



State of South Carolina Office of the Governor

NIKKI R. HALEY
GOVERNOR

OFFICE OF EXECUTIVE
POLICY AND PROGRAMS

January 9, 2015

Mayor William R. Johnson
Town of Holly Hill
8423 Old State Road, Suite 1
Holly Hill, SC 29059-8880

Dear Mayor Johnson:

The State Office of Victims Assistance (SOVA) is sending this notice to inform you that we have completed the Programmatic Review and Financial Audit for the Town of Holly Hill Victim Assistance Program and a copy of the official report is attached for your review. Due to Proviso 117.55, SOVA is legislatively mandated to conduct programmatic reviews and financial audits 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 Mr. Andrew Walsh at (803)734-7108.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry Barker, Ph.D.", written over a printed name and title.

Larry Barker, Ph.D.
Director

CC: Chief Joshua H. Detter
Gayle D. Austin

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



Office of the Governor State Office of Victim Assistance

January 9, 2015

Programmatic Review and Financial Audit of the Town of Holly Hill Victim Assistance FFA Fund

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Acronyms:

SOVA – State Office of Victims Assistance

STRRF – State Treasurer’s Revenue Remittance Form

Introduction and Laws

PREFACE

This Programmatic Review and Financial Audit was initiated in response to incomplete recommendations as outlined in the South Carolina State Auditor's report for the Town of Holly Hill Municipal Court, dated June 30, 2011. On September 17, 2014, the Director of SOVA issued a letter to the Mayor and the Police Chief of the Town of Holly Hill informing them that SOVA would conduct a review and audit of the Town's Victim Assistance Program. The audit was conducted on October 28, 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.

Proviso 117.55 (cont.)

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. 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 (TREASURY: 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.

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.

SC Code of Law
Title 14 (cont)

- **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. 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.

- **Sec. 14-1-207 Subsection(s) A, B & D (cont):** 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 117.55 mandates the State Office of Victim Assistance to conduct both programmatic reviews and financial audits 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.

Audit Objectives were:

- To determine if the Municipal Court implemented policies and procedures to ensure that fines levied adhere to the minimum and maximum required by State law and that the conviction surcharge is assessed and collected in accordance with State law.
 - To determine if the Town implemented policies and procedures to ensure the STRRF is submitted by the fifteenth day of each month in compliance with State law.
 - To determine if the Town transferred the total amount of the unexpended balance of \$82,426.00 of the victim assistance fund as of 8/31/2011 from its General Fund account to its Victim Assistance account.
 - To determine if the Town implemented policies and procedures to ensure victim assistance revenue is accounted for in accordance with State law.
-

RESULTS IN BRIEF

Fine Assessment and Conviction Surcharge

Did the Municipal Court implement policies and procedures to ensure that fines levied adhere to the minimum and maximum required by State law and that the conviction surcharge is assessed and collected in accordance with State law?

No, the Municipal Court did not implement policies and procedures to ensure that fines levied adhere to the minimum and maximum required by State law and that the conviction surcharge is assessed and collected in accordance with State law. The lack of computer access in the courtroom still prevents the Town from fully complying with this objective. It appears that the lack of instant access to LawTrak during court sessions allows fines to be assessed below the minimum State guidelines and the conviction surcharge to be overlooked by Court officials.

State Treasurer's Revenue Remittance Form (STRRF)

Did the Town implement policies and procedures to ensure the STRRF is submitted by the fifteenth day of each month in compliance with State law?

No, the Town did not implement policies and procedures to ensure the STRRF is submitted by the fifteenth day of each month in compliance with State law. However, while preparing this audit report, written procedures for submission of the monthly STRRFs were provided by the Town. But, the procedures did not include any deadlines for various tasks leading to the STRRF submission each month. Therefore, the Town will be required to revise the procedures to include a reasonable timetable for completion of each task. The Town will also be required to develop and implement written procedures to include details on how the Town will ensure sufficient funding to allow the STRRF to be submitted in a timely manner throughout the financial year.

*Reimbursement of Victim
Assistance Fund*

Did the Town transfer the total amount of the unexpended balance of \$82,426.00 of the victim assistance fund as of 8/31/2011 from its General Fund account to its Victim Assistance account?

No, the Town did not transfer the total amount of the unexpended balance of \$82,426.00 of the victim assistance fund as of 8/31/2011 from its General Fund account to its Victim Assistance account. Town officials interviewed agreed that the victim assistance unexpended balance on the Supplemental Schedule was correct, and that the Town's General Fund still owed the Victim Assistance Fund \$58,328.61 as of the site visit date of October 28, 2014.

*Accounting for Victim
Assistance Revenue*

Did the Town implement policies and procedures to ensure victim assistance revenue is accounted for in accordance with State law?

Yes, the Town did implement policies and procedures to ensure victim assistance revenue is accounted for in accordance with State law. While the auditor was preparing this audit report, Town officials did submit written procedures to ensure that victim assistance revenue was correctly accounted for in accordance with State law.

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

A. Fine Assessment and Conviction Surcharge

Objective

Did the Municipal Court implement policies and procedures to ensure that fines levied adhere to the minimum and maximum required by State law and that the conviction surcharge is assessed and collected in accordance with State law?

Conclusion

No, the Municipal Court did not implement policies and procedures to ensure that fines levied adhere to the minimum and maximum required by State law and that the conviction surcharge is assessed and collected in accordance with State law. The lack of computer access in the courtroom still prevents the Town from fully complying with this objective. It appears that the lack of instant access to LawTrak during court sessions allows fines to be assessed below the minimum State guidelines and the conviction surcharge to be overlooked by Court officials.

Background

State Auditor's report for the Town of Holly Hill Municipal Court dated June 30, 2011.

Section 14-1-211(A) (1) of the 1976 South Carolina Code of Laws.

Section 16-11-700(C) (1) of the 1976 South Carolina Code of Laws.

Holly Hill Town Code 9.04.130(a).

Discussion

The State Auditor's report for the Town of Holly Hill dated June 30, 2011 issued the recommendations that the Municipal Court implement procedures to ensure that fines levied adhere to the minimum and maximum required by State law. Also, that the Court implements procedures to ensure the conviction surcharge is assessed and collected in accordance with State law.

Discussion Cont.

The Town's response letter to the State Auditor's Report dated November 15, 2011 stated that the Municipal Court was implementing procedures to ensure compliance with these recommendations and that the issue with the surcharge not being consistently assessed had been corrected by the Town's computer software personnel.

Prior to the site visit, SOVA requested written procedures from the Town that would ensure fines levied would adhere to the minimum and maximum required by State law and that the conviction surcharge is assessed and collected in accordance with State law.

However, the Clerk of Court responded that the LawTrak software fulfilled this function and there were no written procedures in place. However, during the SOVA audit site visit, after interviewing Town officials, it was established and noted by the auditor that the Town still had not implemented any formal procedures to ensure compliance with the State Auditor's recommendations from June 30, 2011.

The Clerk of Court and Assistant Clerk of Court noted during the site visit interviews that for the last 7 years, the Municipal Court used LawTrak software to ensure that fines assessed are within the minimum and maximum guidelines of State law and that the conviction surcharge is assessed consistently. As the site visit was conducted, the auditor noted there were currently no computers available for use in the courtroom; therefore, no verification of compliance with State law using LawTrak was possible until after court ended. In addition, Town officials agreed that it would be helpful to have a computer in the courtroom during court sessions allowing the Judge to verify in real time that all fines assessed adhere to State law guidelines and that the conviction surcharge is assessed correctly.

It appeared to the auditor the Municipal Judge was still setting fines below the minimum/maximum required by State law, and not consistently assessing the conviction surcharge due to not implementing formal procedures during court proceedings. The auditor expressed that this was still a major concern and as a best practice for the Court, they should consider enhancing available technology during court sessions to ensure they meet the requirements and are in compliance. (See Recommendation A-2)

Discussion Cont.

The Clerk of Court proposed that until court computer access was available, they would write minimum fine on court dockets before actually handing them to the Municipal Judge.

The auditor agreed that this would be a good temporary interim solution until the Town could provide the court with enhanced technology that would allow Court officials immediate access to minimum and maximum fine guidelines. However, the auditor still noted concerns and the continued possibility of non-compliance if this is not processed correctly. During the 90 Day Follow-up, SOVA will review all Court dockets. (See Recommendation A-1)

Next, the Clerk of Court, Assistant Clerk of Court and Municipal Judge were tasked with developing written policies and procedures that would ensure fines assessed by the Municipal Court are in compliance with State law minimum and maximum guidelines that would ensure the conviction surcharge is assessed and collected by the Municipal Court in accordance with State law.

However, while preparing the audit report the Clerk of Court and Assistant Clerk of Court did submit written procedures. But, the lack of computer access in the courtroom still prevents the Town from fully complying with this objective. It appears that the lack of instant access to LawTrak during court sessions can allow fines to be assessed below the minimum guidelines and the conviction surcharge to be overlooked by Court officials. Therefore, it is recommended as a temporary interim solution that Municipal Court officials immediately begin writing the minimum fines on court dockets. Also, it is recommended Town and Court officials develop a written plan of action and procedures to ensure that instant computer access to LawTrak is available during municipal court proceedings. Since this is still a major concern, SOVA further recommends the Town of Holly Hill implement these procedures providing the Municipal Court with enhanced technology enabling State law minimum and maximum fine guidelines to be assessed correctly. Also, that conviction surcharges be collected in accordance with State law during all court sessions.

Recommendation(s) **and Comments**

A-1

It is recommended that Court officials begin immediately as a temporary interim solution to write minimum fines on court dockets and maintain copies to be submitted to SOVA during the 90 Day Follow-up audit. Court officials are to continue this practice until enhanced technology is available; however, they will be required to show proof that they have inquired about enhanced technology with an IT specialist by the time the 90 Day Follow up audit is conducted.

A-2

It is recommended that Town and Court officials develop a written plan of action with timeframes to provide the Municipal Court with enhanced technology; enabling State law minimum and maximum fine guidelines to be immediately available to Municipal Court personnel. Also, this will allow them to verify that the conviction surcharge is assessed and collected in accordance with State law during all court sessions.

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

B. State Treasurer's Revenue Remittance Form

Objective

Did the Town implement policies and procedures to ensure the State Treasurer's Revenue Remittance Form is submitted by the fifteenth day of each month in compliance with State law?

Conclusion

No, the Town did not implement policies and procedures to ensure the STRRF is submitted by the fifteenth day of each month in compliance with State law. However, while preparing this audit report, written procedures for submission of the monthly STRRFs were provided by the Town. But, these procedures did not include any deadlines for various tasks leading to the STRRF submission each month. The Town is required to revise the procedures to include a reasonable timetable for completion of each task. The Town will also be required to develop and implement written policies and procedures to include details on steps moving forward that will ensure sufficient funding allowing the STRRF to be submitted in a timely manner throughout the financial year.

Background

State Auditor's report for the Town of Holly Hill Municipal Court dated June 30, 2011.

State Treasurer's Revenue Remittance Forms, October 2013 to September 2014.

Section 14-1-208(B) of the 1976 South Carolina Code of Laws.

Discussion

During the State Auditor's initial site visit, 12 State Treasurer's Revenue Remittance Forms (STRRF) were tested. It was noted that 5 out of the 12 were not submitted to the State Treasurer by the fifteenth day of the month as required by Section 14-1-208(B) of the 1976 South Carolina Code of Laws. The Town Clerk stated that each STRRF was submitted when the Town had funds available. This is clearly not in compliance with State law. In the State Auditor's report dated June 30, 2011, the State Auditor recommended the Town implement procedures to ensure the STRRF is submitted by the fifteenth day of each month in compliance with State law.

Discussion B Cont.

In the Town's response letter, dated November 15, 2011, it was noted that the Town's accounts payable staff had been instructed by Town officials to submit the STRRF report by the fifteenth of the month as required by State law. However, SOVA found this was not the case and that the STRRF report was still submitted late.

Prior to the site visit, SOVA requested written procedures from the Town to ensure that the STRRF is submitted by the fifteenth day of each month in compliance with State law. Town officials responded that the LawTrak software performed this function for them; therefore no written procedures were in place. The auditor also requested copies of 12 months of STRRFs from October 2013 through September 2014. These forms were provided, but all had the submission date of October 10, 2014. During the SOVA site visit on October 28, 2014, the Assistant Clerk of Court and Clerk of Court stated this was the date the forms were reprinted from the LawTrak system and not the actual date they were submitted to the State Treasurer's Office.

During the SOVA site visit, it was noted by the auditor that the Town had not implemented any formal written procedures. After interviews with Town officials, the auditor requested additional information on the STRRF monthly reporting procedures. Also, copies of the actual STRRF submissions from September 2013 through October 2014 were requested again from the Assistant Clerk of Court. Prior to the conclusion of the audit site visit, the Assistant Clerk of Court provided these reports to the auditor. After examination, it was found that 9 of the 14 reports provided were not submitted by the fifteenth of the month as required by State law. It appears that each month, the STRRF was completed online and then printed from the LawTrak system. The auditor found that out of the 14 STRRFs provided by the Town, 7 were printed from the LawTrak system after the fifteenth of the month. Then, a check to pay the amount owed to the State Treasurer's Office was prepared and printed from 1 to 10 days after the STRRF was printed. The STRRF was then mailed to the State Treasurer's Office after additional days passed when sufficient funds were available in the Town's General Fund. This is clearly noncompliant with State law.

Additionally, it appeared that the Assistant Clerk of Court performs the entire process each month from start to finish. No other employees knew how to complete the process and again there were no written procedures in place.

Discussion B Cont.

The Mayor, Clerk of Court and Assistant Clerk of Court agreed that written procedures are needed to ensure that the STRRF process is consistently followed and the STRRF is submitted by the fifteenth of the month in compliance with State law. They also agreed that detailed instructions should be available if other Town employees need to be trained and understand the policies and procedures in the future.

It was further noted to the auditor by the Mayor, Clerk of Court and Assistant Clerk of Court that the Town regularly experienced difficulty providing sufficient funds to pay the STRRF by the fifteenth of the month and to maintain monthly administrative expense responsibilities. This was especially the case towards the end of its fiscal year which concludes the end of August. When asked how the Town planned to correct this concern to ensure compliance with State law in the future, the Clerk of Court and Assistant Clerk of Court proposed creating a fund which the town would deposit money into during the early part of the fiscal year. The Town would then draw from this fund during the latter part of the year allowing the STRRFs to be consistently submitted by the fifteenth of the month. The auditor noted that this option would be a good idea, but explained that policies and procedures for this fund and its operation are required to be specified in a written format with amounts to be deposited in the fund, notation of what funds are to be submitted and how the funds submitted will be determined. The Town was advised to review prior years STRRFs as a baseline in determining the funds availability and how many monthly contributions are needed for deposits.

Again, written procedures for submission of the monthly STRRFs were provided by the Town. However, these procedures did not include any deadlines for various tasks leading to the STRRF submission each month. Therefore, the town will be required to revise the procedures to include a reasonable timetable for completion of each task that would indicate and allow for the timely submission of the State Treasurer's Revenue Remittance Form every month. Also, the town will be required to prepare written procedures detailing steps to be taken that will allow future compliance with State laws. This will include outlining how the Town will ensure the availability of sufficient funds to allow the STRRF to be submitted by the fifteenth day of each month.

(Please refer to Recommendation B-1 and B-2)

Recommendation(s)
and Comments

B-1

It is recommended that the written policies and procedures for submission of monthly STRRF provided by the Town of Holly Hill be revised to include a reasonable timeline that will allow the State Treasurer's Revenue Remittance Form to be submitted by the fifteenth day of each month in accordance with State law. These revised policies and procedures are to be submitted to SOVA during the 90 Day Follow-up audit.

B-2

It is recommended that Town officials develop and implement detailed written policies and procedures to ensure the provision of sufficient funding each month to allow the timely submission of the STRRF. These policies and procedures are to be submitted to SOVA during the 90 Day Follow-up audit.

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

C. Reimbursement of Victim Assistance Fund

Objective

Did the Town transfer the total amount of the unexpended balance of \$82,426.00 of the victim assistance fund as of 8/31/2011 from its General Fund account to its Victim Assistance account?

Conclusion

No, the Town did not transfer the total amount of the unexpended balance of \$82,426.00 of the victim assistance fund as of 8/31/2011 from its General Fund account to its Victim Assistance account. Town Mayor, Clerk of Court and Assistant Clerk of Court agreed when interviewed that the victim assistance unexpended balance on the Town's annual audit Supplemental Schedule was correct and the Town's General Fund has reimbursed \$24,083.89 back into the fund. However, the Town still owes the Victim Assistance Fund **\$58,328.61** as of November, 2014.

Background

State Auditor's report for the Town of Holly Hill Municipal Court dated June 30, 2011.

Holly Hill Annual Financial Audit Report dated August 31, 2013.

Section 14-1-211(B) of the 1976 South Carolina Code of Laws.

Discussion

During the State Auditor's original site visit, the auditor noted that because the Town did not separately report victim assistance revenue on its general ledger, victim assistance beginning balances, ending balances, and current year victim assistance revenue per the general ledger did not agree to amounts reported on the required schedule of fines, assessments and surcharges included in the Town's audited financial statements for fiscal year ending August 31, 2010. Because the money for the victim assistance fund was comingled with the Town's General Fund, the Town was required to open a separate account for the victim assistance funds, per Act 141.

Discussion C Cont.

The State Auditor recommended the Town transfer the unexpended balance pertaining to victim assistance funds from its General Fund account to the Victim Assistance account. Prior to the SOVA site visit of October 28, 2014, SOVA requested:

- 12 months of Victim Assistance bank account statements from October 2013 to September 2014.
- 12 months of expenditure reports from the Victim Assistance account from October 2013 to September 2014.
- Copies of the Supplemental Schedules from the Town Audits of FY12 and FY13.

The bank statements and supplemental schedules were provided by the Clerk of Court as well as a copy of the town ledger for the Victim Assistance account from August 2013 through September 2014. The Town Mayor, Clerk of Court and Assistant Clerk of Court stated that the only expenditures were fund transfers to Orangeburg County per the victim services contract and these were noted on the bank statements. After the auditor reviewed the documents, there appeared to be a discrepancy between the amount stated as the Victim Assistance unexpended balance on the supplemental schedule dated August 31, 2011 and the balance in the Victim Assistance bank account per the Town's General Ledger. The auditor requested and received bank statements for the Victim Assistance account from January, 2011 to December, 2011 to assist in the review process of the accountability of funds.

The deficit of the Victim Assistance account prior to the site visit was calculated as follows:

The Town of Holly Hill started depositing retained victim assistance funds into a separate account **January 1, 2011**. The opening balance of the account was **\$5,840.77**. From **January, 2011 to August, 2011** the Town deposited retained funds of **\$7,247.03** into the Victim Assistance account. In the Annual Audit Supplemental Schedule for the year ending **August 31, 2011** the retained balance of the Victim Assistance fund is noted as **\$82,426**. However, the bank account balance at that time was **\$13,087.80** (**\$5,840.77 + \$7,247.03**) which equals a difference of **\$69,338.20**. There were retained funds of **\$996.09** for **August 2011** which were deposited into the account **September 9, 2011**.

Discussion C Cont.

The Town then entered into a Victim Services contract with the Orangeburg County Sheriff's Office **March 30, 2012** and wrote a check to the county for **\$5,164.54** for the retained victim assistance funds from **September, 2011** to **April, 2012**. The Town has since transferred all retained victim assistance funds from **May, 2012** to Orangeburg County. Next, the Town deposited **\$5,000** from the Town's General Fund to the Victim Assistance account on **August 30, 2012**. There were then bank charges of **\$13.50** assessed on **November 19, 2013**. The Town later transferred **\$5,000** from the General Fund to the Victim Assistance account on **August 28, 2014**. This left a deficit of **\$58,328.61** still owed by the Town of Holly Hill's General Fund to the Victim Assistance account as of **November, 2014**.

The chart below outlines the detailed balances and transfers as noted above.

Victim Assistance Bank Account Opening Balance 1/31/2011	\$5,840.77
Victim Assistance Fund Balance per Supplemental Schedule 8/31/11	\$ 82,426.00
Victim Assistance Fund Balance per bank statement 8/31/11	<u>(\$ 13,087.80)</u>
Difference as of 8/31/11	\$ 69,338.20
Retained Victim Assistance Funds for August, 2011 deposited 9/9/11	(\$996.09)
Allowable Bank Charges 11/19/13	(\$ 13.50)
Payment to Victim Assistance Fund from General Fund 8/30/12	(\$ 5,000.00)
Payment to Victim Assistance Fund from General Fund 8/28/14	<u>(\$ 5,000.00)</u>
Total Reimbursement due as of 9/30/14	\$58,328.61

When interviewed, the Mayor and Clerk of Court noted they were aware of the State Auditor's recommendations and the deficit owed by the General Fund to the Victim Assistance account and had taken some steps to rectify the concern. However, recommendations were not successfully accomplished and rectified during the SOVA audit. The Town had only budgeted and made payments of \$5,000 at the end of FY12 and FY14 towards the deficit.

Discussion C Cont.

But, the Mayor and Clerk of Court agreed that the Town's General Fund still owed the Victim Assistance Fund **\$58,328.61** of the original deficit amount as of the SOVA site visit. If the Town continues to pay \$5,000 annually towards this deficit, it will take an estimate of 12 years before the total reimbursement is completed. Therefore, this process is unacceptable and a new plan of action is warranted.

It appears that the Town has no clear, concise plan for repaying the fund. Because the town has failed to make consistent annual payments in the last four years with the knowledge that this deficit exists, the Mayor and Town Council are required to develop a plan of action that is clear and concise as it relates to reimbursing the Victim Assistance Fund for the remaining deficit within **12 months of the date issued on this report.**

Town officials have been aware of the amount owed by the Town's General Fund to the Victim Assistance account since the State Auditor's report dated June 30, 2011. In the three years since, the Town has reimbursed the fund for only \$10,996.09 of the original \$69,338.20 deficit, again which is unacceptable. Therefore, in an effort to be consistent with other repayment plans established throughout the State of South Carolina by the SOVA Auditing Section, the Town is tasked with developing and implementing a plan of action to complete the reimbursement process to the Victim Assistance fund within **12 months from the issue date of this report.**

(Please refer to Recommendation C-1)

Recommendation(s)
and Comments

C-1

It is recommended that the Town of Holly Hill develop and implement a clear and concise plan of action to reimburse \$58,328.61 owed to the Victim Assistance account within a 12 month time period from the date issued on this audit report. This plan of action must be presented in written format during the 90 Day Follow up audit. Repayment of the funds may start at any point after the date of issue for this audit. Town officials must first call the auditor and coordinate specific documentation to be submitted to SOVA as reimbursement payments are made so that SOVA is able to track the reimbursements to ensure all funds are paid back to the fund.

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

D. Accounting for Victim Assistance Revenue

Objective

Did the Town implement policies and procedures to ensure victim assistance revenue is accounted for in accordance with State law?

Conclusion

Yes, the Town did implement policies and procedures to ensure victim assistance revenue is accounted for in accordance with State law. While preparing this audit report Town officials submitted written procedures to ensure that victim assistance revenue was accurately accounted for in accordance with State law. Therefore, with the submission and implementation of these written policies and procedures, it appears the Town has complied with this objective.

Background

State Auditor's report for the Town of Holly Hill Municipal Court dated June 30, 2011.

Town of Holly Hill policies and procedures to ensure that victim assistance revenue is accounted for in accordance with State law dated November 4, 2014.

Section 14-1-211(B) of the 1976 South Carolina Code of Laws.

Discussion

During the State Auditor's site visit, the auditor noted that in 12 out of 25 cases tested, the Town did not properly retain the victim services revenue. The funds collected for victim assistance were not deposited into a separate account as required by Section 14-1-211(B) of the 1976 South Carolina Code of Laws, but were instead comingled with the Town's General Fund. However, the Town Clerk stated that as of January 1, 2011, the Town began to deposit victim assistance revenue into a separate account upon the advice of its external auditor. In the Town's response letter dated November 15, 2011, the Town stated they were in discussion regarding entering into a victim services contract with the Orangeburg County Sheriff's Office. This would with the implementation of a contract, enable the Town to transfer the monthly retained funds to the county.

Discussion D Cont.

Prior to the site visit on October 28, 2014, the auditor requested from the Clerk of Court written procedures ensuring that victim assistance revenue is accounted for in accordance with State law. The Clerk of Court responded that LawTrak fulfilled this function and that there were no written procedures in place. However, they were advised as best practice these policies and procedures were warranted. Therefore, at the conclusion of the SOVA site visit, the Chief of Police and Assistant Clerk of Court were immediately tasked with developing written policies and procedures to ensure that the fund is accounted for accurately. These procedures were provided by the Chief of Police and Assistant Clerk of Court while preparing this audit report along with a copy of the Town's ledger for the Victim Assistance account from August 2013 through September 2014. Therefore, they have complied with this objective and are advised to distribute the procedures to all necessary parties involved in the process.

**Recommendation(s)
and Comments**

D-1

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 117.55
2. Copy of the Legislative Proviso 97.9
3. Copy of a Sample Budget
4. Sample Staff Hired Report
5. Sample Time and Activity Report
6. Sample Expenditure Report
7. Victim Advocate Procedural Manual
8. Copy of 2013 Approved Guidelines
9. Sample Contract
10. Donation Form
11. SOVA website information
12. Technical Assistance At A Glance

Other Matters

There are no other matters.

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.”

The Town of Holly Hill was informed during the conclusion of the site visit that there appeared to be some errors as noted in this report. The findings were reviewed with Town officials and they were advised that this Programmatic Review will warrant the need for further review by management. Also, unless otherwise noted, the 90 Day Follow up audit window will begin 5 business days following the issued date noted on this final report. Officials were advised they would have this time to rectify any noted recommendations.

The site visit was completed on October 28, 2014 and the report was issued to The Town of Holly Hill on January 9, 2015.

In April, 2015 The State Office of Victim Assistance will schedule a 90 Day Follow-up audit.

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



State of South Carolina
Office of the Governor

NIKKI R. HALEY
GOVERNOR

OFFICE OF EXECUTIVE
POLICY AND PROGRAMS

Programmatic Review Completed by:

Andrew Walsh
Andrew Walsh, Auditor

1/9/2015
Date

Reviewed by:

Richelle A. Copeland
Richelle A. Copeland, CGAP, Sr. Auditor

1/9/2015
Date

Ethel Douglas Ford
Ethel Douglas Ford, CEM, Deputy Director

1/9/2015
Date

Larry Barker
Larry Barker, Ph.D. Director

1/9/2015
Date