State of South Carolina
Office of the Governor

NIKKI R. HALEY
GOVERNOR

OFFICE OF EXECUTIVE
POLICY AND PROGRAMS

October 18, 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 state 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.

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

State of South Carolina
Office of the Governor

NIKKI R. HALEY
GOVERNOR

OFFICE OF EXECUTIVE
POLICY AND PROGRAMS

October 18, 2012

Mr. Rick Ziegler, CPA
SC State Auditor's Office
1401 Main Street, Suite 1200
Columbia, SC 29201

Dear Mr. Ziegler:

Enclosed please find the SOVA 90 Day Follow-up Review to your agency's initial audit for the Town of Starr. Please be advised that they did not comply with all of your recommendations. You may find a detailed overview of our findings enclosed in the attached audit.

Should you have any questions please do not hesitate to call me at (803) 734-0434.

Sincerely,

Dexter L. Boyd
Auditor

Enclosure

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

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Disclaimer: The recommendations included in this report were made by the State Auditor's Office. The SOVA follow-up review was based on compliance with the State Auditor's Office recommendations. In addition, all SOVA follow-up reviews (including this one) are conducted to ensure compliance with applicable laws and regulations. (See Appendix A of this report to review the Initial State Issued Audit Report.)

Acronyms:
FFA – Fines, Fees, and Assessment
SOVA – State Office of Victims Assistance
SCLEVA – South Carolina Law Enforcement Victim Advocate
STRRF – State Treasurer'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), and14-1-211(B) of the 1976 Code, the State Auditor shall notify the State Office of Victim Assistance. The State Office of Victim Assistance is authorized to conduct *an audit which shall include both a* programmatic ~~reviews on~~ *review and financial audit of* any entity or non-profit organization receiving victim assistance funding based on the referrals from the State Auditor or complaints of a specific nature received by the State Office of Victim Assistance to ensure that crime victim funds are expended in accordance with the law. *Guidelines for the expenditure of these funds shall be developed by the Victim Services Coordinating Council. The Victim Services Coordinating Council shall develop these guidelines to ensure any expenditure which meets the parameters of Title 16, Article 15 is an allowable expenditure.*

Proviso 89.61(cont)

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

SC Code of Law Title14

Courts – General Provisions

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

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

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

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

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

SC Code of Law Title14 (cont)

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

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

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

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

Introduction and Legislative

PRIOR AUDIT RESULTS

The SC State Legislative Proviso 89.61 mandates the State Office Victim Assistance to conduct 90 Day Follow-up reviews on any entity or non-profit organization receiving victim assistance funding with previously found errors to ensure necessary corrective action has taken place; thereby ensuring complying with all applicable state laws and regulations. As noted, the State Auditor's Office conducted an audit of the Town of 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 Treasure'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.**

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)**

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.

Official Post-Audit Response

The County/City has 5 business days from the date listed on the front of this report to provide a written response to the SOVA Director:

Larry Barker, Ph.D.
1205 Pendleton St., Room 401
Columbia, SC 29201

At the end of the five day response period, this report and all post-audit responses (located in the Appendix) will become public information on the State Office of Victim Assistance (SOVA) website:

www.sova.sc.gov

Appendix(s)

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

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

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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.

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.

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.

State of South Carolina

Office of the Governor

NIKKI R. HALEY
GOVERNOR

OFFICE OF EXECUTIVE
POLICY AND PROGRAMS

Programmatic Review Completed by:

10/18/12

Dexter Boyd, SOVA Field Auditor **Date**

Reviewed by:

10/18/12

Richelle A. Copeland, Sr. Auditor **Date**

10/18/12

Ethel Douglas Ford, SOVA Program Manager **Date**

10/18/12

Larry Barker, Ph.D. Director **Date**