State of South Carolina
Office of the Governor

NIKKI R. HALEY
GOVERNOR

OFFICE OF EXECUTIVE
POLICY AND PROGRAMS

October 09, 2014

Chief Charles McNair
City of Cayce
1800 12th Street
Cayce SC 29033

Dear Chief McNair:

The State Office of Victims Assistance (SOVA) is sending this notice to inform you that we have completed the state 90-day follow-up for the City of Cayce Victim Assistance Program and a copy of official report is attached for you review. Due to Proviso 117.55, 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 under the SOVA auditing tab.

Should you have any further questions or concerns, please feel free to contact me or Ms. Robin A. Eaddy at (803)734-1900.

Sincerely,

Larry Barker

Larry Barker, Ph.D.
Director

CC: Rebecca Vance

Office of the Governor
State Office of Victim Assistance

June 30, 2009

State Audit of the City of Cayce

October 09, 2014

90 Day Follow up Review

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Disclaimer: The recommendations included in this report were made by the State Auditor's Office. The SOVA follow-up review was based on compliance with the State Auditor's Office recommendations. In addition, all SOVA follow-up reviews (including this one) are conducted to ensure compliance with applicable laws and regulations. (See Appendix A of this report to review the Initial State Issued Audit Report.)

Acronyms:

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

Introduction and Laws

PREFACE

This programmatic review was initiated in response to a request for a 90 Day Follow up audit sent from the SC State Auditor's Office on June 20, 2012. However, the audit was performed on June 30, 2009. On June 13, 2014, the Director of SOVA issued a letter to the City Administrative Office and the Public Safety Department to inform them of the City of Cayce's State Issued 90 Day Follow up audit being conducted by the State Office of Victim Assistance (SOVA). The audit was conducted on July 29, 2014.

Governing Laws and Regulations

Proviso 117.55

General Provision 117.55. (GP: Assessment Audit / Crime Victim Funds)

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 Article 15, Chapter 3, Title 16 is an allowable expenditure. Any local entity or non-profit organization that receives funding from 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's approval by the governing body of the entity or non-profit organization.

Proviso 117.55 (cont.)

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. 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 in the amount of the unauthorized expenditure plus $1,500 against the entity or non-profit organization for improper expenditures. 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 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.

Proviso 97.9

97.9 SC State Treasurer's Office (Penalties for Non-reporting)

If a municipality fails to submit the audited financial statements required under Section 14- 1-208 of the 1976 Code to the State Treasurer within thirteen months of the end of their fiscal year, the State Treasurer must withhold all state payments to that municipality until the required audited financial statement is received.

Proviso 97.9 (cont.)

If the State Treasurer receives an audit report from either a county or municipality that contains a significant finding related to court fine reports or remittances to the Office of State Treasurer, the requirements of Proviso 117.55 shall be followed if an amount due is specified, otherwise the State Treasurer shall withhold twenty-five percent of all state payments to the county or municipality until the estimated deficiency has been satisfied.

If a county or municipality is more than ninety days delinquent in remitting a monthly court fines report, the State Treasurer shall withhold twenty-five percent of state funding for that county or municipality until all monthly reports are current.

After ninety days, any funds held by the Office of State Treasurer will be made available to the State Auditor to conduct an audit of the entity for the purpose of determining an amount due to the Office of State Treasurer, if any.

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.

SC Code of Law
Title14 (cont.)

- **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.

- **(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.

SC Code of Law Title14 (cont.)

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.

Introduction and Legislative

PRIOR AUDIT RESULTS

The SC State Legislative Proviso 117.55 mandates the State Office Victim Assistance to conduct a 90 Day Follow up review on any entity or non-profit organization receiving victim assistance funding with previously found errors to ensure necessary corrective action has taken place; thereby ensuring compliance with all applicable state laws and regulations. As noted, the State Auditor's Office conducted an audit of the City of Cayce Municipal Court Fines, Fees, and Assessment (FFA) Fund on June 30, 2009. This audit was received by SOVA on June 20, 2012.

This 90 Day Follow up audit for the City of Cayce was based on the SC State Auditor's Office initial audit findings and recommendations. (See Appendix A-State Audit)

SOVA Audit Objective was;

- To determine if all errors and recommendations issued by the SC State Auditor's Office were adhered to as required by state laws and regulations.

RESULTS IN BRIEF

Yes, The City of Cayce did correct all errors and recommendations issued by the SC State Auditor's Office. However, they did not have all policies and procedures in written format. Therefore, for future reference they were encouraged as a best practice to prepare all policies and procedures in written format.

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

A. ADHERENCE TO FINE GUIDELINES

Objective

Did the City of Cayce Court continue its efforts to ensure current resources are up to date so that fines levied adhere to the minimum and maximum required by State law?

Conclusion

Yes, the Municipal Court implemented procedures to ensure that all current resources are up to date. During the audit interview, the Municipal Court judge stated she uses the 2014 Recommended Road Side Bond schedule that lists statutory violations and the Bench Book which provides detailed procedures and processes for the SC Judicial proceedings as it relates to the court systems.

Background

SC Code of Law Title 56, Chapter 1; Section 460(A) (1): Driver's License

SC Code of Law Title 61, Chapter 6; Section 4080(A): Alcohol and Alcohol Beverages / Alcohol Beverage Control Act

SC FY 2014-2015 Recommended Roadside Bond Schedule; dated 6/6/2014

Discussion

The State Auditor's report for the City of Cayce Municipal Court dated June 30, 2009 noted during their test of court collections the municipal judge assessed fines below the minimum set by State law. In one case the court fined an individual who pled guilty to driving under suspension $98.80 and served jail time. The SC Code of Law 56-1-460(A) states the offense should include fine assessment and jail time. However, the State auditor was unable to determine the revised minimum fine because of insufficient jail time documentation.

Also, another individual pled guilty to sale of liquor to a person under 21, was fined $166.27 even though SC Code of Law Section 61-6-4080(A) states this offense should not be fined less than $200.00 or more than $300.00. The municipal judge stated the Bench Book used was out-of-date which resulted in the under paid court fines.

During the course of this audit, the municipal judge and clerk of court submitted written policies and procedures for updating the South Carolina Judiciary Bench Book and submitted a copy of the 2014 Recommended Road Side Bond list. The Bench Book provides detailed procedures and processes as it relates to the court system and the Recommended Road Side Bonds are used for statutory violations as approved by the SC Court of Administration.

In an effort to correct the error of underpaid fines, the municipal judges took the following steps as outlined in the written policies and procedures and noted below:

1) The clerk of court checks the S C Judiciary website for Bench Book updates bi-weekly and immediately updates the Bench Book.

2) The updates take place on the 15th and the last day of each month or on the next business day if the said date is a Saturday, Sunday or holiday.

3) An email confirmation of the search is sent by the clerk of court to the judge bi-weekly to ensure compliance with the policy and procedures.

Recommendation(s) and Comments

A-1 **There were no further recommendations**.

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

B. Accounting for Victim Assistance Funds

Objective

Did the City of Cayce reimburse the victim assistance funds for the expenditures improperly charged to Victim Assistance and establish and implement policies and procedures to ensure victim assistance revenue is used only for allowable expenditures in accordance with State law?

Conclusion

Yes, the City of Cayce implemented policies and procedures to ensure victim assistance revenue is used only for expenditures that benefit the Victim Assistance Program in accordance with State law. But, the City of Cayce did not reimburse the victim assistance funds for the expenditures that were improperly charged. However, prior to the completion of this audit, the city submitted a revised copy of the Check Request/ Journal Voucher showing a request for a transfer to take place during the completion of the fiscal year 14-15 Annual Financial Audit. The official transfer of the funds from the General Fund to the Victim Assistance fund cannot be completed until the end of FY 14-15. Therefore, the city is required to submit the reimbursement documents to the SOVA Auditing Section showing they transferred $3,360.12 back into the VA fund with their FY 15-16 annual budget submission which is due to SOVA within thirty days of the budget's approval by the governing body of the entity. If the City fails to submit the reimbursed information at that time, SOVA will initiate an audit of the City of Cayce Victim Assistance Fine, Fees and Assessment funds. There will also be a note placed on the budget file notating the required documentation.

Background

SC Code of Law Title 14, Chapter 1; Section 208(D): Additional assessment, municipal court; remittance; disposition; annual audits.

City of Cayce Municipal Treasurer 2009-2014 Transaction Report

SC Victim Service Coordinating Council Approved Guidelines for Expenditures of Monies Collected for

Crime Victim Service in Municipalities and Counties. (effective December/2013)

Discussion

The State Auditor's report for the City of Cayce Municipal Court dated June 30, 2009 noted during their testing of victim assistance expenditures that the City charged a fee of $1,000 for the preparation of the schedule of court fines, and assessments to the victim assistance funds which is unallowable. Also, the Municipality reimbursed the Victim Advocate up to $250 semi-annually for clothing allowance which is also unallowable. Therefore, it was recommended the City reimburse the victim assistance funds for the unallowable expenditures and develop and implement policies and procedures to ensure Victim Assistance revenues are used only for allowable expenditures. In addition, as of 2010 Approved Guidelines for expenditures, uniforms were considered an unallowable expenditure and are not to be purchased from the Victim Assistance Fund (VAF). Per the State Treasurer's office, counties and municipalities are to pay any audit prep fees out of fines, fees and assessments funds to be submitted to the State and not the Victim Assistance Funds. However, for additional information on the process, the city is required to contact the State Treasurer's office as it relates to the fee for the preparation of the schedule of court fines and assessment.

While conducting the audit site visit, SOVA requested supporting documentation showing reimbursement of the audit fees for $3,000 and clothing allowances in the amount of $250.00 in the VA Fund. However, city personnel could not provide supporting documentation showing any reimbursements at the time of the audit. But, while preparing the audit, the treasurer submitted a Check Request/Journal Voucher showing that the audit professional services and clothing allowance will be reimbursed to the VA Fund in the amount of $3,250.00 with their FY 15-16 annual budget submission to SOVA within thirty days of the budget's approval by the governing body of the entity.

In addition, prior to the audit site visit, SOVA requested the City of Cayce submit the FY 09-14 victim assistance expenditure reports. After reviewing the expense transaction reports submitted, SOVA identified a list of questionable expenditures and requested detailed, itemized bills, invoices and receipts for further review.

Additionally, while reviewing the FY 09-14 expense transaction reports, there appeared to be only two instances where funds were used for unallowable expenditures.

Those two instances were:

1) On 6/8/2012, $10.12 food purchase for a homeless person must be reimbursed because it was not used to provide direct victim services.

2) On 5/24/2013, $100.00 reimbursed due to the victim advocate utilizing funds for car detailing. Therefore funds are required to be reimbursed to the fund because again it was not direct victim services.

The city officials were asked to submit a revised City of Cayce Check Request Journal Voucher to SOVA of the city's process for reimbursing the additional unallowable expenditures. At that time SOVA was informed that the official transfer of the funds from the General Fund to the Victim Assistance fund cannot be completed until the end of FY 14-15. Therefore, the city is required to submit the reimbursed documents to the SOVA Auditing Section showing they transferred $3,360.12 back into the VA fund with their FY 15-16 annual budget submission to be sent to SOVA within thirty days after the budget's approval by the governing body of the entity. If the City fails to submit the reimbursed information at that time, SOVA will initiate an audit of the City of Cayce's Victim Assistance Fine, Fees and Assessment funds. However, the revised City of Cayce Check Request Journal Voucher was submitted on September 5, 2014 for review and audit file documentation. (See appendix B)

In addition, the Public Safety Department is required to maintain copies of all victim service expenditure reports submitted for payment to the City of Cayce Municipal Treasurer. Although there were some expenditure questions as outlined above, the City of Cayce was commended for utilizing community relationships in working with local entities, such as the school district in an effort to purchase supplies in the most efficient way possible. Also under no circumstances are the victim's funds to be given to crime victims.

Recommendation(s) and Comments

B-1 **There were no further recommendations.**

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

C. Timely Submission of State Treasurer's Revenue Remittance

Objective

Did the City of Cayce implement procedures to ensure all court collections are properly reported and remitted to the State Treasurer by the fifteenth day of each month in accordance with State law?

Conclusion

Yes, the City has implemented procedures and are working together to ensure that all court collections are properly reported and remitted to the State Treasurer by the fifteenth day of each month in accordance with State law.

Background

SC Code of Law Title 14, Chapter 1; Section 208(B): Additional assessment, municipal court; remittance

State Treasurer Revenue Remittance Forms for FY 13-14

Discussion

The State Auditor's report for the City of Cayce Municipal Court dated June 30, 2009 noted during their testing of State Treasurer's Revenue Remittance Forms (STRRF) that the City failed to produce documentation showing the December's remittance of funds. The December revenue remittance receipt date to the State Treasurer could not be determined; therefore, they used the receipt date of January 27, 2009 as the revenue remittance submission date. It was recommended City personnel implement procedures to ensure the STRRF is submitted to the Treasurer on a monthly basis by the fifteenth day of each month in compliance with State law. Prior to the audit site visit, SOVA requested copies of all STRRF for FY 13-14. After reviewing the submitted remittances, it appeared that all remittances were submitted to the State Treasurer by the 15th day of the month as required by State law.

In addition, while conducting the audit site visit, SOVA asked the clerk of court what procedures are in place to ensure that all court collections are submitted to the city treasurer in a time frame and format that allows the treasurer

to file the revenue remittances with the State Treasurer's Office by the 15th of each month. The clerk explained all forms are submitted to the city treasurer by the first business day of each month.

The clerk of court was asked as a best practice to submit written policies and procedures for submitting remittance reports to the treasurer. While preparing the audit, the clerk submitted the written policies and procedures that include verification of fines received in the Court's LawTrak system and then the money is transferred to the designated Cayce City Hall personnel on a daily basis.

Recommendation(s) and Comments

C-1 **There were no further recommendations.**

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

D. Documentation of Travel Charges

Objective

Did the City of Cayce establish and implement a formal written policy to ensure all reimbursable travel charges are supported by adequate documentation?

Conclusion

Yes, the City of Cayce has established and implemented policies and procedures to ensure all reimbursable travel are supported with adequate documentation and written procedures are in place. The auditor reviewed supporting documents and it appears the city has a city-wide policy and expense report used for travel reimbursements.

Background

City of Cayce Municipal Treasurer 2009-2014 Expenditure Transaction Report

City of Cayce Travel Policies and Procedures

Discussion

The State Auditor's report for the City of Cayce Municipal Court dated June 30, 2009 noted that during their testing of victim assistance expenditure transactions, the State auditor could not determine if one of the expenditures was properly charged to the victims assistance account. A determination could not be made because the city manager could not provide supporting documentation. The State auditor's office recommended the City establish and implement a formal written policy to ensure all reimbursable travel charges are supported by adequate documentation.

Prior to the audit site visit, SOVA requested a copy of written travel reimbursement policies and procedures implemented by the City of Cayce for review. Upon review, the travel policies outlined city-wide procedures to include but not limited to requiring employees to submit expense reports with receipts to the city treasurer within ten business days after returning from traveling.

In addition, the Public Safety office stated that the recently installed computer system ensures accurate financial data storage and retrieval. The Public Safety office was asked to submit a copy of their expense request and purchase order documents. The following training and travel reimbursement document packages were submitted for review.

- General Ledger
- Training agendas
- Travel Request forms
- Reservation confirmation
- Copies of checks issued
- A purchase order form
- A copy of a check request form

Although the city has implemented procedures for requesting travel reimbursements, SOVA found that all departments were not retaining copies of all payments and reimbursement documentation and there was no consistency. During the site visit interviews, SOVA found the Public Safety Department was unable to provide supporting documentation and information regarding the questionable purchases identified per the FY 13-14 expenditure review process. Therefore, the auditor explained to all Public Safety personnel interviewed the importance of retaining copies of purchase requests and receipts in the future because this is a process that is considered a best practice and provides an extra level of checks and balances regarding documentation related to the fund balance and expenditures on a continuous basis. This is also vital if purchase concerns arise.

During the audit site visit, the victim advocate provided a copy of the current job description. Upon review, it appeared the job description had not been updated since 2007 and included job duties such as counseling and prevention services which are unallowable services.

Advocates cannot provide counseling services to victims because advocates are not licensed therapists; therefore, they are not trained to provide this type of service.

As a result of the job description review, the auditor contacted the Chief of Police who is the Director of Public Safety with the City of Cayce and provided technical assistance as it relates to the job description. The chief was asked to revise the job description and have it placed on file with the HR office. As the audit was being prepared, the chief made all required revisions to the job description and on October 3, 2014, he submitted a copy to SOVA. The auditor verified the changes were on file as well with the HR Office by contacting the Director of HR who confirmed the changes were on file.

Recommendation(s) and Comments

D-1 **There were no further recommendations.**

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

E. Technical Assistance

Documentation Provided

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

1. Copy of the Legislative Proviso 97.9
2. Copy of the Legislative Proviso 117.55
3. Copy of a Sample Budget
4. Sample Staff Hired Report
5. Sample Time and Activity Report
6. Sample Expenditure Report
7. Copy of Approved Guidelines
8. Victim Advocate Procedural Manual Review
9. Job Descriptions Update

Other Matters

The City of Cayce is required to submit reimbursement documents for unallowable expenditures to the SOVA Auditing Section showing they transferred $3,360.12 back into the VA fund with their FY 15-16 annual budget submission anticipated to be received by SOVA within thirty days after the budget's approval by the governing body of the entity. If the City fails to submit the reimbursed information at that time, SOVA will initiate an audit of the City of Cayce Victim Assistance Fine, Fees and Assessment funds.

Corrective Action

Proviso 117.55 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 in the amount of the unauthorized expenditure plus $1,500 against the entity or non-profit organization for improper expenditures. 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 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.

SOVA completed the 90 Day Follow up review on July 29, 2014.

Yes, all errors were rectified within the timeframe specified of 90-days as required for this follow-up audit.

However, the City of Cayce is required to submit reimbursement documents for unallowable expenditures to the SOVA Auditing Section showing they transferred $3,360.12 back into the VA fund with their FY 15-16 annual budget submission anticipated to be received by SOVA within thirty days after the budget's approval by the governing body of the entity. If the City fails to submit the reimbursed information at that time, SOVA will initiate an audit of the City of Cayce Victim Assistance Fine, Fees and Assessment funds.

For an overview of the follow-up audit results please refer to the "Results in Brief" section of this report.

Official Post-Audit Response

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

Appendix(s)

Appendix A – State Audit of the City of Cayce Municipal Court dated June 30, 2009 (Issued to SOVA June 12, 2012)

Appendix B – City of Cayce Check Request/Journal Voucher

Appendix A

CITY OF CAYCE MUNICIPAL COURT

CAYCE, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2009

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State of South Carolina

Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

RICHARD H. GILBERT, JR., CPA
DEPUTY STATE AUDITOR

(803) 253-4160
FAX (803) 343-0723

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

October 29, 2009

The Honorable Mark Sanford, Governor
State of South Carolina
Columbia, South Carolina

Ms. Christine Mayson, Clerk of Court
City of Cayce
Cayce, South Carolina

We have performed the procedures described below, which were agreed to by the City of Cayce Municipal Court, solely to assist you in evaluating the performance of the City of Cayce Municipal Court System for the fiscal year ended June 30, 2009, in the areas addressed. The City of Cayce and the City of Cayce Municipal Court are 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 specified parties in this report. 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 ensure proper accounting for all fees, fines, assessments, surcharges, forfeitures, escheatments, or other monetary penalties.
   - We obtained certain judgmentally selected court monthly remittance reports from the Clerk of Court. We randomly selected 25 receipt transactions from the monthly remittance reports and recalculated the fee, fine, assessment and surcharge calculation to ensure that the fine, fee, assessment or surcharge was properly allocated in accordance with applicable State law. We also determined that the fine, fee, assessment and/or surcharge adhered to State law and to the South Carolina Court Administration fee memoranda.
   - We tested recorded court receipt transactions to determine that the receipts were remitted in a timely manner to the City Treasurer in accordance with State law.

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

2. **City Treasurer**
   - We gained an understanding of the policies and procedures established by the City to ensure proper accounting for court fees, fines, assessments, surcharges, forfeitures, escheatments, or other monetary penalties.
   - We agreed amounts reported on the judgmentally selected monthly court remittance reports to the City's general ledger.
   - We obtained copies of all State Treasurer's Revenue Remittance Forms submitted by the City during the fiscal year ended June 30, 2009. We agreed the amounts reported on the State Treasurer's Revenue Remittance Forms to the monthly court remittance reports and to the State Treasurer's receipts.
   - We determined if the State Treasurer's Revenue Remittance Forms were submitted in a timely manner to the State Treasurer in accordance with State law.
   - We verified that the amounts reported by the City on its supplemental schedule of fines and assessments for the fiscal year ended June 30, 2008 agreed to the State Treasurer's Revenue Remittance Forms and to the City's general ledger.

   Our finding as a result of these procedures is presented in Timely Submission of State Treasurer's Revenue Remittance Form in the Accountant's Comments section of this report.

3. **Victim Assistance**
   - We gained an understanding of the policies and procedures established by the City to ensure proper accounting for victim assistance funds.
   - We made inquiries and performed substantive procedures to determine that any funds retained by the City for victim assistance were accounted for in a separate account.
   - We tested judgmentally selected expenditures to ensure that the City expended victim assistance funds in accordance with State law and South Carolina Court Administration Fee Memoranda, Attachment L.
   - We determined that the City reported victim assistance financial activity on the supplemental schedule of fines and assessments in accordance with State law.
   - We inspected the City's general ledger to determine if the Victim Assistance Fund balance was retained as of July 1 from the previous fiscal year in accordance with State law.

   Our findings as a result of these procedures are presented in Accounting for Victim Assistance Funds and Documentation of Travel Charges in the Accountant's Comments section of this report.

4. **Status of Prior Findings**
   - We inquired about the status of findings reported in the Accountant's Comments section of the State Auditor's Report for the twelve month period ended April 30, 2006, and dated July 26, 2006, to determine if the City had taken adequate corrective action.

Our findings as a result of these procedures are presented in Adherence to Fine Guidelines, Accounting for Victim Assistance Funds and Timely Submission of State Treasurer's Revenue Remittance Form in the Accountant's Comments section of this report.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on compliance with the collection and distribution of court generated revenue at any level of court for the twelve months ended June 30, 2009, and, furthermore, we were not engaged to express an opinion on the effectiveness of internal controls over compliance with the laws, rules and regulations described in paragraph one and the procedures of this report. 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 City of Cayce City Council, City of Cayce Municipal Judge, City of Cayce Clerk of Court, City of Cayce 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.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

ACCOUNTANT'S COMMENTS

SECTION A – VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS

Management of the entity 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 entity require that we plan and perform the engagement to determine whether any violations of State Laws, Rules or Regulations occurred.

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

ADHERENCE TO FINE GUIDELINES

During our test of court collections and remittances, we noted two instances where the municipal judge assessed fines below the minimum set by State law. One individual who pled guilty to driving under suspension, first offense, was fined $98.80 and paid a total of $230.00 in fines, fees and assessments. Section 56-1-460(A)(1) of the 1976 South Carolina Code of Laws, as amended, states, "... a person who drives a motor vehicle on any public highway of this State when his license to drive is canceled, suspended or revoked must, upon conviction, be punished as follows: (a) for a first offense, three hundred dollars or imprisoned for thirty days, or both." We noted during our review of the support for the transaction that the individual served jail time in addition to paying the fine. Taking this into account would have decreased the minimum fine required by law; however, we were unable to determine the revised minimum fine because the Court could not sufficiently document the exact amount of jail time the individual served.

Another individual who pled guilty to sale of liquor to a person under 21, first offense, was fined $166.27 and paid a total of $400.00 in fines, fees and assessments. Section 61-6-4080(A) of the 1976 South Carolina Code of Laws, as amended, states, "A person engaged in the sale of alcoholic liquors who knowingly sells the alcoholic liquors to a person under the age of twenty-one is guilty of a misdemeanor and, upon conviction: (1) for a first offense, must be fined not less than two hundred dollars nor more than three hundred dollars or imprisoned not more than thirty days, or both."

The municipal judge stated she used an out-of-date bench book when assessing these fines; however, all resources she uses currently, including the bench book, are all appropriately updated and in compliance with State law.

We recommend the Court continue its efforts to ensure that all current resources are up to date so that fines levied adhere to the minimum and maximum required by State law.

ACCOUNTING FOR VICTIM ASSISTANCE FUNDS

Supplementary Schedule

During our testing of victim assistance expenditures, we noted the City charged the $1,000 fee for the preparation of the schedule of court fines, assessments and surcharges to victim assistance funds, which is not an allowable expense. A similar finding was noted in the Accountant's Comments section of the State Auditor's Report for the twelve month period ended April 30, 2006, and dated July 26, 2006. In its response to the prior report, City personnel stated they did not think the criteria used in the finding was clear and asked for further information as to how to proceed with its corrective action. Since it did not receive any additional information, the City continued to charge the fees to victim assistance funds.

Clothing Allowance

The City reimburses its Victim Advocate up to $250 semi-annually (Spring and Fall) for the purchase of clothing. During our testing of victim assistance expenditures, we noted one such purchase made by the Victim Advocate for plain clothes, but not specifically uniforms, which is an unallowable expense. The Municipality considers clothing purchases by the Victim Advocate as uniforms and therefore believes they are allowable charges to victim assistance funds.

Criteria

Section 14-1-208 (D) of the 1976 South Carolina Code of Laws, as amended, states, "The revenue retained by the municipality under subsection (B) must be used for the provision of services for the victims of crime including those required by law. These funds must be appropriated for the exclusive purpose of providing victim services as required by Article 15 of Title 16." In addition, the South Carolina Court Administration Memorandum, Attachment L, dated June 19, 2008, sets forth guidelines for expenditures of monies collected for crime victim services as recommended by the South Carolina Victims Assistance Network.

Recommendations

We recommend the City reimburse the victim assistance funds for the expenditures improperly charged to Victims Assistance and establish and implement policies and procedures to ensure victim assistance revenue is used only for allowable expenditures in accordance with State law. The City should contact the State Office of Victim Assistance in cases where the City is unsure if the charge is allowable.

TIMELY SUBMISSION OF STATE TREASURER'S REVENUE REMITTANCE FORM

We noted one instance where the City did not submit its State Treasurer's Revenue Remittance Form (STRRF) to the State Treasurer by the fifteenth day of the month as required. A similar finding was noted in the Accountant's Comments section of the State Auditor's Report for the twelve month period ended April 30, 2006, and dated July 26, 2006.

Because the City did not document the date that it submits the STRRF and could not provide us with any other documentation to support the date submitted, we used the State Treasurer's receipt date to determine if the forms were submitted timely. The State Treasurer's receipt for December was dated January 27, 2009.

Section 14-1-208(B) of the 1976 South Carolina Code of Laws, as amended, requires the City 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.

We recommend the City implement procedures to ensure the STRRF is submitted by the fifteenth day of each month in compliance with State law.

SECTION B – OTHER WEAKNESS

The condition described in this section has been identified while performing the agreed-upon procedures but is not considered a violation of State Laws, Rules or Regulations.

DOCUMENTATION OF TRAVEL CHARGES

We tested seven victim assistance expenditure transactions. City management could not provide detailed support documentation for one of the transactions tested and they could not explain why the support documentation was not present. Because the documentation was not available, we could not determine if the expenditure was properly charged to the victims assistance account.

City personnel informed us that their policy for reimbursement of travel charges requires employees to submit detailed receipts along with credit card charge slips (if an expense was charged) to the finance department. However, this policy is not a formal written policy.

We recommend the City establish and implement a formal written policy to ensure all reimbursable travel charges are supported by adequate documentation.

SECTION C – STATUS OF PRIOR FINDINGS

During the current engagement, we reviewed the status of corrective action taken on each of the findings reported in the Accountant's Comments section of the State Auditor's Report on the City of Cayce's Municipal Court System for the twelve month period ended April 30, 2006 and dated July 26, 2006. We determined that the deficiencies titled Unallowable Charges to the Victim Assistance Funds and Timely Reporting by the City still exist; consequently we have reported similar findings in Section A of the report. For the deficiencies outlined in the finding titled Adherence to Judicial Department Fine Guidelines, we determined the Court has taken adequate corrective action. However, we noted additional deficiencies during our testwork, which will be reported in Adherence to Fine Guidelines in Section A of the report.

MUNICIPALITY'S RESPONSE

REDISCOVER CAYCE
a new kind of city

CITY OF CAYCE

MAYOR	MAYOR PRO-TEM	COUNCIL MEMBERS	CITY MANAGER	ASSISTANT CITY MANAGER
ELISE PARTIN	JAMES E. JENKINS	KENNETH D. JUMPER RICHARD N. MYERS STEVE ISOM	JOHN C. SHARPE	TAMMY P. BARKLEY

April 27, 2010

The Honorable Mark Sanford, Governor
State of South Carolina
PO Box 12267
Columbia South Carolina 29211

Mr. Richard H. Gilbert, Jr., CPA
Deputy State Auditor
Office of the State Auditor
1401 Main St., Suite 1200
Columbia South Carolina 29201

Responses to Office of the State Auditor's Agreed upon Procedures Report

Dear Governor Sanford and Mr. Gilbert:

We have read the revised Deputy State Auditor's Independent Accountant's Report on Applying Agreed Upon Procedures dated October 29,2009 related to certain procedures they performed at the City of Cayce's (the "City") Municipal Court. Our response to their findings is as follows:

Section A 'Alleged' Violations of State Laws, Rules or Regulations

Adherence to Fine Guidelines

The Court will continue its efforts to maintain up to date resources and will review its procedures for improving case documentation.

Accounting for Victim Assistance Funds - Supplementary Schedule.
The report states that the audit fee related to the City's presentation of it court fines, assessments and surcharges "is not an allowable expense". Section 14-1-208(E)(3) of the 1976 South Carolina Code of Laws, as amended, does not specify which portion of the 107.5% assessment is to be used to fund the costs of the audit. Since the Code section states"...the municipality may retain and pay from the fines and assessments collected pursuant to this section...actual expenses charged by external auditors...", it is clear that no violation of State law occurred. Additionally, Cayce understands that a State government agency may have issued some guidelines on this

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TEL. (803) 796-9020 • FAX (803) 796-9072 • NEW WEBSITE ADDRESS: WWW.CITYOFCAYCE-SC.GOV

matter. Cayce previously requested this information three years ago and is currently still waiting to receive it. Cayce believes it is compliant with State Law on this matter.

Accounting for Victim Assistance Funds _ Clothing Allowance
The Deputy State Auditor alleges a violation of State law over the interpretation of what constitutes a "uniform". The City disagrees with the Deputy State Auditor's interpretation.
The City will continue to monitor its use of victims' assistance funds to insure compliance.

Timely Submission of State Treasurer's Revenue Remittance Form

The Deputy State Auditor cites the State Treasurer's receipt date as the evidentiary matter to declare Cayce out of compliance with State Statute. Cayce, however, has documented to the Deputy State Auditor that the inconsistencies in the State Treasurer's dating of receipts calls into question the validity of the receipt date as satisfactory evidence to support their allegation.

The City will continue to monitor its policies surrounding the timely submission of the monthly remittance reports.

****

This response is for the purpose of addressing the specific allegations of State law violations set forth in the Deputy State Auditor's report dated October 29, 2009. The City's response makes no admission that it agrees with the findings presented. On the contrary, the City defends its work on maintaining and improving its internal controls to ensure compliance with respect to the Municipal Court transactions.

Respectfully submitted,

John C. Sharpe
City Manager

JS/tb

cc: Judge Melody James
Garry Huddle, Municipal Treasurer
Robert Milhous, CPA

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3 copies of this document were published at an estimated printing cost of $1.52 each, and a total printing cost of $4.56. Section 1-11-125 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.

Appendix B

CITY OF CAYCE

Check Request/Journal Voucher

Number		06/30/2014
Amount	$3,360.12	
		JE
Fund	GF/OM	

Explanation:

Projected adjustment to correct Victim Advocate expenses for FY's ending on June 30, 2009, 2010, 2011, 2012 and 2013. This will be done durring the yearly audit for the period ending June 30, 2014.

See attached.

Prepared By: EGH	Requested By:	Approved By: EGH

Account Title	Account Number	Debit		Credit	
Fund Balance - Victim Advocate	10-0271-400	3,360.12			
Victim Advocate Expense	10-1212-265			3,360.12	
		3,360.12		3,360.12	

State of South Carolina

Office of the Governor

NIKKI R. HALEY
GOVERNOR

OFFICE OF EXECUTIVE
POLICY AND PROGRAMS

Programmatic Review Completed by:

Robin Eaddy — 10/9/14

Robin Eaddy - Auditor — **Date**

Reviewed by:

Richelle A. Copeland — 10/9/14

Richelle A. Copeland, CGAP - Sr. Auditor — **Date**

Ethel Douglas Ford — 10/9/14

Ethel Douglas Ford, CPM - Deputy Director — **Date**

Larry Barker — 10/9/14

Larry Barker, Ph.D. - Director — **Date**