State of South Carolina
Office of the Governor

NIKKI R. HALEY
GOVERNOR

OFFICE OF EXECUTIVE
POLICY AND PROGRAMS

August 28, 2012

Mayor Nancy Brigman
Town of Latta
107 NW Railroad Ave.
Latta, SC 29565

Dear Mayor Brigman:

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 Town of Latta Victim Assistance Program and a copy of official report is attached for your review. Due to Proviso 89.61, SOVA is now legislatively mandated to conduct programmatic reviews on any entity or non-profit organization receiving victim assistance funding to ensure that the crime victim funds are expended in accordance with the law.

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

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

Sincerely,

Larry Barker

Larry Barker, Ph.D.
Director

Cc: Chief Crystal Moore

Enclosure

Office of the Governor
State Office of Victim Assistance

June 30, 2011

State Audit of
The Town of Latta

August 28, 2012

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
STRRF- State Treasurer Revenue Remittance Form

Introduction and Laws

PREFACE

This programmatic review was initiated in response to a request for a 90 day follow up from the SC State Auditor's Office received in January of 2012. On June 28, 2012, the Director of SOVA issued a letter to the Administrative Office and the Police Department, to inform them of the Town of Latta's State Issued 90 Day Follow up audit being conducted by the State Office of Victim Assistance (SOVA). The audit was conducted on July 26, 2012.

Governing Laws and Regulations

Proviso 89.61

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

If the State Auditor finds that any county treasurer, municipal treasurer, county clerk of court, magistrate, or municipal court has not properly allocated revenue generated from court fines, fines, and assessments to the crime victim funds or has not properly expended crime victim funds, pursuant to Sections 14-1-206(B)(D), 14-1-207(B)(D), 14-1-208(B)(D), and14-1-211(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 ~~reviews on~~ *review and financial audit of* any entity or non-profit organization receiving victim assistance funding based on the referrals from the State Auditor or complaints of a specific nature received by the State Office of Victim Assistance to ensure that crime victim funds are expended in accordance with the law. *Guidelines for the expenditure of these funds shall be developed by the Victim Services Coordinating Council. The Victim Services Coordinating Council shall develop these guidelines to ensure any expenditure which meets the parameters of Title 16, Article 15 is an allowable expenditure.*

Proviso 89.61(cont)

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

SC Code of Law Title14

Courts – General Provisions

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

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

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

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

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

SC Code of Law Title14 (cont)

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

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

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

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

Introduction and Legislative

PRIOR AUDIT RESULTS

The SC State Legislative Proviso 89.61 mandates the State Office Victim Assistance to conduct 90-day follow-up reviews 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 complying with all applicable state laws and regulations. As noted, the State Auditor's Office conducted an audit of the Town of Latta Municipal Court Fines, Fees, and Assessment (FFA) Fund. The State Auditor's Report dated June 30, 2011 was received by SOVA in January of 2012.

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

SOVA Audit Objective was;

- To determine if the Town implemented procedures to ensure the State Treasurer Revenue Remittance Forms (STRRF) are submitted by the fifteenth day of each month in compliance with State law.

- To determine if the Town established and implemented policies and procedures to ensure victim assistance revenue is used only for expenditures in accordance with State law, including allocation of payroll expenses.

- To determine if the Town reimbursed the Victim Assistance Fund for the unauthorized expenditures that were not adequately supported by source documentation.

RESULTS IN BRIEF

Revenue Remittance Forms

Yes, the Town implemented procedures to ensure the State Treasurer Revenue Remittance Forms (STRRF) are submitted by the fifteenth day of each month in accordance with State law.

(Results in Brief continued)

Victim Assistance Policies and Procedures	Yes, the Town of Latta implemented policies and procedures to ensure victim assistance revenue is used only for expenditures in accordance with State law, including allocation of payroll for staff providing direct victim services.
Victim Assistance Expenditures	Yes, the Town reimbursed the Victim Assistance Fund for the payroll expenditures that were not adequately supported by source documentation in the amount of $3,595.

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

A. Timely Submission of STRRF

Objective

To determine if the Town implemented procedures to ensure the State Treasurer Revenue Remittance Forms (STRRF) are submitted by the fifteenth day of each month in compliance with State law.

Conclusion

Yes, the Town implemented procedures to ensure the State Treasurer Revenue Remittance Forms (STRRF) are submitted by the fifteenth day of each month in accordance with State law.

Background

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

Interviews on July 26, 2012 during the audit site visit with the Mayor, Clerk/Treasurer and the Victim Advocate.

State Treasurer Revenue Remittance Forms from July 2010 thru May 2012.

Discussion

In the initial State audit for the Town of Latta, the auditor noted that on four out of twelve occasions the State Treasurer's Revenue Remittance Forms (STRRF) were submitted late, ranging from one day to nine months. The Town Clerk/Treasurer stated this was due to a transition from the municipal judge to his current position, learning a new accounting system and lack of oversight by him. The State Auditor recommended the Town put in place procedures to ensure the STRRF's were submitted on time in accordance with State law.

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

On July 26, 2012, during the audit site visit, the Town Clerk was asked what procedures the Town had in place to ensure the STRRF's were submitted on time. He stated that the Town's response letter to the State Auditor's Office, dated December 13, 2011, stated the following regarding the timely submission of the STRRF's:

"In order to correct any questions regarding the timeliness of filing the State Treasurer's Revenue Remittance Form, we began submitting the form on-line via the remittance website. Beginning with the September 2011 remittance, the Town of Latta Court now files the report electronically and submits the paperwork to the Clerk. The Clerk then reviews the electronic report for accuracy and submits it to the State Treasurer's Office. Previously, the report had been faxed to the State Treasurer. This should correct any questions regarding the timeliness of filing the reports with the State Treasurer."

After being informed of the procedures that were put in place, the SOVA auditor requested copies of the STRRF's for July 2010 through May 2012 to ensure the documents were submitted on time. During this time period, all revenue remittance forms reviewed were submitted on time except for the submission for July 2010 which was submitted on 8/16/2010, one day after the deadline of the fifteenth.

Recommendation(s) and Comments

No Further Recommendations at this time.

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

B. Victim Assistance Expenditures Policies and Procedures

Objective

To determine if the Town established and implemented policies and procedures to ensure victim assistance revenue is used only for expenditures in accordance with State law, including allocation of payroll expenses.

Conclusion

Yes, the Town of Latta implemented policies and procedures to ensure victim assistance revenue is used only for expenditures in accordance with State law, including allocation of payroll for staff providing direct victim services.

Background

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

Time and Activity Sheets completed by the Chief/VA for January 30, 2012 until May 1, 2012 and submitted on May 14, 2012.

Interviews on July 26, 2012 during the audit site visit with the Mayor, Clerk/Treasurer and the Victim Advocate.

Victim Services Coordinating Council (VSCC) Approved Guidelines for Expenditures of Monies Collected for Crime Victim Service in Municipalities and Counties, Effective January/2010

Discussion

In the initial State audit, the auditor noted the Town of Latta retained $8,398 in victim assistance revenue during the FY 10-11 fiscal year and used it to fund a portion of, at that time, the Chief's salary and fringe benefits. However, the Town did not maintain data or reports to support the allocation of those funds. The Town Clerk/Treasurer stated he did not realize documentation was needed to support the allocation of the funds. However, the State Auditor recommended that the Town implement policies and procedures to ensure victim assistance revenue is used in accordance with State law, including the allocation of payroll expenses.

However, during FY 11-12 Victim Assistance budget review, SOVA noted that the Town's Victim Advocate appeared to have other duties besides those related to victim advocacy. Approved Guidelines for Expenditures of Monies Collected for Crime Victim Service in Municipalities and Counties states "Personnel, salaries/benefits, performing direct services to crime victims, victim advocates within law enforcement and solicitor offices, notifiers for detention centers and the summary courts" can be paid out of the Victim Assistance Fund. In order for this to take place, there needs to be some type of documentation showing the amount of time spent providing direct victim services if the staff has other duties other than advocacy. On January 1, 2012, an auditor from SOVA spoke with the Clerk/Treasurer and confirmed the advocate was also a police officer. SOVA immediately requested that the town began maintaining 90 days of Time and Activity sheets to justify the percentage of funds paid towards the Advocate/Officer's salary. On May 14, 2012, the town submitted the Time and Activity sheets and after review, it was determined that only 12% of the Advocate/Officer's time was spent on providing direct victim services to crime victims. By implementing and continuously maintaining the Time and Activity sheets as requested by SOVA, the Town also completed the State Auditors recommendation to develop policies and procedures for the allocation of payroll expenditures.

It appears the Town's prior accounting procedures included taking all victim assistance funds collected and retained during the fiscal year and allocating it 100% towards the Victim Advocate/Officer's salary and benefits. This means there were no prior policies and procedures in place prior to this audit for other expenditures. On July 26, 2012, the Town stated because of the 12% maximum allowable amount to be paid toward salary and benefits of the Advocate, there would be funds available during the upcoming fiscal year to cover other expenses. During the site visit, the SOVA Auditor took the time to provide additional technical assistance by discussing other potential expenses that could be covered with the Victim Assistance Funds and recommended they include these expenses on their annual Victim Assistance budget submitted to SOVA. The town then explained the following policies and procedures will be established to ensure future victim assistance expenditures, besides payroll, are expended in accordance with State law:

1. The Victim Advocate will review the Approved Guidelines to ensure that potential purchases are allowable before filling out a purchase order and submitting it to the Clerk/Treasurer for approval.

2. The Clerk/Treasurer will utilize the Approved Guidelines to review purchase order request for approval. He will then submit them to the Mayor for final approval.

3. The Mayor will use the Approved Guidelines to make the final determination on whether the purchase is allowable. The Mayor will then return it to the Clerk/Treasurer for payment.

If there is ever a question about a particular expense, the Town of Latta has been advised to contact SOVA for guidance. By establishing these policies and procedures for future expenses, the town has completed this recommendation made by the State Auditor's Office. The Town is encouraged to review this policy and procedure and update as warranted.

Recommendation(s) and Comments

No Further Recommendations at this time.

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

C. Victim Assistance Expenditures

Objective

To determine if the Town reimbursed the Victim Assistance Fund for the unauthorized expenditures that were not adequately supported by source documentation.

Conclusion

Yes, the Town reimbursed the Victim Assistance Fund for the payroll expenditures that were not adequately supported by source documentation in the amount of **$3,595**.

Background

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

Time and Activity Sheets were completed by the Chief/Victim Advocate for January 30, 2012 through May 1, 2012 and submitted on May 14, 2012.

Revenue and Expenditure Report were reviewed showing revenues and expenses from the Victim Assistance Fund for FY 10-11.

Interviews on July 26, 2012 during the audit site visit with the Mayor, Clerk/Treasurer and the Victim Advocate.

Discussion

In the initial State audit, the auditor noted that the Town of Latta recorded $8,398 in victim assistance revenue during FY 10-11. These funds were used to pay a portion of the Chief's salary and fringe benefits. Although this person did serve as the Town's Victim Advocate, the Town had no data or Time and Activity sheets to support the allocation of 100% of victim assistance funds towards salary. The state auditor recommended that the Town reimburse the victim assistance fund for $8,398 in payroll expenditures that were not adequately supported by source documentation. At the time of this recommendation, SOVA was in the process of developing the new Victim Advocate Time and Activity sheets. The Victim Advocate Time and Activity sheets were developed as a technical assistance document to assist in the tracking of all activity for anyone that is considered part time advocate providing direct victim services and their salary is paid from

the Victim Assistance Fines, Fees and Assessment Fund (VAFFA) account. Although SOVA developed the Time and Activity sheets, they were not available prior to this recommendation. However, each county or municipality is held accountable and is responsible for developing a way of tracking and maintaining documentation to support the amount of salaries and other expenditures paid from the Victim Assistance fund. Any documents developed by SOVA are provided as a courtesy.

During the annual review of the Town of Latta Victim Assistance budget, it appeared the advocate also served as a police officer with additional duties besides providing direct services to crime victims. After confirming this with the Clerk/Treasurer, SOVA requested the Victim Advocate/Officer begin completing Time and Activity sheets in calculating the percentage of time spent serving as the victim advocate providing direct victim services. The town was asked to submit 90-days of Time and Activity sheets to SOVA, for review. On May 14, 2012 the town submitted the requested information and SOVA determined the advocate/officer spent 12% of their time providing direct victim services; therefore, only 12% of their total salary and benefits could be paid using victim assistance funds. Since 12% of the advocate/officer's time was spent serving as the advocate, SOVA took the current victim advocate salary and multiplied it by .12 to determine the allowable allocation amount to be used is $4,800 dollars. By completing the Time and Activity sheets requested by SOVA, the town was given a credit of $4,800 to be applied to the $8,398 total reimbursement amount requested by the State Auditor's Office.

On June 20, 2012, SOVA sent an email requesting that the town reimburse their victim assistance fund for salaries paid over the allowable percentage amount of 12% towards the victim advocate's salary. Prior to the audit site visit on July 26, 2012, the funds had not been reimbursed nor any contact made by the town to address this issue. However, the following day after this audit was completed, the town sent SOVA supporting documentation showing the Victim Assistance Fund was reimbursed for **$3,595** which was the difference that was required to be placed back into the Victim Assistance Fund. Therefore both recommendations made by the State Auditor's office and SOVA have been satisfied.

Recommendation(s) and Comments

No Further Recommendations at this time.

D. Technical Assistance

Documentation Provided

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

1. Copy of the Legislative Proviso 89.61
2. Copy of a Sample Budget
3. Sample Staff Hired Report
4. Sample Time and Activity Report
5. Sample Expenditure Report
6. Copy of 2010 Suggested Guidelines
7. Discussed potential victim assistance expenditures.

Other Matters

There are no other matters.

Corrective Action

Proviso 89.70 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. If the entity or non-profit organization fails to rectify the error within ninety days, the State Office of Victim Assistance shall assess and collect a penalty of the amount of the unauthorized expenditure plus $1,500 against the entity or non-profit organization for improper expenditures in a fiscal year. All penalties received by the State Office of Victim Assistance shall be credited to the General Fund of the State. If the penalty is not received by the State Office of Victim Assistance within ninety days, 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 26, 2012.

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

There are no further actions or recommendations.

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 – The Town of Latta State Issued Audit Report dated June 30, 2011. (Attached)

TOWN OF LATTA MUNICIPAL COURT

LATTA, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2011

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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
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

October 28, 2011

The Honorable Nikki R. Haley, Governor
State of South Carolina
Columbia, South Carolina

The Honorable Janette W. Dupree, Municipal Judge
Town of Latta Municipal Court
Latta, South Carolina

Mr. Ernie Barrentine, Town Clerk/Treasurer
Town of Latta
Latta, South Carolina

We have performed the procedures described below, which were agreed to by the management of the Town of Latta and the Town of Latta Municipal Court, solely to assist you in evaluating the performance of the Town of Latta Municipal Court for the fiscal year ended June 30, 2011, in the areas addressed. The Town of Latta and the Town of Latta 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 fines, fees, assessments, surcharges, forfeitures, escheatments, or other monetary penalties.
   - We obtained the Town of Latta Municipal Court's Criminal, Traffic, DUI and Non-Assessed Receipts reports for all cases for the fiscal year ended June 30, 2011, from the Municipal Judge. We randomly selected twenty-five cases from the reports and recalculated the fine, fee, assessment and surcharge calculation to ensure that the fine, fee, assessment or surcharge was properly allocated in accordance with applicable State law.

We determined that the fine, fee, assessment and/or surcharge adhered to State law and to the South Carolina Court Administration fee memoranda. We also agreed amounts to the Court's cash receipt records.

We found no exceptions as a result of the procedures.

2. **Town Treasurer**

- We gained an understanding of the policies and procedures established by the Town to ensure proper accounting for court fines, fees, assessments, surcharges, forfeitures, escheatments, or other monetary penalties.
- We obtained copies of all State Treasurer's Revenue Remittance Forms submitted by the Town for the fiscal year ended June 30, 2011. We agreed the line item amounts reported on the State Treasurer's Revenue Remittance Forms to the monthly court remittance reports and to the State Treasurer's receipts. We also agreed the total revenue due to the State Treasurer to the general ledger.
- 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 Town on its supplemental schedule of fines and assessments for the fiscal year ended June 30, 2011 agreed to the State Treasurer's Revenue Remittance Forms and to the Town's general ledger. We also determined if the supplemental schedule of fines and assessments contained all required elements in accordance with State law.

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 Town to ensure proper accounting for victim assistance funds.
- We made inquiries and performed substantive procedures to determine that any funds retained by the Town for victim assistance were accounted for in a separate account.
- We tested all victim assistance expenditures to ensure that the Town expended victim assistance funds in accordance with State law and South Carolina Court Administration Fee Memoranda, Attachment L.
- We determined if the Town reported victim assistance financial activity on the supplemental schedule of fines and assessments in accordance with State law.
- We inspected the Town's audited financial statements 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 finding as a result of these procedures is presented in Accounting for Victim Assistance Funds 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, 2011, 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, Chairman of the Senate Finance Committee, Chairman of the House Judiciary Committee, Chairman of the Senate Judiciary Committee, members of the Town of Latta Town Council, Town of Latta Municipal Judge, Town of Latta Clerk/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

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.

TIMELY SUBMISSION OF STATE TREASURER'S REVENUE REMITTANCE FORM

During our testing of the Town's State Treasurer's Revenue Remittance Forms (STRRF), we noted four out of twelve STRRF were not submitted to the State Treasurer by the fifteenth day of the month as required by State law. The forms were submitted from approximately one day to nine months late.

The Town Clerk/Treasurer stated the STRRF were submitted late due to his transition from municipal judge, implementation of a new accounting system and lack of oversight.

Section 14-1-208(B) of the 1976 South Carolina Code of Laws, as amended, requires the Town 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 Town implement procedures to ensure the STRRF are submitted by the fifteenth day of each month in compliance with State law.

ACCOUNTING FOR VICTIM ASSISTANCE FUNDS

During our testing of victim assistance funds, we noted the Town recorded $8,398 in victim assistance revenue during the fiscal year and expended it to fund a portion of the police chief's and a lieutenant's salaries and fringe benefits. The Town had an allocation plan for payroll expenditures in place; however, the Town did not perform or maintain any statistical data or time and activity reports, as required by the State Office of Victim Assistance, to support the plan. We further noted the Town did not allocate the costs in accordance with its plan because it did not receive sufficient victim assistance revenue.

The Town Clerk/Treasurer stated he did not realize documentation was needed to support the allocation plan.

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; specifically, those service requirements that are imposed on local law enforcement, local detention facilities, prosecutors, and the summary courts." Also, Section 14-1-211(B) of the 1976 South Carolina Code of Laws, as amended, states, "The revenue collected pursuant to subsection (A)(1) must be retained by the jurisdiction which heard or processed the case and paid to the city or county treasurer, for the purpose of providing 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 Chapter 3, Article 15 of Title 16; specifically, those service requirements that are imposed on local law enforcement, local detention facilities, prosecutors, and the summary courts." In addition, the South Carolina Court Administration Memorandum, Attachment L, dated June 24, 2010, and the South Carolina Victim Service Coordinating Council, Approved Guide for Expenditures of Monies Collected for Crime Victim Service in Municipalities and Counties, effective January 2010, set forth guidelines for expenditures of monies collected for crime victim services. Further, the Frequently Asked Questions portion of the State Office of Victim Assistance's website outlines the procedures that should be followed when allocating a portion of a salary to victim assistance funds.

We recommend the Town reimburse the victim assistance funds for the expenditures that were not adequately supported by source documentation. We also recommend the Town establish and implement policies and procedures to ensure victim assistance revenue is used only for expenditures in accordance with State law, including providing support for its allocation of payroll expenditures to victim assistance funds.

TOWN'S RESPONSE

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December 13, 2011

Richard H. Gilbert, Jr., CPA
Deputy State Auditor
Office of the State Auditor
1401 Main Street, Suite 1200
Columbia, SC 29201

Dear Mr. Gilbert:

In response to the preliminary audit report recently submitted for review, I would like to respond to the following findings which were detailed in the report.

In regards to the timely submission of the State Treasurer's Revenue Remittance Form, I can concur with the finding of your office. The first report which was filed one day late occurred during the time I was transitioning from the Municipal Court to the Clerk/Treasurer's Office. During that time I was having to cover the duties of both offices until my successor could be sworn in and complete her work notice with her previous employer.

The second and third submissions concerned the forms for November and December of 2010. During that time, the Town of Latta was changing the accounting software that is utilized in my office. During that transition process, all financial records had to manually be rekeyed into the new software system. With our fiscal year beginning on July 1, essentially the first six months of our financial records for the year had to be re-entered into the new system. During that time, the submissions were unfortunately and unintentionally over-looked. When I found that the forms had not been submitted, I corrected the oversight immediately.

The fourth submission that was submitted late was submitted on the seventeenth of the month instead of the fifteenth. Unfortunately, I do not recall the reason for that delay. In speaking with fellow co-workers, I was told that the deadline for that submission occurred during a time that I was ill and also experienced a death in the family. However, I can not submit that as a verifiable reason as to the lateness of this filing since I do not recall the specifics surrounding that filing.

In order to correct any questions regarding the timeliness of filing the State Treasurer's Revenue Remittance Form, we began submitting the form on-line via the remittance website. Beginning with the September 2011 remittance, the Court now files the report electronically and submits the paperwork to the Clerk. The Clerk then reviews the electronic report for accuracy and submits it to the State Treasurer's Office. Previously, the report had been faxed to the State Treasurer. This should correct any questions regarding the timeliness of filing the reports with the State Treasurer.

In regards to the accounting for the victim assistance funds, I offer the following explanation. During the fiscal year, these funds are collected and booked into our general ledger. After the close of our fiscal year, the books are audited by an external audit. During the audit, the auditor assigns these funds to the salary of the Town's Victims' Advocate who is also Lieutenant of the Police Department. In her absence the Chief of Police fulfills these duties. Again, this is my first year as Clerk/Treasurer, but in speaking with the Town's external auditor, it is my understanding that these funds are distributed according to a formula that he has calculated. However, I was not made aware of the documentation required to support this allocation. After discussing this matter with the Mayor and the external auditor, this matter has since been corrected.

Since assuming the responsibilities of the Office of Clerk/Treasurer for the Town of Latta, it has been my intention to improve the services we offer to our residents as well as streamline the functions of the office. Fortunately, this audit revealed two areas in which improvement was warranted and has been accomplished. It has also provided me personally with more insight on some of my functions as Clerk/Treasurer. As a new Clerk/Treasurer, this audit has also provided me valuable resources in the area of Victim Assistance Funds.

Thank you for the opportunity to respond to these findings.

Sincerely,

Ernest M. Barrentine
Clerk/Treasurer

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State of South Carolina

Office of the Governor

NIKKI R. HALEY
GOVERNOR

OFFICE OF EXECUTIVE
POLICY AND PROGRAMS

Programmatic Review Completed by:

Dexter L. Boyd, SOVA Field Auditor	8/28/12 **Date**

Reviewed by:

Richelle A. Copeland, Sr. Auditor	8/28/12 **Date**
Ethel Douglas Ford, SOVA Program Manager	8/28/12 **Date**
Larry Barker, Ph.D. Director	8/28/12 **Date**