



State of South Carolina

Office of the Governor

NIKKI R. HALEY
GOVERNOR

OFFICE OF EXECUTIVE
POLICY AND PROGRAMS

August 1, 2013

Mr. Alan Watkins
Lee County Administrator
PO Box 309
Bishopville, SC 29010

Dear Mr. Watkins:

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 Lee County 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 an audit which shall include both a programmatic review and financial audit of any entity or non-profit organization receiving victim assistance funding to ensure that the crime victim funds are expended in accordance with the law. If errors are found, the agency has 90 days from this meeting date to rectify the error and if the error is not rectified within the specified time period a penalty will be assessed.

Once again enclosed is a copy of our audit results. Please be advised that all SOVA audits and follow-up reviews 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. Richelle A. Copeland at (803)734-1900.

Sincerely,

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

Larry Barker, Ph.D.
Director

CC: Sheriff Simon

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

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

August 1, 2013

**Programmatic Review and
Financial Audit of the Lee
County Victim Assistance FFA
Funds**

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Acronyms:

VAFFA – Victim Assistance Fines, Fees, and Assessment

SOVA – State Office of Victims Assistance

SCLEVA – South Carolina Law Enforcement Victim Advocate

Introduction and Laws

PREFACE

This Programmatic Review and Financial Audit were initiated in response to the State Office of Victim Assistance's (SOVA) concerns regarding the Victim Assistance Fines, Fees and Assessment funds. On March 12, 2013, the Director of SOVA issued a letter to the Lee County Administrator and the Sheriff's Department, informing them that SOVA will conduct a review and or audit of the Lee County Victim Assistance Program. The audit was conducted on April 17, 2013.

Governing Laws and Regulations Proviso 89.61

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

If the State Auditor finds that any county treasurer, municipal treasurer, county clerk of court, magistrate, or municipal court has not properly allocated revenue generated from court fines, fines, and assessments to the crime victim funds or has not properly expended crime victim funds, pursuant to Sections 14-1-206(B)(D), 14-1-207(B)(D), 14-1-208(B)(D), and 14-1-211(B) of the 1976 Code, the State Auditor shall notify the State Office of Victim Assistance. The State Office of Victim Assistance is authorized to conduct an audit which shall include both a programmatic review and a review and financial audit of any entity or non-profit organization receiving victim assistance funding based on the referrals from the State Auditor or complaints of a specific nature received by the State Office of Victim Assistance to ensure that crime victim funds are expended in accordance with the law. Guidelines for the expenditure of these funds shall be developed by the Victim Services Coordinating Council. The Victim Services Coordinating Council shall develop these guidelines to ensure any expenditure which meets the parameters of Title 16, Article 15 is an allowable expenditure.

Proviso 89.61(cont)

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

**SC Code of Law
Title 14**

Courts – General Provisions

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

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

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

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

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

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

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

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

The supplementary schedule must include the following elements:

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

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

Introduction and Legislative

AUDIT OBJECTIVES

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

Audit Objectives were;

- To determine if the Lee County Victim Advocate Program provide services to crime victims in the most effective and efficient way as it relates to state laws and regulations.
 - To determine if the retained Lee County Victim Assistance Fines, Fees and Assessment Funds are properly accounted for and maintained.
 - To determine if Lee County have contracts or have they considered contracts for providing services for local municipalities.
 - To determine if Lee County officials maintained county wide accountability in reporting requirements and reimbursement as it relates to state laws and regulations.
-

RESULTS IN BRIEF

Victim Assistance Program Does the Lee County Victim Advocate Program provide services to crime victims in the most effective and efficient way as it relates to state laws and regulations?

Yes, the Lee County Victim Assistance Program provide services to crime victims in the most effective and efficient way as it relates to state laws and regulations by ensuring the current victim advocate is in compliance with the victim service provider (VSP) certification as required by the Office of Victims Services Education and Certification (OVSEC). Also, by having procedures in place regarding the services provided to crime victims, the victim advocate ensures the best quality of services is provided to victims. Although the county advocate was able to verbalize the procedures executed on a daily basis, SOVA was informed these procedures were not available in a written format. Therefore, to avoid new advocates in the future providing services under different guidelines, SOVA recommended the county develop detailed written procedures for the victim assistance program. The auditor also recommended Lee County develop a Victim Assistance Procedural Manual.

*Victim Assistance FFA Fund
Accountability*

Are the retained Lee County Victim Assistance Fines, Fees and Assessment Funds properly accounted for and maintained?

Yes, the county has taken action to maintain proper accountability of the victim assistance funds by ensuring segregation of duties as it relates to collections and disbursement of funds. Some steps taken by the county included transferring all checking account privileges to the finance department; therefore, ensuring a process is in place that provides the sheriff's department a monthly update of Victim Assistance (VA) account balance. Also, by developing and implementing a purchase request process that incorporates both sheriff and finance approval before purchases are made, this decreases the chances of the VA funds being spent on unallowable expenditures. However, it is recommended that the County Finance Department ensures all purchase procedures are in written format and develop a new line item in the accountability process that tracks revenue received from surrounding municipalities for the VA fund. This line item is recommended to be integrated into all applicable departments to include but not limited to the Magistrate, Clerks, Treasurer and Finance.

*Victim Assistance FFA
Contract*

Does Lee County have contracts or have they considered contracts for providing services for local municipalities?

Yes, Lee County does have contracts. However, the county is not in compliance with state laws and regulations as it relates to the current Victim Assistance Contract. The county currently retains all fines, fees and assessments received for the Town of Bishopville. However, the county is not separately identifying all fines, fees and assessments received from local municipalities. Also, as a result of receiving these funds to include VA Fines, Fees and Assessments, the county victim advocate is to submit various reports. However, it was noted the victim advocate has not submitted monthly, quarterly and year-end victim service statistical reports to the Town of Bishopville. Therefore, SOVA recommends the county victim advocate implement a process and procedure immediately in written format for submitting all monthly, quarterly and year-end reports to the Town of Bishopville. Also, SOVA recommended the county meet and consult with any other neighboring municipalities to determine if they would be interested in developing a victim assistance service contract. The victim advocate must ensure monthly, quarterly and year-end victim assistance statistical reports are submitted to each local contractual municipality and be prepared to submit copies of all statistical reports during the SOVA 90 Follow up Audit. County Officials also are required to develop written policies and procedures together for tracking funds received from local municipalities and maintain separate accountability from the receipt to disbursement of the funds.

*Segregation of Duties
and Reporting*

Has Lee County Officials maintained county wide accountability in reporting and reimbursement requirements as it relates to state laws and regulations?

No, Lee County Officials have not maintained county wide accountability in reporting and reimbursement requirements as it relates to state laws and regulations. In the prior audits, the county external auditor consistently noted and recommended concerns regarding Lee County's lack of segregation of duties in multiple departments. However, previous County Administration disregarded the recommendations given by the county's independent external auditor and neglected to make the necessary changes as required to ensure proper accountability and reimbursement.

Discussion cont.

However as of April 2013, the current County Officials have been proactive in taking the necessary steps needed to ensure the county is once again in compliance with state laws and regulations. On an annual basis it was recommended by the county's independent external auditor that the finance staff gain proper training and that personnel adequately develop a centralized accounting system. During the audit interview process, it was confirmed the current finance staff is now responsible for all county wide disbursements using the centralized system within the finance department. However, the county is still in the process of developing county wide purchase requests policies and procedures. Therefore, it is recommended the Finance Director develop county wide written policies and procedures for requesting departmental purchases.

Additionally, in reviewing the prior audit recommendations for FY 09-11, county officials neglected to ensure victim assistance misappropriated funds were reimbursed back into the Victim Assistance Fines, Fees and Assessment Fund. The county was responsible for reimbursing the victim assistance funds for unallowable expenditures and or questionable expenditures in the amount of **\$39,973** according to prior audit recommendations from the county's independent external audit. However, these funds have not been reimbursed as of this audit. Therefore, it is recommended that Lee County reimburse the Victim Assistance Fund a total of **\$39,973** for unallowable or questionable purchases out of the Victim Assistance Fund between FY09 – FY11.

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

A. Victim Assistance Program

Objective

Does the Lee County Victim Assistance Program provide services to crime victims in the most effective and efficient way regarding to state laws and regulations?

Conclusion

Yes, the Lee County Victim Assistance Program provide services to crime victims in the most effective and efficient way as it relates to state laws and regulations by ensuring the current victim advocate is in compliance with the victim service provider (VSP) certification as required by the Office of Victims Services Education and Certification (OVSEC). Also, by having procedures in place regarding the services provided to crime victims, the victim advocate ensures the best quality of services is provided to victims. Although the county advocate was able to verbalize the procedures executed on a daily basis, SOVA was informed these procedures were not available in a written format. Therefore, to avoid new advocates in the future providing services under different guidelines, SOVA recommended the county develop detailed written procedures for the victim assistance program. The auditor also recommended Lee County develop a Victim Assistance Procedural Manual.

Background

Victim Assistance Procedural Manual: a copy of the manual can be found at www.sova.sc.gov (under sova auditing tab)

SC Code of Law 16-3-1505

Office of Victim Services Education and Certification (OVSEC) can be found on the SC Office of the Governor Crime Victims' Ombudsman website at <http://www.oep.sc.gov/cvo/>

Discussion

While interviewing staff with the victim assistance program for Lee County, SOVA requested information regarding the victim assistance program, procedures and responsibilities regarding compliance with state laws. According to the SC Code of Law 16-3-1505, the intent of this legislation is to ensure that all victims of and witnesses to a crime are treated with dignity, respect, courtesy, and sensitivity;

Discussion cont.

That the rights and services extended in this article to victims of and witnesses to a crime are honored and protected by law enforcement agencies, prosecutors, and judges in a manner no less vigorous than the protections afforded criminal defendants; and that the State has a responsibility to provide support to a network of services for victims of a crime, including victims of domestic violence and criminal sexual assault.

As a result of the responsibilities of the victim advocates, the law enforcement victim advocates are constantly encountering new situations relating to providing direct services to crime victims. In addition, SOVA understands it is impossible to develop one set of requirements on how services are to be provided which makes it important for local law enforcement agencies to evaluate the appropriate services warranted regarding crime victims in their local areas. Therefore, it is increasingly important for the victim advocates to have current updated job descriptions and procedural guidelines relating to providing direct services to crime victims.

VSP Certification Requirements

Victim Service Providers (VSP) serving in public or private nonprofit programs, are required to complete the basic core certification requirements of 15 hours within one year from date of employment and to meet annual continuing education requirements of 12 hours to maintain certification throughout their employment.

During the audit review process, the victim advocate was asked to submit documentation of certification and a written job description. The county currently has one victim advocate that was hired in September 2010; therefore, there is a current job description for this position on file with the county human resource office. The advocate has her Victim Service Provider (VSP) Certification and VSP number. She is also current with her annual 12 hours of continued training. In an interview, the victim advocate was asked what procedures were in place to identify potential victims. She stated she was on-call for certain crimes and each morning reviewed the incident reports. Also, officers place a copy of the victim information on the advocate's office door. Once potential victims have been identified, the advocate will make contact by calling, sending a letter and/or making home visits.

Victim Advocate Procedural Manual

The auditor asked if the above procedures were in written format and the advocate stated the only written procedure available to review was the department's victim assistance processing procedures. While reviewing the procedure, the auditors gave a very broad overview of the responsibilities relating to the services but did not supply detailed information on how to provide the services.

Discussion cont.

Since there are no written procedures, it is recommended the advocate develop a detailed victim advocate policy and procedural manual that will outline how services are provided to crime victims in Lee County.

The Victim Assistance Procedural Manual will assist and aid the victim advocate in providing a better quality of service to crime victims. In addition to providing advocate guidance in developing the individual victim assistance program and establishing applicable policies and procedures, the victim advocate procedural manual will assist with enhancing services and become a valuable asset to the department.

Although the county advocate was able to verbalize the procedures executed on a daily basis, SOVA recommended these procedures are maintained in a written format. This eliminates new advocates in the future providing services without any procedural guidance. The detailed written procedures for the victim advocate duties were recommended to Lee County and are to be developed by the Victim Advocate per the Victim Assistance Procedural Manual on SOVA website to include but not limited to information outlined below:

- Department policies and procedures,
- Advocate's job description (current),
- Techniques explained and used to help crime victims understand their rights,
- Awareness of victim services/ statutes,
- Code of Ethics,
- Types of crime victims services
- Procedures for providing services to individual types of victims,
- Maintaining case management of files and its importance,
- Procedures for requesting funds for program,
- Approved Guidelines,
- Report development and details,
- Available networking and partnerships
- Training Requirements by OVSEC
- Other

(Please refer to Recommendation A-1)

Recommendation(s)
and Comments

A-1

It is recommended that Lee County develop a Victim Advocate Procedural Manual.

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

B. Victim Assistance FFA Fund Accountability**Objective**

Are the retained Lee County Victim Assistance Fines, Fees and Assessment Funds properly accounted for and maintained?

Conclusion

Yes, the county has taken action to maintain proper accountability of the victim assistance funds by ensuring segregation of duties as it relates to collections and disbursement of funds. Some steps taken by the county included transferring all checking account privileges to the finance department; therefore, ensuring a process is in place that provides the sheriff's department a monthly update of Victim Assistance (VA) account balance. Also, by developing and implementing a purchase request process that incorporates both sheriff and finance approval before purchases are made, this decreases the chances of the VA funds being spent on unallowable expenditures. However, it is recommended that the County Finance Department ensures all purchase procedures are in written format and develop a new line item in the accountability process that tracks revenue received from surrounding municipalities for the VA fund. This line item is recommended to be integrated into all applicable departments to include but not limited to the Magistrate, Clerks, Treasurer and Finance.

Background

South Carolina Victim Service Coordinating Council Approved Guidelines for Expenditures of Monies Collected for Crime Victim Service in Municipalities and Counties. (Dated January 2010)

Discussion

Because of the prior legal issues surrounding Lee County, the newly appointed sheriff and victim advocate contacted SOVA for technical assistance regarding program changes relating to the Victim Assistance Fines, Fees and Assessment funds for Lee County that will aid the county in becoming compliant with state law. The county was advised that having the victim advocate responsible for writing checks out of the account was not a best practice and they would be required to develop new procedures to implement that would require the advocate to complete a purchase request for county officials to sign. Also, all check writing responsibilities will be transferred to the county finance department.

Prior Financial Audits

During the course of this audit review, SOVA requested copies of the 4 years of Annual Financial Audits for FY09 - FY12. In prior audits, the county auditor noted concerns as it relates to the accountability of the victim assistance program and funds. Those concerns were:

FY09 - The victim advocate disbursements should be properly documented by the appropriate program personnel using a centralized accounting system in the Finance Department. The county noted the concern but made no changes to the current procedures.

FY10 - There should be adequate segregation of duties related to collection, custody, reconciliation and reporting of cash. The bank statements are to be received, reviewed and or reconciled by an employee other than those responsible for writing monthly checks. Also, all disbursements are to be made using the centralized system in the Finance Department. The county noted the concern but made no changes to the current procedures.

FY11 - There is a lack of segregation of duties related to the victim advocate cash accounts. Only one person was assigned the task of preparing checks, reconciling the bank account, reporting account activity for financial statement purposes, and receiving and maintaining custody of the bank statements. Also, all victim advocate disbursements should be properly documented by the appropriate program personnel, and information retained for regulatory reporting purposes in compliance with all applicable laws and regulations. The county noted the concern but made no changes to the current procedures.

FY12 - There is a lack of segregation of duties related to the victim advocate cash accounts. Only one person is assigned the task of preparing checks, reconciling the bank account, reporting account activity for financial statement purposes, and receiving and maintaining custody of the bank statements. Also, all victim advocate disbursements should be properly documented by the appropriate program personnel, and information retained for regulatory reporting purposes in order to be compliant with all applicable laws and regulations. The county noted the concern but made no changes to the current procedures.

In reviewing the prior Annual Financial Audit Reports, it was noted that the county was made aware of the lack of personnel segregation of duties regarding the victim assistance account. Because of documents reviewed each year, county officials agreed with the finding by noting they were aware of the recommendations and stating that corrective actions would be taken; however, Lee County neglected to make any corrective actions to address all of these concerns.

Discussion cont.

Therefore, they utilized the Victim Assistance Fines, Fees and Assessment Funds on unauthorized expenditures. Per this audit review, if prior steps were taken to make the corrective actions as recommended, they could have avoided the unauthorized expenditures.

Expenditure Accountability

On November 13, 2012, the newly elected sheriff sent a letter to the bank requesting that the finance director's signature be added to the account and any other signatures from previous administration be removed. Since that time period, the finance director has assumed the duties of oversight of the victim assistance account. This means all purchase approvals, bank reconciliations and financial accountability reporting are conducted within the finance department.

During the site visit, county officials were asked to explain the purchase request procedures for requesting funds out of the victim assistance account. They explained the following steps:

1. The Advocate completes a purchase voucher sheet and gives it to the sheriff for approval. If there is a registration involved with the request, the advocate must complete all of the registration requirements prior to the request being submitted to the county finance office for processing.
2. Next, the sheriff signs and approves the purchase voucher and submits it to the finance director after reviewing document for.
3. Finally, the finance director processes the purchase voucher for payment using the county procurement procedures after reviewing document for all signatures.

(Please refer to Recommendation B-1)

The finance director was asked if they were using the VSCC Approved Guidelines for Expenditures of Monies Collected for the Crime Victim Assistance Program to determine if the program purchases were allowable. The finance director was unaware of the guidelines and only used the county wide procurement ordinances as guidance for anything over \$500. Therefore, SOVA provided one on one training and technical assistance to the Finance Director and County Administrator explaining the Approved Guidelines and recommended they develop written approval procedures as it relates to reviewing and authorizing payments out of the victim assistance fund. In addition, it was recommended that both the finance director and sheriff's department develop the Victim Assistance Expenditure Request process and put it in a written format.

Discussion cont.

While conducting the Programmatic Review and Financial Audit, SOVA reviewed the Victim Assistance FFA expenditure reports and purchase receipts from FY08 – FY13. As a result of the review, it appears all of the county victim assistance purchases were made in accordance with the approved guidelines.

Revenue Accountability

A review of the FY08 – FY13 State Revenue Remittance Forms showed the county has been reporting all court collections to the State by the 15th of the following month in accordance with state laws. However, Lee County officials stated the funds collected from the different municipalities are not separately identified in the County's Accounting System and or the Case Management System (CMS). Currently, the county receives revenue from both Lee County and the Town of Bishopville. The Town of Bishopville has a signed contract with the county stating all fines and assessments generated by the town and processed through Central Magistrate's Court will be remitted to the county. As a result, it was recommended the county separately identify funds that are received from different agencies for accountability purposes.

During the audit interview process, it was recommended that county officials develop a separate line item with a unique location identifier for tracking the collection and disbursement of fines and assessments received from the Town of Bishopville and other municipalities. County Officials were informed that this process will take the full cooperation of all departments and that consultation with the accounting system administrator may be warranted for assistance.

In a follow up with the County Magistrate, SOVA explained that an inquiry with the court administration office may be warranted for further guidance on maintaining separate accountability of the victim assistance funds collected and transferred from municipality to a county.

According to the County Magistrate, the CMS System Administrator stated the CMS does not have a report currently developed in the system to separately identify where court fines are collected from as it relates to municipal funds received by the county. However, the CMS Applications Manager for the South Carolina Judicial Department explained to SOVA that if the county has a system in place for coding the offense location, it is possible for the judicial department to take that information and develop a report within CMS that will track all Victim Assistance FFA funds received from court cases that are originated in the municipal city limits. The only requirement is Lee County must be the agency putting the case information into the CMS system.

(Please refer to Recommendation B-2, B-3)

Recommendation(s)
and Comments

- B-1 It is recommended that the county put the victim assistance fund purchasing procedures in written format.
- B-2 It is recommended county officials contact the South Carolina Judicial Department CMS Applications Manager for assistance in developing a report within the CMS system that allows the county to take the location identifiers currently in place for cases and use them to separately identify funds from received from other municipalities for accounting purposes.
- B-3 It is recommended the county develop a new line item in the process for accountability of revenue received from surrounding municipalities. A requirement will be to integrate the new line item into all applicable departments to include but not limited to the Magistrate, Clerk, Treasurer and Finance systems.

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

C. Victim Assistance Contract

Objective

Does Lee County have contracts or have they considered contracts for providing services for local municipalities?

Conclusion

Yes, Lee County does have contracts. However, the county is not in compliance with state laws and regulations as it relates to the current Victim Assistance Contract. The county currently retains all fines, fees and assessments received for the Town of Bishopville. However, the county is not separately identifying all fines, fees and assessments received from local municipalities. Also, as a result of receiving these funds to include VA Fines, Fees and Assessments, the county victim advocate is to submit various reports. However, it was noted the victim advocate has not submitted monthly, quarterly and year-end victim service statistical reports to the Town of Bishopville. Therefore, SOVA recommends the county victim advocate implement a process and procedure immediately in written format for submitting all monthly, quarterly and year-end reports to the Town of Bishopville. Also, SOVA recommended the county meet and consult with any other neighboring municipalities to determine if they would be interested in developing a victim assistance service contract. The victim advocate must ensure monthly, quarterly and year-end victim assistance statistical reports are submitted to each local contractual municipality and be prepared to submit copies of all statistical reports during the SOVA 90 Follow up Audit. County Officials also are required to develop written policies and procedures together for tracking funds received from local municipalities and maintain separate accountability from the receipt to disbursement of the funds.

Background

SC Code of Law Title 14, Chapter 1; Section 206:
Collections/Distribution

SC Governing Laws - Proviso 89.61

Victim Assistance Contract, www.sova.sc.gov (click on the SOVA auditing tab)

Discussion

During the previous SOVA audit conducted on October 12, 2011 with the Town of Bishopville, the town decided to sign a Victim Assistance (VA) Contract with Lee County.

Victim Assistance
Contract

Although it is not mandatory to enter into a contract with a county or neighboring municipality, it is considered a “best practice” for smaller municipalities that do not have the resources or need to hire a full time victim advocate. However, the town of Bishopville has a full time victim advocate but has chosen the option to pay for this advocate out of their general fund and not the victim assistance funds. Those funds are transmitted to Lee County per outlined in this report. Therefore, the victim advocate contract with the county affords the advocate the opportunity to provide assistance for the town as needed.

The contract will outline a detailed description of all services that will be provided; including but not limited to monthly, quarterly and year-end statistical reports that gives the number of victims served, services provided, and types of victims. The contract should be updated and renewed annually. The contract entered with Bishopville stated the county will retain all of the town’s fines and assessments received by the magistrate court in return for the county victim advocate providing assistance to the town’s victim advocate during periods of extended leave, extended duty out of town or when additional assistance is warranted. While completing this audit report, the county submitted to SOVA an updated contract with the town on June 19, 2013.

During the audit interview, it was discussed with the County Sheriff and County Administrator the possibility of developing victim assistance contracts with other local municipalities. Therefore, the county was advised to contact other local municipalities in the surrounding areas in an effort to determine if any other local municipalities would be interested in developing a victim assistance contract with the county.

(Please refer to Recommendation C-1)

Victim Service Reports

During the audit interview, the victim advocate stated currently she has not prepared victim service reports and submitted them to the Town of Bishopville. Therefore, the county is currently in non-compliance with the VS Contract. The county was informed by SOVA that they are to provide the town with monthly, quarterly and year-end victim assistance statistical reports even if they have no victims to report or no assistance is provided.

The sheriff and county victim advocate confirmed they understood that the reporting is a requirement and they will be responsible for submitting to SOVA a copy of all current monthly, quarterly and year-end reports submitted to the Town of Bishopville for the months of April 2013 thru September 2013 upon the return for the 90 Day Follow-up Review.

Discussion cont.

However, these reports are required to be submitted to the town prior to the 90 Day Follow-up Review.

(Please refer to Recommendation C-2)

Collection Accountability

The county finance director and magistrate were asked to provide a report on the fines and assessments the county received from the Town of Bishopville. The auditor was informed the county was unable to provide the information because they have never been asked to identify this information in the Case Management System (CMS) and CMS does not automatically separate or differentiate fines and assessments received from various law enforcement agencies in the surrounding areas.

As a result, it was recommended the magistrate contact the County Administration's Office and request detailed instructions on how to identify and differentiate the individual case location as an initial step to developing an accountability report of all funds received from the county and municipalities. After following up with the Court Administration's Office, the county magistrate stated the CMS administrator explained there is currently no module developed in the CMS to separately identify the municipal and county in which fines and assessments are received. The magistrate also stated the Court of Administrations confirmed the CMS current module only shows the total fines and assessments received by the county.

Because there is no current module developed to separately identify the municipal and county fines and assessments received, it is imperative county officials work together and develop an internal policy for collecting this information and maintaining this data on an ongoing basis. During the audit interview, it was recommended to the Magistrate, Treasurer, Finance and County Administration that they meet and jointly develop written policies and procedures for tracking all funds received from the county and local municipalities separately from the time of receipt to disbursement.

(Please refer to Recommendation C-3)

Recommendation(s)
and Comments

- C-1 It is recommended the county meet with neighboring municipalities to determine if a victim assistance service contract is warranted.
- C-2 It is recommended that the county victim advocate ensures monthly, quarterly and year-end reports are submitted to the Town of Bishopville on an ongoing basis as long as the contract is in place and the county receives the funds. County officials will be required to submit copies of all reports to the Town of Bishopville and other municipalities with contracts prior to the 90 Day Follow up Review and to SOVA during the Follow up Review.
- C-3 It is recommended county officials meet and jointly develop written policies and procedures for tracking funds received from the county and local municipalities separately from the time of receipt to disbursement.

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

D. Segregation of Duties and Reporting

Objective

Has Lee County Officials maintained county wide accountability in reporting requirements and reimbursement as it relates to state laws and regulations?

Conclusion

No, Lee County Officials have not maintained county wide accountability in reporting and reimbursing requirements as it relates to state laws and regulations. In the prior audits, the county external auditor consistently noted and recommended concerns regarding Lee County's lack of segregation of duties in multiple departments. However, previous County Administration disregarded the recommendations given by the county's independent external auditor and neglected to make the necessary changes as required to ensure proper accountability and reimbursement.

However, as of April 2013, the current county officials have been proactive in taking the necessary steps needed to ensure the county is once again in compliance with state laws and regulations. On an annual basis it was recommended by the county's independent external auditor that the finance staff gain proper training and that personnel adequately develop a centralized accounting system. During the audit interview process, it was confirmed the current finance staff is now responsible for all county wide disbursements using the centralized system within the finance department. However, the county is still in the process of developing county wide purchase requests policies and procedures. Therefore, it is recommended the finance director develop county wide written policies and procedures for requesting departmental purchases.

Additionally, in reviewing the prior audit recommendations for FY 09-11, county officials neglected to ensure victim assistance misappropriated funds were reimbursed back into the Victim Assistance Fines, Fees and Assessment Fund. The county was responsible for reimbursing the victim assistance funds for unallowable expenditures and or questionable expenditures in the amount of **\$39,973** according to prior audit recommendations from the county's independent external audit. However, these funds have not been reimbursed as of this audit. Therefore, it is recommended that Lee County reimburse the Victim Assistance Fund a total of **\$39,973** for unallowable or questionable purchases out of the Victim Assistance Fund between FY09 – FY11.

Background

SC Governing Laws - Proviso 89.61

FY08 - FY12 Lee County Annual Financial Audits Reports

Lee County Magistrate Court State Auditor's report dated June 30, 2011

Discussion

Prior Financial Audits

During the course of this audit review, SOVA requested copies of the Lee County Annual Financial Audits from FY08 - FY12. In the prior audits, it appears the county independent external auditor noted the following concerns relating to Lee County's disregard for segregation of duties and expenditure reimbursement:

In the FY08 Audit, the county's independent external auditor noted disregard lack of segregation of duties in a number of departments within the county to include the finance department and sheriff's department and recommended they hire additional staff members to ensure there is adequate separation of tasks.

In the FY09 Audit, the county's independent external auditor noted a disregard of segregation of duties related to collection, custody, and reconciliation of cash in a number of departments within the county to include the finance department and sheriff's department and made the following recommendations:

- To hire additional staff to ensure that there is adequate separation of tasks,
- To ensure the bank statements be received, reviewed and reconciled by an employee other than those responsible for writing monthly checks and
- To have all disbursements for the county purchases made using the centralized system in the Finance Department.

Also, it was found that the victim advocate did not properly document expenditures with such items as case number, explanation of funds used and applicability to the program as required. The auditor questioned **\$9,345** total in victim advocate expenditures. As of June 2013, the county was aware of the misappropriation of funds but has not reimbursed these funds back into the account.

Discussion cont.

In the FY10 audit, the county's independent external auditor noted that all of the prior year's recommended corrective actions were not complied with and added additional recommendations to include but not limited to the county hiring additional staff with the appropriate level of training and experience or provide current staff with additional training to ensure that there is adequate segregation of duties in all official county offices. In addition, the auditor questioned **\$30,628** in victim expenditures for unallowable purchases. As of June 2013, they were aware of the misappropriation of funds; however, the county has not reimbursed these funds back into this account.

In the FY11 audit, the county's independent external auditor noted again the recommendations from the previous corrective actions documented in the prior year's audit because those corrective actions were not complied with as required.

In the FY12 audit, two of the prior year's recommended corrective actions were not complied with; therefore, the county's independent external auditor again recommended the previous corrective actions documented in the previous audits. There were still concerns with the bank statements noted. Those concerns addressed the statements being received, reviewed or reconciled by an employee other than those responsible for writing monthly checks and all disbursements are to be made using the centralized system in the finance department. However, the County has consistently disregarded the recommendations given by the external auditor. In reviewing the audit information, SOVA found that by FY12, the prior errors as it relates to the finance department had been corrected. However, errors noted in the magistrate's office and sheriff department were still not corrected and addressed.

During the audit interview, county officials were asked what changes have been made to correct the segregation of duties. According to the finance director, the finance department is now responsible for writing monthly checks and all disbursements are made using the centralized system in the finance department. Due to the new changes, it was recommended the finance director develop written county wide policies and procedures for requesting departmental purchases.

(Please refer to Recommendation D-1)

During the audit review process, the auditor discovered Lee County was audited in FY11 by the SC State Auditor's Office. In this audit, the State Auditor's Office recommended the county reimburse the Victim Assistance Funds for the expenditures that were improperly charged and inadequately supported by source documentation. In this prior audit report, the county was required to reimburse the Act 141 Victim Assistance FFA fund **\$1,074.48**.

Discussion cont.

On June 18, 2013, SOVA received documentation showing the County reimbursed this amount back into the Lee County Victim Assistance fund on May 20, 2013.

At the time of this audit, it was recommended the county reimburse the Victim Assistance Fund a total of \$41,047.78 for unallowable expenditures and or questionable purchases out of the Victim Assistance Fund. As of May 2013, the account balance was **\$26,000** which includes the **\$1,074.48** reimbursement recommended by the State Auditor's Office. At this time period, Lee County should have replaced the identified funds from FY09 and FY10 back into the account; however, these funds have not been reimbursed as of May 30, 2013. Therefore, it is recommended that Lee County reimburse the victim assistance fund a total of **\$39,973** per the county's independent external auditor's recommendations for questionable unauthorized expenditures between FY09 and FY10 prior the 90 Day Follow up Review.

(Please refer to Recommendation D-2)

Recommendation(s) **and Comments**

- D-1 It is recommended the finance director develop written county wide policies and procedures for requesting departmental purchases.
- D-2 It is recommended that Lee County reimburse the victim assistance fund a total of **\$39,973** per the county's independent external auditor's recommendations for questionable and or unauthorized expenditures between FY09 and FY10 prior to the 90 Day Follow up audit review.

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 89.61
2. Copy of a Sample Budget
3. Sample Staff Hired Report
4. Sample Time and Activity Report
5. Sample Expenditure Report
6. VSCC Approved Guidelines
7. Technical Assistance

Other Matters

There are no other matters.

Corrective Action

Proviso 89.61 states:

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

Lee County Officials were informed at the site visit conclusion there appeared to be some errors as noted in this report. The findings were reviewed with town officials and they were advised that further review by management would be warranted.

The State Office of Victim Assistance completed the site visit on April 17, 2013 and the final report was issued on August 1, 2013.

In November 2013, the State Office of Victim Assistance will schedule to meet with applicable departments for the 90 Day Follow-up Review and Audit to address all errors found in this report. All errors are to be complied with before or by this timeframe.

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:

Richelle A. Copeland

Richelle A. Copeland, Sr. Auditor

8/1/13

Date

Reviewed by:

Ethel Douglas Ford

Ethel Douglas Ford, SOVA Program Manager

8/1/13

Date

Larry Barker

Larry Barker, Ph.D. Director

8/1/13

Date