



State of South Carolina

Office of the Governor

NIKKI R. HALEY
GOVERNOR

OFFICE OF EXECUTIVE
POLICY AND PROGRAMS

November 6, 2012

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 Programmatic Review for the Town of Starr Victim Assistance Program and a copy of official report is attached for your review. Due to Proviso 89.61, SOVA is now legislatively mandated to conduct programmatic reviews on any entity or non-profit organization receiving victim assistance funding to ensure that the crime victim funds are expended in accordance with the law. If errors are found, the agency has 90 days from this meeting date to rectify the problem and if this is not done within the specified time period a penalty will apply.

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

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

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



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

November 6, 2012

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

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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 finding 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 has 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

Appendix(s)

- State Auditor's Report for the Town of Starr's Municipal Court dated June 30, 2012.

TOWN OF STARR MUNICIPAL COURT

STARR, SOUTH CAROLINA

STATE AUDITOR'S REPORT

JUNE 30, 2010

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State of South Carolina



Office of the State Auditor

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

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

(803) 253-4160
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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.

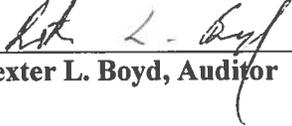
Timely Submission of State Treasurer's Revenue Remittance Form: We concur with this finding and will make sure the remittance form is submitted by the fifteenth day of each month.

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.

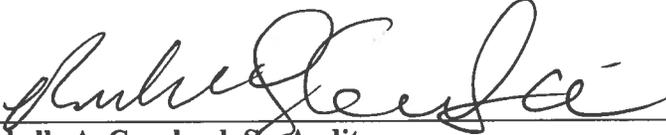
6 copies of this document were published at an estimated printing cost of \$1.43 each, and a total printing cost of \$8.58. Section 1-11-125 of the South Carolina Code of Laws, as amended requires this information on printing costs be added to the document.

Programmatic Review Completed by:

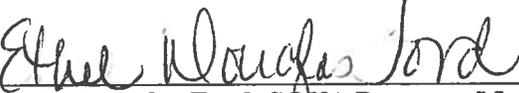

Dexter L. Boyd, Auditor

11/5/12
Date

Reviewed by:


Richelle A. Copeland, Sr. Auditor

11/6/12
Date


Ethel Douglas Ford, SOVA Program Manager

11/6/12
Date


Larry Barker, Ph.D. Director

11/6/12
Date