & D:** A person who is convicted of, pleads guilty or nolo contendere to, or forfeits bond for an offense occurring after June 30, 2008, tried in municipal's court must pay an amount equal to 107.5 percent of the fine imposed as an assessment. The county treasurer must remit 11.16 % of the revenue generated by the assessment imposed in municipal court to the county to be used exclusively for the purpose of providing direct victim services and remit the balance of the assessment revenue to the State Treasurer on a monthly basis by the fifteenth day of each month.

- **Sec. 14-1-211 Subsection A, B, &D:** A one hundred dollar surcharge is imposed on all convictions obtained in general sessions court and a twenty-five dollar surcharge is imposed on all convictions obtained in the magistrate's and municipal court must be retained by the jurisdiction which heard or processed the case and paid to the city or county treasurer.

**SC Code of Law**  
**Title 14 (cont)**

- **(B)** Any funds retained by the county or city treasurer must be deposited into a separate account for the exclusive use for all activities related to those service requirements that are imposed on local law enforcement, local detention facilities, prosecutors, and the summary courts. These funds must be used for, but are not limited to, salaries, equipment that includes computer equipment and internet access, or other expenditures necessary for providing services to crime victims. All unused funds must be carried forward from year to year and used exclusively for the provision of services to the victims of crime.

All unused funds must be separately identified in the governmental entity's adopted budget as funds unused and carried forward from previous years. **(D)** To ensure that surcharges imposed pursuant to this section are properly collected and remitted to the city or county treasurer, the annual independent external audit required to be performed for each municipality and each county must include a review of the accounting controls over the collection, reporting, and distribution of surcharges from the point of collection to the point of distribution and a supplementary schedule detailing all surcharges collected at the court level, and the amount remitted to the municipality or county.

The supplementary schedule must include the following elements:

- (a) All surcharges collected by the clerk of court for the general sessions, magistrates, or municipal court;
- (b) The amount of surcharges retained by the city or county treasurer pursuant to this section;
- (c) The amount of funds allocated to victim services by fund source; and
- (d) How those funds were expended, and any carry forward balances.

The supplementary schedule must be included in the external auditor's report by an "in relation to" paragraph as required by generally accepted auditing standards when information accompanies the basic financial statements in auditor submitted documents.

## AUDIT OBJECTIVES

The SC State Legislative Proviso 89.61 mandates the State Office Victim Assistance to conduct an audit which shall include both a programmatic review and financial audit of any entity or non-profit organization receiving victim assistance funding based on the referrals from the State Auditor or complaints of a specific nature received by the State Office of Victim Assistance to ensure that crime victim funds are expended in accordance with the law.

### **Audit Objectives were:**

- To determine if the Town of Atlantic Beach contracted with a Certified Public Accountant (CPA) to have an annual audit of the town's financial statements completed to include a supplementary schedule of court collections.
- To determine whether the Town of Atlantic Beach contacted a neighboring municipality to construct and implement a written contract to provide direct victim services.

## RESULTS IN BRIEF

### *Annual Audit*

Did the Town of Atlantic Beach contract with a Certified Public Accountant (CPA) to have an annual audit of the town's financial statements completed to include a supplementary schedule of court collections?

Yes, the Town of Atlantic Beach contracted with a Certified Public Accountant to have an annual audit of the town's financial statements completed to include a supplementary schedule of court collections.

### *Victim Services*

Did the Town of Atlantic Beach contact a neighboring municipality to construct and implement a written contract to provide direct victim services?

No, the Town of Atlantic Beach did not contact a local municipality to construct and implement a written contract. However, the town submitted a letter to the volunteer victim advocate who has agreed to provide direct victim services for the town.

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## **Objective(s), Conclusion(s), Recommendation(s), and Comments**

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### **A. Annual Audit**

#### **Objective**

Did the Town of Atlantic Beach contract with a Certified Public Accountant (CPA) to have an annual audit of the town's financial statements completed to include a supplementary schedule of court collections?

#### **Conclusion**

Yes, the Town of Atlantic Beach contracted with a Certified Public Accountant to have an annual audit of the town's financial statements completed to include a supplementary schedule of court collections.

#### **Background**

SC Governing Laws - Proviso 89.61

SC Code of Law Title 5, Chapter 7; Section 240:  
Collections/Distribution

SC Code of Law Title 14, Chapter 1; Section 211:  
Collections/Distribution

SC State Treasurer's Office  
(<http://www.treasurer.sc.gov/Pages/default.aspx>)

#### **Discussion**

While conducting the initial audit for the Town of Atlantic Beach, it was noted that the Town of Atlantic Beach was delinquent in submitting the annual audits of the town's finances in FY 07, 08, 09, 10 and 11 to the State Treasurer's Office. The acting Town Manager at the time of the initial audit site visit stated the annual audits were not completed for those years due to the lack of records to be reviewed. Also, there were no funds to pay the cost of the audit. However, in following interviews the Town officials stated the town was making progress and the finances were increasing. Therefore, the town seems to be getting back on track. In the initial SOVA audit, the auditor recommended the Town of Atlantic Beach contract with a CPA to have an annual audit of the town's financial records completed. During the 90 Day Follow-Up audit site visit on November 20, 2013, the town officials submitted a contract/engagement letter dated December 19, 2009 from a local CPA agreeing to conduct an audit of the town's financial statements for FY 06, 07, 08, and 09.

Upon further review, it appears the town entered into this contract prior to SOVA making the recommendation during the initial audit dated June 7, 2013. However, SOVA was not informed of this agreement and was unaware of its existence.

The Town of Atlantic Beach already had an existing contract in place to have an annual audit conducted; however, the contract only covered FY 06, 07, 08 and 09. Section 5-7-240 of the South Carolina Code of Law 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...” Furthermore Section 14-1-211(D) states, “To ensure that surcharges imposed pursuant to this section are properly collected and remitted to the city or county treasurer, the annual independent external audit required to be performed for each municipality pursuant to Section 5-7-240 and each county pursuant to Section 4-9-150 must include a review of the accounting controls over the collection, reporting, and distribution of surcharges from the point of collection to the point of distribution and a supplementary schedule detailing all surcharges collected at the court level, and the amount remitted to the municipality or county.”

According to the State Treasurer’s Office website, as of November 18, 2013 the Town of Atlantic Beach was delinquent in submitting their yearly audits for the town’s finances in FY 07, 08, 09, 10, 11 and 12. In addition to a news article issued November 2013, the State Treasurer’s Office stated the Town of Atlantic Beach owed South Carolina agencies roughly \$50,000 because the town had not submitted an annual audit since FY 06. Therefore, the treasurer’s office would be withholding any annual state funds from the town which amounted to approximately \$10,000 for FY 13.

As of the audit site visit, the annual audit for FY 06 was the only audit that had been submitted to the State Treasurer’s Office. However, during a telephone conversation on January 15, 2014, the Assistant Town Manager stated the FY 07 annual audit had been completed and was recently presented to the town council. When asked if the audit had been submitted to the State Treasurer’s Office, she stated that she was not sure. However, if it has not been submitted she would do so by January 24, 2014. The Assistant Town Manager also stated the auditor had begun working on the FY 08 annual audit but was not sure when it would be completed.

As mentioned earlier, although the town had a contract in place prior to SOVA making the recommendation, the town was encouraged to update the current contract to include the most recent annual audits being completed by the CPA.

Also, during the telephone conversation with the Assistant Town Manager, as a representative of the town, she was encouraged to inform all town officials that the town must follow through with ensuring that all annual audits were done and updated to the most current year. This information was discussed on January 15, 2014 as the audit was being prepared. At this time, the town appears to be compliant with this recommendation to contact a CPA to prepare and complete their annual audits to include supplemental schedules that should be submitted to the State Treasurer's Office and to SOVA.

The town must now ensure that they follow through with continuing to have all annual audits completed on time and supplemental schedules submitted to the State Treasurer's Office as required by law. Section 5-7-240 of the South Carolina Code of Law and noted as, *"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..."*

Furthermore section 14-1-211(D) states, *"To ensure that surcharges imposed pursuant to this section are properly collected and remitted to the city or county treasurer, the annual independent external audit required to be performed for each municipality pursuant to Section 5-7-240 and each county pursuant to Section 4-9-150 must include a review of the accounting controls over the collection, reporting, and distribution of surcharges from the point of collection to the point of distribution and a supplementary schedule detailing all surcharges collected at the court level, and the amount remitted to the municipality or county."*

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## **Recommendation(s) and Comments**

**A-1**

**(Auditor's Conclusion and Recommendations)**

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**Objective(s), Conclusion(s), Recommendation(s), and Comments**

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**B. Victim Services****Objective**

Did the Town of Atlantic Beach contact a neighboring municipality to construct and implement a written contract to provide direct victim services?

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**Conclusion**

No, the Town of Atlantic Beach did not contact a local municipality to construct and implement a written contract. However, the town submitted a letter to the volunteer victim advocate who has agreed to provide direct victim services for the town.

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**Background**

SC Governing Laws - Proviso 89.61

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**Discussion**

While conducting the Programmatic Review and Financial Audit of the Town of Atlantic Beach's Victim Assistance Fund, it was noted the town has not had a victim advocate for the past several years. Also, noted was the fact that Horry County was providing direct victim services for the town. The auditor discussed several options regarding the town ensuring that services were provided to its' citizens. Although it was recommended the town contact a neighboring municipality to construct and implement a written contract to provide direct victim services; another option discussed was for the town to hire a part time victim advocate because of the minimal number of victims.

During the 90 Day Follow-Up audit site visit, town officials informed the auditor they had entered into an agreement with a volunteer victim advocate for the town. Also, they submitted a letter to the volunteer advocate dated August 30, 2013 confirming the agreement that was made and officially initiating his employment as the victim advocate. The advocate currently serves part-time on an as needed basis because of the small number of victims the town has to provide direct services to. During the audit site visit, an official job description for the volunteer advocate was developed and placed on file with the town.

The advocate is currently working on his Victim Service Provider (VSP) Certification. By law anyone employed in South Carolina as a victim service provider must obtain their certification within one year of their hire date. An initial 15 core hours is required to obtain the VSP certification. Afterwards, 12 hours annually must be maintained to keep the certification current. As of January 1, 2014, the SC Crime Victims Ombudsman Office issued a memo stating anyone not VSP certified will not be allowed to be paid any portion of their salary from victim assistance funds. The State Office of Victim Assistance currently has procedures in place to assist in providing oversight and follow up to ensure advocates remain in compliance with this requirement. However, this victim advocate is a volunteer so no funds are used for salary. But the necessary training warranted can be paid for out of the Victim Assistance Fines, Fees and Assessment fund.

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## **Recommendation(s) and Comments**

**B-1**

**(Auditor's Conclusion and Recommendations)**

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**Objective(s), Conclusion(s), Recommendation(s), and Comments**

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**C. Technical Assistance****Documentation Provided**

During our site visit we explained and provided the following documents:

1. Copy of the Legislative Proviso 89.61
2. Copy of a Sample Budget
3. Sample Staff Hired Report
4. Sample Time and Activity Report
5. Sample Expenditure Report
6. Copy of 2010 Suggested Guidelines
7. Copy of Sample Contract
8. Sample Statistical Report
9. Technical Assistance and Support

**Other Matters**

There are no other matters.

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## Corrective Action

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*Proviso 89.61 states:*

*If the State Office of Victim Assistance finds an error, the entity or non-profit organization has ninety days to rectify the error. An error constitutes an entity or non-profit organization spending victim assistance funding on unauthorized items as determined by the State Office of Victims Assistance. If the entity or non-profit organization fails to cooperate with the programmatic review and financial audit or to rectify the error within ninety days, the State Office of Victim Assistance shall assess and collect a penalty of in the amount of the unauthorized expenditure plus \$1,500 against the entity or non-profit organization for improper expenditures in a fiscal year. This penalty plus \$1,500 must be paid within thirty days of the notification by the State Office of Victim Assistance to the entity or non-profit organization that they are in non-compliance with the provisions of this proviso. All penalties received by the State Office of Victim Assistance shall be credited to the General Fund of the State. If the penalty is not received by the State Office of Victim Assistance within ~~ninety~~ thirty days of the notification, the political subdivision will deduct the amount of the penalty from the entity or non-profit organization's subsequent fiscal year appropriation.*

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**The 90-Day Follow-Up review site visit was completed on November 20, 2013.**

**All errors were completed by the 90-Day Follow-Up review.**

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# Official Post-Audit Response

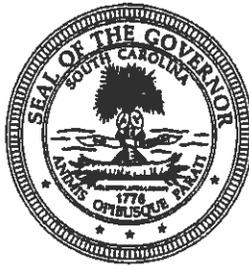
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**The County/City has 5 business days from the date listed on the front of this report to provide a written response to the SOVA Director:**

**Larry Barker, Ph.D.  
1205 Pendleton St., Room 401  
Columbia, SC 29201**

**At the end of the five day response period, this report and all post-audit responses (located in the Appendix) will become public information on the State Office of Victim Assistance (SOVA) website:**

**[www.sova.sc.gov](http://www.sova.sc.gov)**



# State of South Carolina

## Office of the Governor

NIKKI R. HALEY  
GOVERNOR

OFFICE OF EXECUTIVE  
POLICY AND PROGRAMS

### Programmatic Review Completed by:

*Dexter L Boyd* 2/10/14  
Dexter L Boyd, SOVA Auditor Date

### Reviewed by:

*Richelle A Copeland* 2/10/14  
Richelle A. Copeland, Sr. Auditor Date

*Ethel W Douglas Ford* 2/10/14  
Ethel Ford, SOVA Program Manager Date

*Larry Barker* 2/10/14  
Larry Barker, Ph.D. Director Date

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