



State of South Carolina Office of the Governor

NIKKI R. HALEY
GOVERNOR

OFFICE OF EXECUTIVE
POLICY AND PROGRAMS

April 30, 2013

Mayor Richard Thompson
Town of Starr
PO Box 122
Starr, SC 29684

Dear Mayor Thompson:

The State Office of Victims Assistance (SOVA) is sending this notice to inform you that we have completed the SOVA 90-day follow-up for the Town of Starr Victim Assistance Program and a copy of the 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.

As the audit was conducted and prepared, SOVA addressed the mayor's concerns regarding reimbursing the fund and several options were explored and discussed at length. The town submitted additional appropriate documentation that SOVA reviewed and determined would place a financial hardship on the Town if they were required to reimburse the Victim Assistance Fund the entire amount of **\$11,493.90**. Therefore, in an effort to assist and avoid placing an additional hardship on the town, SOVA has determined that based upon all documentation reviewed, the town will only be required to reimburse funds that should have been retained in the Victim Assistance account by the town after the issuance of the SOVA 90 day follow up to the State Auditor's Report, dated October 18, 2012 in the amount of \$1,092.64.

The town was notified that money retained for victim assistance should have been deposited into their Victim Assistance Fund and failed to do so from September 2012 thru December 2013. The amount required to be placed in the fund during the above timeframe is **\$1,092.64**. So, to assist the town with this reimbursement, SOVA has developed a payment plan in which the town will pay \$150.00 per month for 8 months ending December 2013 until the entire amount has been reimbursed back into the Victim Assistance Fund. In addition to the \$150.00 reimbursement payment each month, the town is required to continue depositing the victim assistance funds retained each month into the Victim Assistance bank account. The first payment is required to be made on May 30, 2013 and will be due the last business day of each month until the balance is paid in full. The town will be required to make 7 monthly payments of \$150.00 and the final payment on December 31, 2013 will be \$42.64. They must also submit monthly documentation to SOVA showing the funds have been deposited until all funds are reimbursed.

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

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

Additionally, in an effort to further assist the town in complying with the recommendation regarding the annual financial audit of the town's finances, SOVA requested the town contact a Certified Public Accounting (CPA) firm to conduct an annual financial audit and submit a letter to our office notating the timeframe the audit will be completed to include the name and contact information of the accounting firm conducting the audit. After making this request, SOVA received the information and called to confirm with the CPA the details of the audit. According to the CPA, the anticipated completion date of the town's audit is May 15, 2013. However, at this time, the town will remain in non-compliance and in violation of State law until they can submit documentation to SOVA showing the audit has been completed. If SOVA does not receive this information, the town will be penalized \$1,500 in addition to the \$1,092.64 that is required to be reimbursed back into the Victim Assistance Fund. The audit will be adjusted by inserting an appendix showing the town is now in compliance once SOVA receives information after May 15, 2013 that the audit has actually been completed, as well as the full amount of \$1,092.64 reimbursed back into the Victim Assistance Fund as of December 2013. All adjustments will be made to the audit in January 2014.

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, Ph.D.

Director

Cc: Allison Rainey- Town Clerk/Treasurer

Enclosure



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

November 6, 2012

**Programmatic Review of
The Town of Starr
Victim Assistance Funds**

April 30, 2013

90-day Follow-up Review

Contents

Introduction and Laws	Page
Preface	3
Audit Objectives	7
Results in Brief	7
Objective(s), Conclusion (s), Recommendation(s), and Comments	
A. Separate Victim Assistance Bank Account and Balance.....	8
Did the Town of Starr complete the setup of establishing a separate bank account for the Victim Assistance Fund containing a minimum balance of \$10,401.26 and submit supporting documentation to the State Office of Victim Assistance SOVA verifying they had complied with the recommendation?	
B. Victim Assistance Contract.....	13
Did the Town of Starr as a best practice enter and submit a written contract with Anderson County that includes but not limited to fund transfer arrangements and amounts?	
C. Annual Audit.....	15
Did the Town of Starr continue to work with a Certified Public Accountant to schedule and have an annual audit completed for the Town in November 2012?	
D. Technical Assistance	18
Corrective Actions.....	19
Post-Audit Response and Appendix(s)	20-21

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 90-day Follow-up Programmatic Review was initiated in response to recommendations made in the Town of Starr's initial review issued on November 6, 2012. On January 15, 2013, the Director of SOVA issued a letter to the County Administrative Office and the Sheriff's Department to inform them of the Town of Starr Victim Assistance 90-day Follow-up Review. The review was conducted on February 6, 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 financial audit of any entity or non-profit organization receiving victim assistance funding based on the referrals from the State Auditor or complaints of a specific nature received by the State Office of Victim Assistance to ensure that crime victim funds are expended in accordance with the law. Guidelines for the expenditure of these funds shall be developed by the Victim Services Coordinating Council. The Victim Services Coordinating Council shall develop these guidelines to ensure any expenditure which meets the parameters of Title 16, Article 15 is an allowable expenditure.

Proviso 89.61(cont)

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

*SC Code of Law
Title 14*

Courts – General Provisions

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

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

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

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

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

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

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

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

The supplementary schedule must include the following elements:

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

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

AUDIT OBJECTIVES

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

Audit Objectives were;

- To determine if the Town of Starr completed the setup of establishing a separate bank account for the Victim Assistance Fund containing a minimum balance of \$10,401.26 and submitted supporting documentation to SOVA verifying they had complied with the recommendation.
- To determine if as a best practice did the Town of Starr enter and submit a written contract with Anderson County that includes but not limited to fund transfer arrangements and amounts.
- To determine if the Town of Starr continued to consult with a Certified Public Accountant to schedule and have an annual audit completed for the Town in November 2012.

RESULTS IN BRIEF

Separate Bank Account

Yes, the Town of Starr did establish a separate bank account for the Victim Assistance Fund. However, they did not maintain the correct balance of \$10,401.26 and submit supporting documentation showing they had complied with the recommendation.

Victim Assistance Contract

Yes, the Town of Starr entered into a contract with Anderson County to provide their victim assistance services. They also submitted a copy of the contract to SOVA on February 18, 2013 for review and to be placed in the file.

Annual Audit

No, the Town of Starr did not consult and work with a Certified Public Accountant to schedule and have an annual audit completed for the Town in November 2012.

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

A. Personnel/Victim Service Program

Objective

Did the Town of Starr complete the setup of establishing a separate bank account for the Victim Assistance Fund containing a minimum balance of \$10,401.26 and submit supporting documentation to SOVA verifying they had complied with the recommendation?

Conclusion

Yes, the Town of Starr did establish a separate bank account for the Victim Assistance Fund. However, they did not maintain the correct balance of \$10,401.26 and submit supporting documentation showing they had complied with the recommendation.

Background

Town of Starr Municipal Court State Auditor's Report dated June 30, 2010.

SOVA 90 Day Follow-up Review to the State Auditor's Report dated October 18, 2012

SOVA's Programmatic Review of The Town of Starr Victim Assistance Fines Fees and Assessment Fund dated November 6, 2012

Discussion

In September of 2011, SOVA received the Town of Starr's Municipal Court State Audit Report dated June 30, 2010. On August 28, 2012, SOVA notified the Town of Starr of the agency's intent to initiate a 90 day follow up audit to the State Auditor's Report. In the report from the State Auditor's Office, they recommended the Town of Starr establish a separate bank account for the victim assistance activities and transfer the victim assistance funds from its General Fund account to the Victim Assistance account. In addition, the State Auditor used the town's court cash receipt records and State Treasurer's Revenue Remittance forms (STRRF) to determine that the Town had collected \$5,554.75 related to victim assistance during the 36 month period ending June 30, 2010. Because the town had no victim advocate during this period, any expenses from the victim assistance fund would be unallowable.

Discussion continued

This means there should have been a minimum of \$5,554.75 in a separate victim assistance account. However, on September 18, 2012, SOVA received an email from the Town stating the Victim Assistance Fund was held within the Town's Judicial Account. According to the ledger submitted by the Town, the balance for the Judicial Account on August 2012 was only \$1,725.85 and the account balance of the Victim Assistance Fund was \$3,147.65 for the same time period. Because the Victim Assistance Fund was held within the Judicial Account, the balance for the fund should not have been more than the Judicial Account total balance. In an email, the Town Clerk/Treasurer stated they had accounted for the funds separately. However, after discovering the inaccurate account balance for the Victim Assistance Fund, SOVA determined the Town needed to establish a separate physical bank account for the fund in order to ensure the funds were accounted for accurately and informed the Mayor and Town Clerk of this finding via the 90 day follow up to the State Auditor's Report.

In an effort to continue to assist the Town of Starr and give them another opportunity to comply with the recommendations made by the State Auditor's Office, SOVA initiated the Programmatic Review/Audit of the Town of Starr's Victim Assistance Fines, Fees and Assessment Fund on August 28, 2012. As a part of this audit, it was again recommended that the town establish a separate physical bank account for the Victim Assistance Fund with the correct fund balance determined by the State Auditor's Office and SOVA. The town was given an additional 90 days to set up a separate victim assistance bank account containing a minimum of \$5,554.75, determined by the State Auditor that should have been in the account as of June 30, 2010 in addition to \$4,846.51 in victim assistance funds that were reported collected and retained by the town from June 30, 2010 thru August 2012. This means the Town of Starr would need to have a total minimum account balance of **\$10,401.26** for the Victim Assistance Fund as of August 2012 in order to be in compliance with the recommendations made initially by the State Auditor and SOVA.

On January 15, 2013, SOVA notified the Town of Starr of its intent to initiate the 90 day follow up to SOVA's initial audit. This will be the fourth audit the Town of Starr has had over a period of 2 years in an attempt to assist them in complying with the law as it relates to their victim assistance funds and the third audit conducted by SOVA.

Discussion continued

During the audit site visit conducted on February 6, 2013, the Town was asked to show documentation they complied with the recommendations made in the SOVA initial audit regarding a separate bank account for victim assistance funds with the correct balance. The Town submitted a bank statement showing that a separate account was established for victim assistance funds; however, the town only had \$230.10 in the fund which is considerably less than the account balance of **\$10,401.26** that was determined by the State Auditor and SOVA. Furthermore, the town failed to place in the account the funds collected and retained for victim assistance from September 2012 thru January 2013. According to the State Treasurer Revenue Remittance Forms submitted by the town for the same time period, there was a total of **\$1,092.64** retained for victim assistance which should have been placed in the Victim Assistance Account. In order for the town to comply with the required recommendations of the State Auditor's Office and SOVA, they are required to have a minimum of **\$11,493.90** in their victim assistance fund.

Therefore, the Town of Starr is still in non-compliance with the recommendations made by the State Auditor's Office initially in 2010 and by SOVA in October 2012 during the State 90 day follow up and in November 2012 during the SOVA initial audit to reimburse the Victim Assistance Fund. The Mayor was informed while the audit report was being prepared additional documentation showing they had complied with all recommendations could be provided. Also, the report will not be final until it is completed, signed off on by SOVA management and submitted to the Town of Starr. Therefore, while the report is being prepared, SOVA is willing to receive and review any additional documents submitted. The town's mayor expressed the difficulty they would have in reimbursing the victim assistance fund and bringing the account balance up to date to comply with this recommendation. So, while preparing the audit report, SOVA requested documentation showing how the funds were spent since this concern was discussed in previous audits initiated over 2 years ago by the State Auditor's Office and more recently by SOVA. This information would assist and aid in the audit results.

To address the mayor's concern regarding reimbursing the fund, several options were explored and discussed at length. The town submitted appropriate documentation which SOVA reviewed and determined that it would place a financial hardship on the Town if they were required to reimburse the Victim Assistance Fund the entire amount of **\$11,493.90**.

Discussion continued

In a continued effort to assist and avoid placing an additional hardship on the town, SOVA determined that based upon all additional documentation reviewed, the town will only be required to reimburse funds that should have been retained in the Victim Assistance account by the town after the issuance of the SOVA 90 day follow up to the State Auditor's Report, dated October 18, 2012. Since the Town was notified that money retained for victim assistance should be deposited into their Victim Assistance Fund and failed to do so during this time frame, the amount required to be placed in the fund is **\$1,092.64**. According to the revenue remittance forms for September, October, November and December of 2012 and January 2013, the town failed to deposit the amount of \$1,092.64 into their Victim Assistance account. However, in February and March of 2013 the town began to deposit the monthly victim assistance funds retained into the Victim Assistance Fund as required by law. This was verified by SOVA as revenue remittance forms and bank statements were obtained from the town showing the money was deposited as well as contacting the State Treasurer's Office to confirm the correct amounts were reported.

To assist the town with this reimbursement, SOVA has developed a payment plan in which the town will pay \$150.00 per month for 8 months ending December 2013 until the entire amount has been reimbursed back into the Victim Assistance Fund. In addition to the \$150.00 reimbursement payment each month, the town is required to continue depositing the victim assistance funds retained each month into the Victim Assistance bank account. The first payment is required to be made on May 30, 2013 and will be due the last business day of each month until the balance is paid in full. The town will be required to make 7 monthly payments of \$150.00 and the final payment on December 31, 2013 will be \$42.64. After 10 business days following the receipt of supporting documentation showing the town has reimbursed the total amount of \$1,092.64 plus all current monthly retained funds, SOVA will amend this report. An appendix will be added to confirm whether the town is in compliance or non-compliance with the reimbursement and audit requirements. If SOVA does not receive information and cannot confirm the town's annual audit has been completed, the town will be penalized an additional \$1,500 as required by Proviso 89.61.

Recommendation(s) and Comments

A-1

SOVA recommends the town complete the payment arrangement as outlined in the “Discussion Section”, ensuring all designated funds are placed in the Victim Assistance bank account by the last business day of each month and continue to place all monthly retained funds in the Victim Assistance Account according to State law. All supporting documentation verifying this should be maintained and submitted to SOVA monthly and no later than January 10, 2014.

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

B. Victim Witness FFA Funding Records**Objective**

Did the Town of Starr as a best practice enter and submit a written contract with Anderson County that includes but not limited to fund transfer arrangements and amounts?

Conclusion

Yes, the Town of Starr entered into a contract with Anderson County to provide their Victim Assistance services and submitted a copy of their contract with Anderson County to SOVA on February 18, 2013.

Background

Town of Starr Municipal Court State Auditor's Report dated June 30, 2010.

SOVA 90 Day Follow-up Review to the State Auditor's Report dated October 18, 2012

SOVA's Programmatic Review of The Town of Starr's Victim Assistance Fines Fees and Assessment Fund dated November 6, 2012

Proviso 89.61

Discussion

During the SOVA FY 10-11 annual budget review for the Town of Starr, it was noted the Town had an agreement with Anderson County to provide its victim services. SOVA then requested a written copy of this agreement for review. However, the town mayor on September 26, 2012 during the State 90 day follow up site visit stated there was not an actual written contract but rather an understanding of agreement that Anderson County would provide the victim services for the Town of Starr. The mayor was informed this was not acceptable since this does not actually show accountability should there become an issue concerning victim's rights possibly being violated. So, SOVA provided several options to the town as it relates to how to proceed in getting a written contract with Anderson County and expending the victim assistance funds. SOVA recommended the town enter and submit a written contract with Anderson County to include but not limited to a Victim Assistance Fund transfer arrangement with amounts noted as well.

After discussing the pros and cons of what would be the best option for the town, the mayor decided to contact Anderson County about entering into a written contract to provide the town's victim assistance services. On February 6, 2013, SOVA received a submitted copy of the contract between the Town of Starr and Anderson County signed on October 22, 2012 showing the county will provide victim services for the town.

By entering into a contract, the town has complied with the SOVA recommendation. However, the contract will need to be revised to include details about the victim assistance funds collected and retained by the town being transferred to the county on a monthly or quarterly basis and if all or a portion of funds will be transferred. Furthermore, the town will be required to ensure all fund reimbursements are completed and must have an accurate bank balance verified by SOVA prior to making any transfers to the county Victim Assistance Fund. The contract should also state the town will receive monthly, quarterly and year end reports from the county documenting the number of victims, types of victims as well as services provided to the victims located within the town limits.

Recommendation(s) and Comments

B-1

It is recommended that the town revise the contract with Anderson County in 2014 to include whether funds collected and retained by the town will be transferred to the county on a monthly or quarterly basis. Also, it should note that the town is to receive monthly, quarterly and year end reports from the County documenting the number of victims and types of victims as well as services provided to victims assisted on behalf of the town. However, the reports are a requirement under the current contract.

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

C. Victim Witness FFA Expenditure Reports

Objective

Did the Town of Starr continue to consult with a Certified Public Accountant to schedule and have an annual audit completed for the Town in November 2012?

Conclusion

No, at the time of the SOVA 90 day follow up site visit, the Town of Starr stated they had not consulted a Certified Public Accountant (CPA) to schedule and have an annual financial audit completed. However, on March 18, 2013 after the site visit, the Town submitted a letter to our office stating they had contacted a CPA in regards to completing an annual financial audit for the town with the anticipated completion date being May 15, 2013. After receiving this information, SOVA called the CPA to confirm on April 15, 2013 the audit's anticipated completion date as being correct.

Background

Section 5-7-240 of the South Carolina Code of Laws

Town of Starr Municipal Court State Auditor's Report dated June 30, 2010.

SOVA 90 Day Follow-up Review to the State Auditor's Report dated October 18, 2012

SOVA's Programmatic Review of The Town of Starr Victim Assistance Fines Fees and Assessment Fund dated November 6, 2012

Proviso 89.61

Discussion

In September of 2011, SOVA received the Town of Starr's State Audit Report dated June 30, 2010. One of the recommendations made in the report was for the Town of Starr to contract with an independent Certified Public Accountant to conduct an audit of its financial statements annually. In addition, the town should prepare a supplemental schedule of fines and assessments in the annual financial audit.

Section 5-7-240 of the South Carolina Code of Laws, as amended, states, “The council shall provide for an independent annual audit of all financial records and transactions of the municipality and any agency funded in whole by municipal funds...”. In addition, Section 14-1-208(E) of the South Carolina Code of Laws, as amended, states, “To ensure that fines and assessments imposed pursuant to this section and Section 14-1-209(A) are properly collected...the annual independent external audit required to be performed for each municipality...must include...a supplementary schedule detailing all fines and assessments collected..”.

The State Auditor noted the Town has not had an annual audit conducted since 2008. Therefore, two years has expired with the Town of Starr not having complied with the legislative mandate of Section 5-7-240 of the South Carolina Code of Laws. On August 28, 2012, SOVA initiated the 90 day follow up audit to the State Auditor’s Report. On September 6, 2012, prior to conducting the audit site visit, SOVA requested the Town to submit all FY 08-12 annual financial audits. On September 17, 2012, the Town Clerk/Treasurer sent an email stating an annual financial audit of the town had not been completed since FY 08.

On September 26, 2012 during SOVA’s audit site visit, the mayor indicated the reason the annual financial audit had not been completed since 2008 is because of the lack of funds. At this time, SOVA provided technical assistance by giving some options that would offset the cost of the audit and informed the mayor that they were not in compliance with the law and this was a major concern because of accountability issues. The mayor stated he would begin working on the issue and on October 11, 2012, the mayor submitted a letter from a CPA saying they had spoken and were willing to conduct an annual financial audit for the town in November 2012. In an effort to work with the town and to give them additional time to have the annual financial audit completed, SOVA initiated a Programmatic Review/Audit of the Town of Starr’s Victim Assistance Fines, Fees and Assessment Fund and again recommended the town have an annual financial audit completed by a Certified Public Accountant. However, on February 6, 2013, during the most recent SOVA 90 day follow up audit, the town still did not submit documentation showing they had begun the process of having an annual financial audit coordinated and completed.

Currently the Town of Starr has not complied with the recommendation made by the State Auditor's Office and SOVA or State law in having an annual financial audit completed.

In an effort to further assist the town in complying with the recommendation, SOVA requested the town contact a Certified Public Accounting firm to conduct an annual financial audit and submit a letter to our office notating the timeframe the audit will be completed to include the name and contact information of the accounting firm conducting the audit. After making this request, SOVA received the information and called to confirm with the CPA the details of the audit. According to the CPA, the anticipated completion date of the town's audit is May 15, 2013. However, at this time, the town will remain in non-compliance and in violation of State law until they can submit documentation to SOVA showing the audit has been completed. Therefore, an appendix will be added to this audit verifying the town's compliance with the recommendation once a letter from the CPA is received confirming that the audit has been completed. This letter should be submitted to SOVA within 10 business days of the anticipated completion date of May 15, 2013 which will be May 29, 2013. If SOVA does not receive this information and cannot confirm the town's annual audit has been completed by the specified time frame confirmed by the CPA and the town, the town will be penalized \$1,500, to be reimbursed back into the Victim Assistance Fund as required by Proviso 89.61.

Recommendation(s) and Comments

C-1

It is recommended the Town of Starr continue to work with a Certified Public Accounting firm to complete an annual financial audit by the anticipated date of May 15, 2013. If SOVA does not receive this information and cannot confirm the town's annual financial audit has been completed by May 29, 2013, the town will be penalized \$1,500 to be reimbursed back into the Victim Assistance Fund as required by Proviso 89.61.

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

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. Copy of Sample Contract
8. Sample Statistical Report
9. Technical Assistance and Support

Other Matters

In an effort to assist the town in complying with the recommendations, SOVA requested additional documentation from the town to be submitted after the issuance of this report. Following this audit process, the Town of Starr will be responsible for completing the required 8 month Victim Assistance Fund reimbursement agreement (details in Objective A), work with the designated CPA firm in completing the annual financial audit by May 15, 2013 (details in Objective C), and submit all requested supporting documents to SOVA prior to the deadlines as outlined in the Recommendation section of this report. If SOVA does not receive this information, the town will be penalized \$1,500 in addition to the \$1,092.64 that was required to be reimbursed back into the Victim Assistance Fund.

Once the above information is completed, an appendix will be added to the report showing the town is now in compliance.

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

The 90-day follow-up review site visit was completed on February 6, 2013.

Were all errors completed by the 90-day follow-up review? NO, all errors were not completed. See recommendations A-1 and A-2 for the follow up appendix insertion and conditioning for compliance.

Appendix(s)

- **APPENDIX A- Town of Starr Municipal Court State Auditor's Report dated June 30, 2010.**
- **APPENDIX B- SOVA 90 Day Follow-up Review to the State Auditor's Report dated October 18, 2012**
- **APPENDIX C- SOVA's Programmatic Review of The Town of Starr Victim Assistance Fines Fees and Assessment Fund dated November 6, 2012**
- **APPENDIX D- Will be added January 2014**
- **APPENDIX E- Will be added January 2014**

APPENDIX A

TOWN OF STARR MUNICIPAL COURT

STARR, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2010

CONTENTS

	<u>PAGE</u>
I. INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	1
II. ACCOUNTANT'S COMMENTS	
SECTION A – VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS	4
INSTALLMENT FEE	5
TIMELY SUBMISSION OF CLERK OF COURT'S MONTHLY REMITTANCE FORM	5
TIMELY SUBMISSION OF STATE TREASURER'S REVENUE REMITTANCE FORM	6
ACCOUNTING FOR VICTIM ASSISTANCE FUNDS	6
SUPPLEMENTARY SCHEDULE	7
TOWN'S RESPONSE	9

State of South Carolina



Office of the State Auditor

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

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

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

July 12, 2011

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

The Honorable Dennis C. Bannister, Municipal Judge
Town of Starr
Starr, South Carolina

Ms. Alison Rainey, Town Clerk/Treasurer
Town of Starr
Starr, South Carolina

We have performed the procedures described below, which were agreed to by the Town of Starr Municipal Court, solely to assist you in evaluating the performance of the Town of Starr Municipal Court for the fiscal year ended June 30, 2010, in the areas addressed. The Town of Starr and the Town of Starr 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 certain judgmentally selected court dockets from the Clerk of Court. We randomly selected 25 cases from the court dockets 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 also determined that the fine, fee, assessment and/or surcharge adhered to State law and to the South Carolina Court Administration fee memoranda.
- We tested recorded court receipt transactions to determine that the receipts were remitted in a timely manner to the Town Treasurer in accordance with State law.

The Honorable Nikki R. Haley, Governor
and
The Honorable Dennis C. Bannister, Municipal Judge
Ms. Alison Rainey, Town Clerk/Treasurer
Town of Starr
July 12, 2011

Our findings as a result of these procedures are presented in Installment Fee and Timely Submission of Clerk of Court's Monthly Remittance Form in the Accountant's Comments section of this report.

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, 2010. We agreed the amounts reported on the State Treasurer's Revenue Remittance Forms to the general ledger, monthly court remittance reports and to the State Treasurer's receipts.
- We determined if the State Treasurer's Revenue Remittance Forms were submitted in a timely manner to the State Treasurer in accordance with State law.

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 if any funds retained by the Town for victim assistance were accounted for in a separate account.
- 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 general ledger to determine if the Victim Assistance Fund balance was retained as of July 1 from the previous fiscal year in accordance with State law.

Our findings as a result of these procedures are presented in Accounting for Victim Assistance Funds and Supplementary Schedule 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, 2010, 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.

The Honorable Nikki R. Haley, Governor
and
The Honorable Dennis C. Bannister, Municipal Judge
Ms. Alison Rainey, Town Clerk/Treasurer
Town of Starr
July 12, 2011

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 Starr Town Council, Town of Starr Municipal Judge, Town of Starr Clerk of Court, Town of Starr 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.

A handwritten signature in black ink, appearing to read "Richard H. Gilbert, Jr.", written in a cursive style.

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

ACCOUNTANT'S COMMENTS

SECTION A – VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS

Management of the entity is responsible for establishing and maintaining internal controls to ensure compliance with State Laws, Rules or Regulations governing court collections and remittances. The procedures agreed to by the entity require that we plan and perform the engagement to determine whether any violations of State Laws, Rules or Regulations occurred.

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

INSTALLMENT FEE

During our test of court collections and remittances, we found that the Court did not assess and collect a three percent installment fee from individuals who paid on installment.

The Clerk of Court stated she was unaware of this requirement.

Section 14-17-725 of the 1976 South Carolina Code of Laws, as amended, states, “Where criminal fines, assessments, or restitution payments are paid through installments, a collection cost charge of three percent of the payment also must be collected by the clerk of court, magistrate, or municipal court from the defendant...”.

We recommend the Court implement procedures to ensure the three percent installment fee is charged and collected in accordance with State law.

TIMELY SUBMISSION OF CLERK OF COURT’S MONTHLY REMITTANCE FORM

We noted that the Clerk of Court did not submit the Court’s financial data to the Town Treasurer in accordance with State law on four separate occasions.

We used the submission date printed on the State Treasurer’s Revenue Remittance Form by the State’s court accounting software (CMS) to determine if the forms were submitted timely. The forms were submitted from six to twenty-eight days late. The Clerk of Court stated the late submissions were due to computer issues and because no court was held one month during the engagement period.

Section 14-25-85 of the 1976 South Carolina Code of Laws, as amended, states, “All fines and penalties collected by the municipal court shall be forthwith turned over by the clerk to the treasurer of the municipality for which such court is held.” We determined forthwith to mean no more than five business days after collection.

We recommend the Court implement procedures to ensure its monthly remittance forms are submitted to the Town Treasurer in compliance with State law.

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 that the Town did not submit seven out of twelve STRRF to the State Treasurer by the fifteenth day of the month as required by State law. The forms were submitted from one to twenty-seven days late.

The Town Clerk/Treasurer stated she was not aware of this requirement.

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 is submitted by the fifteenth day of each month in compliance with State law.

ACCOUNTING FOR VICTIM ASSISTANCE FUNDS

During our test of court collections and remittances, we determined that the Town had not established a separate general ledger account to account for its victim assistance revenue and expenditure transactions as required by State law. Instead the Town commingled victim assistance activity with other accounting transactions in its general fund. Using the Court's cash receipt records and State Treasurer's Revenue Remittance forms, we determined that the Town had collected \$5,554.75 related to victim assistance during the 36 month period ended June 30, 2010. During this period the Town did not incur any victim assistance expenditures.

Section 14-1-208(D) of the 1976 South Carolina Code of Laws, as amended, states, “The revenue retained by the municipality under subsection (B) must be used for the provision of services for the victims of crime including those required by law. These funds must be appropriated for the exclusive purpose of providing victim services as required by Article 15 of Title 16.” In addition, 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. Any funds retained by the county or city treasurer pursuant to subsection (A)(1) must be deposited into a separate account for the exclusive use for all activities related to the requirements contained in this provision.”

The Town Clerk/Treasurer stated she was not aware of this requirement.

We recommend the Town establish and implement policies and procedures to ensure victim assistance revenue and expenditures are accounted for in accordance with State law. We recommend the Town establish a separate account for victim assistance activities and transfer the victim assistance funds from its general fund accounts to the victim assistance account.

SUPPLEMENTARY SCHEDULE

The Town did not prepare financial statements for fiscal year ended December 31, 2009 or fiscal year ended December 31, 2010 nor did the Town provide for an independent audit of the financial records and transactions for those periods. As a result, the Town has not prepared a supplementary schedule of fines and assessments as required by State law.

According to the Town Clerk/Treasurer, the Town has no plans to contract an audit of the Town at this time.

Section 5-7-240 of the South Carolina Code of Laws, as amended, states, “The council shall provide for an independent annual audit of all financial records and transactions of the municipality and any agency funded in whole by municipal funds...”. In addition, Section 14-1-208(E) of the South Carolina Code of Laws, as amended, states, “To ensure that fines and assessments imposed pursuant to this section and Section 14-1-209(A) are properly collected...the annual independent external audit required to be performed for each municipality...must include...a supplementary schedule detailing all fines and assessments collected...” .

We recommend the Town contract with an independent Certified Public Accountant to conduct an audit of its financial statements annually. In addition, we recommend the Town prepare a schedule of fine and assessments and include it as a supplementary schedule to its financial statements.

TOWN'S RESPONSE

Town of Starr
PO Box 122
Starr, SC 29684

Richard Thompson, Mayor
Alison Rainey, Clerk

August 14, 2011

We have reviewed and are authorizing release of the State Auditor's report for the year ending June 30, 2010.

Accountants Comments:

Installment Fee: The Clerk of Court will ensure the 3% installment fee will be charged and collected for all installment plans

Timely Submission of Clerk of Court's Monthly Remittance Form: The Clerk of Court's monthly remittance form will be submitted within five business days after collection. This information will be available by the first Tuesday of each month.

Timely Submission of State Treasurer's Revenue Remittance Form: We concur with this finding and will make sure the remittance form is submitted by the fifteenth day of each month.

Accounting for Victim's Assistance: A separate account for victim's assistance will be established.

Supplementary Schedule: This will be brought up for discussion at the next town council meeting.

6 copies of this document were published at an estimated printing cost of \$1.43 each, and a total printing cost of \$8.58. Section 1-11-125 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.

APPENDIX B



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

June 30, 2010

**State Audit of
The Town of Starr**

October 18, 2012

90-day Follow-up Review

Contents

Introduction and Laws	Page
Preface	4
Audit Objectives	8
Results in Brief	9
Objective(s), Conclusion (s), Recommendation(s), and Comments	
A. Installment Fee of 3%.....	10
Did the Town of Starr’s Court implement procedures to ensure the 3% installment fee is charged in accordance with State law?	
B. Timely Submission of the Clerk of Court’s Monthly Remittance Form.....	12
Did the Town of Starr’s Court implement procedures to ensure its monthly remittance forms are submitted to the Town Treasurer in compliance with State law?	
C. Timely Submission of State Treasurer’s Revenue Remittance Form.....	14
Did the Town of Starr implement procedures to ensure the State Treasurer Revenue Remittance Forms (STRRF) are submitted by the fifteenth day of each month in compliance with State law?	
D. Accountability of the Victim Assistance Funds.....	16
Did the Town of Starr establish and implement policies and procedures to ensure victim assistance revenue and expenditures are accounted for in accordance with State law? Also did the Town establish a separate account for the victim assistance fund and transfer the victim assistance funds from its general fund accounts to the victim assistance account?	

E.	Supplemental Schedule.....	19
	Did the Town of Starr contract with an independent Certified Public Accountant to conduct an audit of its financial statements annually and prepare a schedule of fines and assessments and include it as a supplementary schedule to its financial statements?	
F.	Technical Assistance	22
	Corrective Actions.....	23
	Post-Audit Response and Appendix(s)	24

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’s 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 completed on June 30, 2010. On August 28, 2012, the Director of SOVA issued a letter to the County Administrative Office and the Sheriff's Department to inform them of the Town of Starr State issued 90 Day Follow up audit conducted by the State Office of Victim Assistance (SOVA). The audit was conducted on September 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), 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 ~~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
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

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 Starr's Municipal Court Fines, Fees, and Assessment (FFA) Fund. The State Auditor's Report dated June 30, 2010 was received by SOVA on September 1, 2011.

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

SOVA Audit Objectives were:

- To determine if the Court implemented procedures to ensure the 3% installment fee is charged in accordance with State law.
- To determine if the Court implemented procedures to ensure its monthly remittance forms are submitted to the Town Treasurer in compliance with State law.
- 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 and expenditures are accounted for in accordance with State law. Also to determine if the Town established a separate account for victim assistance funds and transferred to the victim assistance funds from its general fund accounts to the victim assistance account.
- To determine if the Town contracted with an independent Certified Public Accountant to conduct an audit of its financial statements annually and prepare a schedule of fines and assessments and include it as a supplementary schedule to its financial statements.

RESULTS IN BRIEF

Installment Fee of 3%

Did the Town of Starr's Court implement procedures to ensure the 3% installment fee is charged in accordance with State law?

Yes, the Court implemented procedures to ensure the 3% installment fee is charged in accordance with State law.

Timely Submission of Clerk of Court's Monthly Remittance Form

Did the Town of Starr's Court implement procedures to ensure its monthly remittance forms are submitted to the Town Treasurer in compliance with State law?

Yes, the Court implemented procedures to ensure its monthly remittance forms are submitted to the Town Treasurer in accordance with State law.

Timely Submission of State Treasurer's Revenue Remittance Form

Did the Town of Starr implement procedures to ensure the State Treasurer Revenue Remittance Forms (STRRF) are submitted by the fifteenth day of each month in compliance with State law?

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.

Accountability of the Victim Assistance Funds

Did the Town of Starr establish and implement policies and procedures to ensure victim assistance revenue and expenditures are accounted for in accordance with State law? Also did the Town establish a separate account for the victim assistance fund and transfer the victim assistance funds from its general fund accounts to the victim assistance account?

Yes, the Town established and implemented policies and procedures to ensure victim assistance revenue and expenditures are accounted for in accordance with State law. However, no the Town did not establish a separate account for the victim assistance fund and transfer the victim assistance funds from its general fund accounts to the victim assistance account.

Supplemental Schedule

Did the Town of Starr contract with an independent Certified Public Accountant to conduct an audit of its financial statements annually and prepare a schedule of fines and assessments and include it as a supplementary schedule to its financial statements?

No, the Town did not contract with an independent Certified Public Accountant to conduct an audit of its financial statements annually and prepare a schedule of fines and assessments and include it as a supplementary schedule to its financial statements.

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

A. Installment Fee of 3%**Objective**

To determine if the Court implemented procedures to ensure the 3% installment fee is charged in accordance with State law.

Conclusion

Yes, the Court implemented procedures to ensure the 3% installment fee is charged in accordance with State law.

Background

State Auditor's report for the Town of Starr Municipal Court dated June 30, 2010.

Discussion

In the previous audit, the State Auditor's Office noted the Court did not assess and collect a 3% installment fee from individuals who paid in installments. The Clerk of Court stated she was unaware of this requirement although this is required via legislation section 14-17-425 of the 1976 South Carolina Code of Laws. The State Auditor recommended the Court implement procedures to ensure the 3% installment fee is charged and collected in accordance with State law.

SOVA requested documentation explaining the procedures implemented by the Court to ensure the 3% installment fee is charged and collected in accordance with State law. On September 18, 2012 the Clerk of Court sent the following procedures by email:

1. The defendant is scheduled a date to pay his/her Standard Time Payment (STP) by the Judge on the court day.
 2. If the STP is NOT paid by the scheduled date, the office will mail the defendant a letter adding the 3% installment fee along with the Non-Resident Violator Compact (NRVC).
 3. If the defendant does not reply within 15 days his/her drivers license will be suspended & bench warrant issued.
-

The Clerk of Court also stated information is kept on file about each defendant; in addition to, records of everyone scheduled to pay the 3% installment fee. By implementing these procedures and submitting documentation to our office, it appears the Town of Starr has complied with the State Auditor's recommendation.

Recommendation(s)
and Comments

A-1

There are no further recommendations.

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

B. Timely Submission of Clerk of Court's Monthly Remittance Form**Objective**

To determine if the Court implemented procedures to ensure its monthly remittance forms are submitted to the Town Treasurer in compliance with State law.

Conclusion

Yes, the Court implemented procedures to ensure its monthly remittance forms are submitted to the Town Treasurer in accordance with State law.

Background

State Auditor's report for the Town of Starr Municipal Court dated June 30, 2010.

State Treasurer Revenue Remittance Forms from August 2010 thru August 2012.

Section 14-25-85 of the 1976 South Carolina Code of Laws.

Discussion

In the previous audit, the State Auditor's Office noted that the Clerk of Court had not submitted the Court's financial data to the Town Clerk/Treasurer on time in accordance with State law on four separate occasions. The Clerk of Court stated the late submissions were because of computer issues and court not being held in one of the months reviewed. The State Auditor recommended the Court implement procedures to ensure its monthly remittance forms are submitted to the Town Treasurer in compliance with State law.

Section 14-25-85 of the 1976 South Carolina Code of Laws, as amended, states, "*All fines and penalties collected by the municipal court shall be forthwith turned over by the clerk to the treasurer of the municipality for which such court is held.*" The State Auditor determined forthwith to mean no more than five business days after collection.

SOVA requested documentation of the procedures the Court implemented to ensure the monthly remittance forms are submitted on time. On September 18, 2012, the Town Clerk/Treasurer submitted documentation stating or explaining the following procedures were implemented by the Court to ensure monthly remittance forms were submitted on time:

1. Court is held on the last Wednesday of each month. The court clerk prepares the remittance form and leaves them on her desk in a designated area.
2. The Town Clerk picks it up at the monthly meeting, which is held on the first Tuesday of each month.
3. The remittance form, along with a check to the State Treasurer, is submitted within a week.

By implementing these procedures and submitting documentation to our office, it appears the Town of Starr has complied with the State Auditor's Office recommendation.

Recommendation(s)
and Comments

B-1

There are no further recommendations.

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

C. Timely Submission of State Treasurer's Revenue Remittance Form**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 Starr Municipal Court dated June 30, 2010.

State Treasurer Revenue Remittance Forms from August 2010 thru August 2012.

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

Discussion

In the previous audit, the State Auditor's Office noted the Town did not submit seven out of twelve State Treasurer's Revenue Remittance Forms (STRRF's) to the State Treasurer by the fifteenth day of each month as required by law. These forms were submitted from one to twenty-seven days late. The Town Clerk/Treasurer stated she was not aware of this requirement although this is required via legislation section 14-1-208(B) of the South Carolina Code of Laws. The State Auditor recommended that the Town implement procedures to ensure the STRRF's are submitted in accordance with State law.

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

SOVA requested documentation outlining the procedures the Court implemented to ensure the monthly remittance forms are submitted on time. On September 18, 2012, the Town Clerk/Treasurer stated the following procedures were implemented by the Court to ensure monthly remittance forms were submitted on time:

1. Court is held on the last Wednesday of each month. The Clerk of Court prepares the remittance form and leaves them on her desk in a designated area.
2. The Town Clerk picks it up at the monthly meeting, which is held on the first Tuesday of each month.
3. The remittance form, along with a check to the State Treasurer, is submitted within a week.

By implementing these procedures and submitting documentation to our office, it appears the Town of Starr has complied with the State Auditor's Office recommendation.

Recommendation(s)
and Comments

C-1

There are no further recommendations.

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

D. Accountability of the Victim Assistance Funds

Objective

To determine if the Town established and implemented policies and procedures to ensure victim assistance revenue and expenditures are accounted for in accordance with State law. Also to determine if the Town established a separate account for the victim assistance fund and transferred the victim assistance funds from its general fund accounts to the victim assistance account.

Conclusion

Yes, the Town established and implemented policies and procedures to ensure victim assistance revenue and expenditures are accounted for in accordance with State law. However, no the Town did not establish a separate account for the victim assistance and transfer the victim assistance funds from its general fund accounts to the victim assistance account.

Background

State Auditor's report for the Town of Starr Municipal Court dated June 30, 2010.

State Treasurer's Revenue Remittance Forms from August 2010 thru August 2012.

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

Discussion

During the previous audit, the State Auditor's Office noted the Town of Starr had not set up a separate account for the victim assistance revenue and expenditure transactions as required by law but commingled victim assistance activity with other accounting transactions in its general fund.

Section 14-1-211(B) of the 1976 South Carolina Code of Laws, as amended, states, "*Any funds retained by the county or city treasurer pursuant to subsection (A)(1) must be deposited into a separate account for the exclusive use for all activities related to the requirements contained in this provision.*"

The Town Clerk/Treasurer stated she was not aware of this requirement. Using State Treasurer's Revenue Remittance Forms (STRRF) the State Auditor determined the Town had collected \$5,554.75 related to the victim assistance fund during a 36 month period ending June 30, 2010. During that same period the town had no victim assistance expenditures. The State Auditor recommended the Town establish and implement policies and procedures to ensure victim assistance revenue and expenditures are accounted for in accordance with State law and to establish a separate account for the victim assistance activities and transfer the victim assistance funds from the general fund accounts to a victim assistance account. It appears that these funds are unaccounted for at this time due to the comingling of funds.

SOVA requested the Fiscal Year (FY) 2008-2012 expenditure reports for the Victim Assistance Fund and the Town Clerk/Treasurer stated that there had been no expenses during that time. Furthermore, after reviewing SOVA's budget review file for the Town of Starr, it was noted the Town had no victim advocate and Anderson County was currently providing victim services for the Town. With this being the case, it appears the Town of Starr has two options that would be considered allowable expenses; hire a part time victim advocate to provide services or enter into a written contract with Anderson County and transfer the retained Victim Assistance funds to the County.

After discussing these options in detail, the Mayor decided the Town's best option would be to let Anderson County continue to provide victim services. During the audit site visit the mayor submitted a letter he sent to Anderson County on September 18, 2012. The Town requested to enter a written contract with the County to continue receiving victim services for the Town of Starr. In doing this, it appears the Town has begun to implement procedures to ensure the victim assistance revenue and expenditures are accounted for in accordance with State law. However this has not been finalized and is in progress at this time

The second part of the State Auditor's recommendation was for the Town of Starr to establish a separate account for victim assistance activities and transfer the victim assistance funds from the general fund accounts to the Victim Assistance account. On September 18, 2012, SOVA received an email from the Town stating, the Victim Assistance Fund was held within the Town's Judicial Account.

Along with this letter was a victim assistance ledger showing the monthly revenues and running balance for the Victim Assistance Fund as well as a running balance for the Judicial Account for the period of April 2011 thru August 2012. According to the ledger submitted by the Town, the balance of the Victim Assistance Fund on August 2012 was \$3,147.65; however, the account balance for the Judicial Account was only \$1,725.85 for the same time period. Because the Victim Assistance Fund was held within the Judicial Account, the balance for the fund should not be more than the Judicial Account total balance. During email correspondence, the Town Clerk/Treasurer stated they had accounted for the funds separately but after discovering the inaccurate account balance for the VA fund it was determined the Town needed to establish a separate physical bank account for the fund in order to ensure the funds were accounted for accurately. The minimum amount that should have been in the Victim Assistance bank account, as of September 18, 2012 in order for the Town to be in compliance was \$5,554.75. This was the amount the State Auditor's Office determined the Town had collected over the 36 month period reviewed between FY 2008-2010. At the time of the audit site visit, the Town had not set up a separate bank account and did not retain a minimum \$5,554.75 in the Judicial Account for the Victim Assistance Fund. SOVA has determined the Town did not comply with this part of the State Auditor's recommendation.

Because of the Town's failure to complete this recommendation, SOVA will issue a copy of this report to the State Auditor's Office informing them the Town was found to be non-compliant to this recommendation.

Since the Town did not comply with all or part of the State Auditor's Office recommendations, SOVA will initiate a Programmatic Review/Audit of the Town of Starr's Victim Assistance Fines, Fees and Assessment Fund. All uncorrected errors found during this State 90 Day Follow-up review will be outlined in detail in the SOVA's initial audit to assist the town in becoming compliant with all State laws.

**Recommendation(s) and
Comments**

D-1

There are no further recommendations.

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

E. Supplemental Schedule**Objective**

To determine if the Town contracted with an independent Certified Public Accountant to conduct an audit of its financial statements annually and prepare a schedule of fines and assessments and include it as a supplementary schedule to its financial statements.

Conclusion

No, the Town did not contract with an independent Certified Public Accountant to conduct an audit of its financial statements annually and prepare a schedule of fines and assessments and include it as a supplementary schedule to its financial statements.

Background

State Auditor's report for the Town of Starr Municipal Court dated June 30, 2010.

Section 14-1-208(E) and Section 5-7-240 of the South Carolina Code of Laws

Discussion

During the previous audit, the State Auditor's Office noted that the Town had not prepared financial statements or provided an annual audit of its financial records to include a supplementary schedule of fines and assessments for FY 2009 or 2010. The Town Clerk/Treasurer stated they had no plans to contract for an audit at this time.

Section 5-7-240 of the South Carolina Code of Laws, as amended states, "The council shall provide for an independent annual audit of all financial records and transactions of the municipality and any agency funded in whole by municipal funds...". In addition, Section 14-1-208(E) of the South Carolina Code of Laws, as amended, states, "To ensure that fines and assessments imposed pursuant to this section and Section 14-1-209(A) are properly collected...the annual independent external audit required to be performed for each municipality...must include...a supplementary schedule detailing all fines and assessments collected..." .

The State Auditor recommended “the Town contract with an independent Certified Public Accountant to conduct an audit of its financial statements annually. In addition, it was recommended the Town prepare a schedule of fines and assessments and include it as a supplementary schedule to its financial statements.”

On September 6, 2012, prior to conducting the 90 Day Follow-up site visit, SOVA asked the Town to submit all FY 2008-2012 annual audits. On September 17, 2012, the Town Clerk/Treasurer sent an email stating they had not completed an annual audit since FY 2008. Because of this information, SOVA determined the town did not comply with the State Auditor’s recommendation.

Because the Town of Starr failed to complete this recommendation, SOVA will issue a copy of this report to the State Auditor’s Office informing them the Town was found to be non-compliant.

In addition, SOVA will initiate a Programmatic Review/Audit of the Town of Starr’s Victim Assistance Fines, Fees and Assessment Fund. All uncorrected errors found during this State 90 Day Follow-up review will be outlined in detail in the SOVA initial audit to assist the town in becoming compliant with all State laws.

**Recommendation(s)
and Comments**

C-1

(Auditor’s Conclusion and Recommendations)

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

F. Technical Assistance

Documentation Provided

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

1. Copy of the Legislative Proviso 89.61
2. Copy of a Sample Budget
3. Sample Staff Hired Report
4. Sample Time and Activity Report
5. Sample Expenditure Report
6. Copy of 2010 Suggested Guidelines
7. Copy of Sample Contract
8. Discussed the Town's options concerning expending the funds when entering into a contract.
9. Statistical Reports
10. Technical Assistance

Other Matters

In addition, SOVA will initiate a Programmatic Review/Audit of the Town of Starr's Victim Assistance Fines, Fees and Assessment Fund. All uncorrected errors found during this State 90 Day Follow up review will be outlined in detail in the SOVA initial audit to assist the town in becoming compliant with all State laws.

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. 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 October 18, 2012.

All errors were not rectified within the specified 90 Day Follow-up audit timeframe required after the State Auditor’s Office initial audit.

Since failure to rectify all recommendations, SOVA will initiate a Programmatic Review/Audit of the Town of Starr’s Victim Assistance Fines, Fees and Assessment Fund. All uncorrected errors found during this State 90 Day Follow-up review will be outlined in detail in the SOVA initial audit to assist the town in becoming compliant with all State laws.

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

APPENDIX C



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

November 6, 2012

**Programmatic Review of
The Town of Starr
Victim Assistance FFA Fund**

Contents

Introduction and Laws	Page
Preface	3
Audit Objectives	7
Results in Brief	7
Objective(s), Conclusion (s), Recommendation(s), and Comments	
A. Fund Collection and Expense.....	9
Did the Town of Starr collect and expend its Victim Assistance funds in accordance with State law?	
B. Separate Victim Assistance Bank Account.....	11
Did the Town of Starr establish a separate bank account for the Victim Assistance funds with the correct fund balance determined by the State Auditor’s Office and SOVA?	
C. Victim Assistance Contract	13
Did the Town of Starr enter into a written contract with Anderson County to continue to provide victim services for the Town?	
D. Annual Audit and Supplemental Schedule.....	15
Did the Town of Starr contract with an independent Certified Public Accountant to conduct an audit of its financial statements annually and prepare a schedule of fines and assessments and include it as a supplementary schedule to its financial statements?	
E. Technical Assistance	17
Corrective Actions.....	18
Post-Audit Response and Appendix(s)	19

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

Introduction and Laws

PREFACE

This programmatic review was initiated because of failure to submit a budget to the State Office of Victim Assistance (SOVA) in FY 2009-2010 and 2010-2011. On August 28, 2012, the Director of SOVA issued a letter to the County Administrative Office and the Sheriff's Department, to inform them of the Town of Starr's Victim Assistance Fund audit. The audit was conducted on September 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), 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 ~~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
Title 14*

Courts – General Provisions

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

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

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

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

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

SC Code of Law
Title 14 (cont)

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

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

The supplementary schedule must include the following elements:

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

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

AUDIT OBJECTIVES

The SC State Legislative Proviso 89.61 mandates the State Office Victim Assistance to conduct 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.

Audit Objectives were;

- To determine if the Town of Starr collected and expended its Victim Assistance funds in accordance with State law.
- To determine if the Town of Starr established a separate bank account for the Victim Assistance fund with the correct fund balance determined by the State Auditor's Office and SOVA.
- To determine if the Town of Starr has entered into a written contract with Anderson County to continue providing victim services for the Town.
- To determine if the Town contracted with an Independent Certified Public Accountant to conduct an audit of its financial statements annually and to prepare a schedule of fines and assessments and include a supplementary schedule to its financial statements.

RESULTS IN BRIEF

Fund Collection and Expense

Yes, the Town of Starr collected its victim assistance funds properly; however, they did not expend the victim assistance funds in accordance with State law.

Separate Bank Account

No, the Town of Starr did not establish a separate bank account for the Victim Assistance funds with the correct fund balance determined by the State Auditor's Office and SOVA.

Victim Assistance Contract

No, the Town of Starr has not entered into a written contract with Anderson County to continue providing victim services for the Town. However, technical assistance was provided by giving the Town options relating to a contract with the County. The auditor recommended as a best practice that the Town submit a written contract with the county that includes fund transfer arrangements.

*Annual Audit and
Supplemental Schedule*

No, the Town did not contract with an Independent Certified Public Accountant to conduct an audit of its financial statements annually and prepare a schedule of fines and assessments and include it as a supplementary schedule to its financial statements. However, technical assistance was provided to the town by giving them options for paying for the audit. The auditor recommended that the Town continue to work with a CPA to ensure there is an audit completed for the Town as required by State law.

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

A. Find Collection and Expense**Objective**

To determine if the Town of Starr collected and expended its Victim Assistance funds in accordance with State law.

Conclusion

Yes, the Town of Starr collected its victim assistance funds properly however they did not expend the victim assistance funds in accordance with State law.

Background

State Auditor's report for the Town of Starr Municipal Court dated June 30, 2010.

Discussion

During a review of the Town of Starr's budget file, SOVA noted that in FY 2009-2010 and FY 2010-2011 the town did not submit Annual Victim Assistance budgets as required by Proviso 89.61 and was placed on the SOVA Audit list.

The State Auditor's Report for the Town of Starr's Municipal Court dated June 30, 2010 included a 36 month review of the Town's Victim Assistance funding ending June 30, 2010. The State Auditor's Report noted the Town of Starr had collected \$5,554.75 during that 36 month period which should have been the minimum balance in the Victim Assistance Fund at the time. Since the State Auditor's Office Report covered a specific time frame, SOVA decided that it would be a best practice to pick up its review of the Town's Victim Assistance funds where the State Auditor's Office left off June 30, 2012 through August 31, 2012.

While preparing for the SOVA initial audit, the State Auditor's Office requested a 90 Day Follow-up to the State Auditor's Report of the Town of Starr's Municipal Court. Therefore, SOVA requested the Fiscal Year (FY) 2008-2012 State Treasurer Revenue Remittance Forms (STRRF) and expenditure reports for the Victim Assistance Fund to assist and aid in the 90 Day Follow-up Audit. While reviewing the STRRF, it appears the town collected victim assistance funds on a monthly basis and deposited the funds in the Judicial Account for the Town of Starr. However the town did not have a victim advocate and Anderson County provided the victim services for the town. This means no victim assistance funds should have been expended.

After requesting an expenditure report for the town's victim assistance fund, the Town Clerk/Treasurer stated there were no expenditures from the fund during the time period requested. After adding up the monthly victim assistance funds shown on the STRRF retained by the town for victim assistance, the town should have maintained a minimum of **\$10,401.26** in the victim assistance fund as of August 2012. However, upon review of the Judicial Account bank statements, which holds the VA funds, there was only \$1,725.85 in both accounts. Therefore, it appears that having the funds held within the Judicial Account created an accountability problem and also led to the unallowable expense of the victim assistance funds.

Recommendation(s) and Comments

A-1

(Auditor's Conclusion and Recommendations)

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

B. Separate Victim Assistance Account**Objective**

To determine if the Town of Starr established a separate bank account for the Victim Assistance fund with the correct fund balance determined by the State Auditor's Office and SOVA.

Conclusion

No, the Town of Starr did not establish a separate bank account for the Victim Assistance fund with the correct fund balance determined by the State Auditor's Office and SOVA.

Background

State Auditor's report for the Town of Starr Municipal Court dated June 30, 2010.

Discussion

As a part of the State Auditor's report for the Town of Starr Municipal Court dated June 30, 2010, the State Auditor's Office recommended the Town establish a separate account for the victim assistance fund and transfer the victim assistance fund from its general fund accounts to the victim assistance account. During the SOVA 90 Day Follow-up audit for the Town of Starr Municipal Court, it was determined that the Town did not comply with this recommendation as of September 26, 2012. Therefore, SOVA decided as a best practice to continue providing assistance to the agency to help them become compliant with State law.

Section 14-1-211(B) of the 1976 South Carolina Code of Laws, as amended, states, "Any funds retained by the county or city treasurer pursuant to subsection (A)(1) must be deposited into a separate account for the exclusive use for all activities related to the requirements contained in this provision."

So, on September 26, 2012, the Town was notified by SOVA again that they were required to open a separate bank account for the victim assistance fund. The Mayor then attempted to setup an account but was told by the bank a Town resolution would need to be submitted. On October 16, 2012, the Mayor sent a copy of the resolution passed by the town council to establish a separate bank account for victim assistance funds.

The auditor has made several phone calls while preparing this report requesting supporting documentation showing the account has officially been established; however, the Town has not provided any at this time. Because proper documentation has not been received, SOVA is unable to verify an active account as required by law. Therefore it appears the Town is in non-compliance.

Using the State Treasurer's Revenue Remittance Forms (STRRF), the State Auditor determined the Town had collected \$5,554.75 in victim assistance funds during the 36 month period ending June 30, 2010. Since the Town had no victim advocate; therefore, no expenses from the fund amount of \$5,554.75 should have been used and the minimum balance of the fund at that time would remain \$5,554.75. Since June 30, 2010, the Town has continued to collect victim assistance funds on a monthly basis and according to the amounts reported on their FY 2012 STRRF, \$4,846.51 was collected. This means that as of August 2012, the Town of Starr should have had at least **\$10,401.26** in the victim assistance fund.

The Town Treasurer explained during the audit that the victim assistance funds were maintained in the Judicial Account and according to the ledger submitted by the Town, the balance of the Victim Assistance Fund in August 2012 was \$3,147.65; however, the account balance for the Judicial Account where the Victim Assistance funds are held was only \$1,725.85 for the same time period. It appears that the Victim Assistance funds were spent as a result of being comingled with other general fund accounts. Therefore, SOVA recommends the Town of Starr complete the setup of establishing a separate bank account for the Victim Assistance Fund containing a minimum balance of **\$10,401.26** and submit supporting documentation to our office verifying this has been done.

Recommendation(s) and Comments

B-1

SOVA recommends the Town of Starr complete the setup of establishing a separate bank account for the Victim Assistance Fund containing a minimum balance of \$10,401.26 and submit supporting documentation to our office verifying this has been done.

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

C. Victim Assistance Contract**Objective**

To determine if the Town of Starr has entered into a written contract with Anderson County to continue to provide victim services for the Town.

Conclusion

No, the Town of Starr has not entered into a written contract with Anderson County to continue providing victim services for the Town. However, technical assistance was provided by giving the Town options relating to a contract with the County. The auditor recommended the Town submit a written contract with the county that includes fund transfer arrangements as a best practice.

Background

State Auditor's report for the Town of Starr Municipal Court dated June 30, 2010.

Discussion

During the SOVA FY 2010-2011 annual budget review for the Town of Starr, it was noted the Town had an agreement with Anderson County to provide its victim services. The auditor made several request for a copy of this agreement but did not receive it. One request was made prior to the audit site visit conducted on the September 26, 2012. The auditor later again requested another copy of the Victim Assistance contract with the County. But while conducting the audit site visit, it was brought to our attention the Town actually did not have a written agreement but only an understanding with Anderson County to provide victim services for the Town. Technical Assistance was provided by reviewing some of the options available to the Town as it relates to a contract with the County and expending the victim assistance funds. Also accountability of the funds was discussed as well.

The mayor was reminded that since they had no victim advocate program, there should have been no expenses from the fund and that if they enter into a contract with Anderson County, it should include the county remitting the retained victim assistance funds to the county immediately. The mayor showed initiative by writing a letter addressed to Anderson County officials requesting they enter into a written contract with the County to continue to provide victim services for the Town of Starr.

Along with a copy of that letter the Town submitted a copy of the proposed agreement they sent to Anderson County on October 9, 2012. However, SOVA has not received a signed copy of the contract verifying the agreement has been completed. So, SOVA recommends that the Town continue to pursue the issue and notify the agency when they have completed the contract with Anderson County to provide their victim services.

Because the Town of Starr has no victim advocate, they should not have used any of the victim assistance funds. Since Anderson County is already providing victim services to the Town, the funds would be utilized by transferring the funds to the county to support their Victim Assistance program and also considered a best practice. The funds can be transferred monthly by writing a check to the county for the amount of victim assistance funds retained by the Town and a copy of the check kept to verify the funds have been transferred. When transferring funds, the Town should be receiving monthly, quarterly and yearly reports from the County stating the number and type of victims assisted and the services provided to the crime victims of Starr.

Recommendation(s) and Comments

C-1

SOVA recommends as a best practice that the Town of Starr enter and submit a written contract with Anderson County that includes fund transfer arrangements and amounts.

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

D. Annual Audit and Supplemental Schedule**Objective**

To determine if the Town contracted with an Independent Certified Public Accountant to conduct an audit of its financial statements annually and to prepare a schedule of fines and assessments and include a supplementary schedule to its financial statements.

Conclusion

No, the Town did not contract with an Independent Certified Public Accountant to conduct an audit of its financial statements annually and prepare a schedule of fines and assessments and include it as a supplementary schedule to its financial statements. However, technical assistance was provided to the Town by providing options for paying for the audit. The auditor recommends that the Town continue to work with a CPA to schedule an audit to be completed for the Town.

Background

State Auditor's report for the Town of Starr Municipal Court dated June 30, 2010.

Discussion

One of the recommendations made in the State Auditor's report for The Town of Starr was for the town to contract with a CPA to conduct an annual audit of its financial statements and to prepare a schedule of fines and assessments and include it as a supplementary schedule to its financial statements. Prior to the audit site visit, SOVA requested the last 5 years of annual audits the Town had completed. On September 17, 2012, the Town Clerk/Treasurer responded stating no audits had been completed since 2008 although it is required by State law.

During the audit site visit, the mayor stated the cost was the main reason an audit had not been completed in the last few years. In an effort to provide technical assistance, the auditor informed the mayor that there is a provision in the law that allows a county or municipality to withhold up to \$1,000 of their monthly remittance to the State Treasurer's Office to help pay for the annual audit. The auditor asked that they contact the State Treasurer's Office on exactly how to proceed.

Also, the mayor stated that he would contact a CPA about conducting an audit. On October 16, 2012, the Town submitted a letter they received from a local CPA agreeing to conduct the audit for a mutually agreeable fee for November 2012. The auditor recommends the Town of Starr follow through with getting an annual audit of their financial statements completed to assist and aid in accountability of funds and as required by State law.

Recommendation(s) and Comments

D-1

SOVA recommends the Town of Starr continue to work with a Certified Public Accountant to schedule an annual audit to be completed for the Town in November 2012.

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 89.70
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. State Auditor's Report for the Town of Starr Municipal Court dated June 30, 2010.
8. 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 “

The Town of Starr was informed at the site visit conclusion that there appeared to have been some errors as noted in this report. The findings were reviewed with the Town of Starr administration and they were advised that this Programmatic Review will warrant the need for further review by the Senior Auditor and unless otherwise noted the 90-day window to correct all errors will begin 5 business days following the completion date noted on this final report.

On September 26, 2012, the site visit was completed and the final report was issued to the Town of Starr on November 6, 2012.

In February 2013, the State Office of Victim Assistance will schedule to meet with applicable departments in the Town of Starr for the 90-Day Follow-up Review to determine if all errors noted in this report have been corrected and complied with as recommended.

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:

Dexter L. Boyd 4/30/13
Dexter L. Boyd, SOVA Field Auditor Date

Reviewed by:

Richelle A. Copeland 4/30/13
Richelle A. Copeland, Sr. Auditor Date

Ethel Ford 4/30/13
Ethel Ford, SOVA Program Manager Date

Larry Barker 4/30/13
Larry Barker, Ph.D. Director Date

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

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