



## State of South Carolina Office of the Governor

NIKKI R. HALEY  
GOVERNOR

OFFICE OF EXECUTIVE  
POLICY AND PROGRAMS

December 9, 2014

Mayor William R. Johnson  
Town of Holly Hill  
8423 Old State Road, Suite 1  
Holly Hill, SC 29059-8880

Dear Mayor Johnson:

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 Holly Hill Victim Assistance Program and a copy of official report is attached for your review. Due to Proviso 117.55, SOVA is 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](http://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. Andrew Walsh at (803)734-7108.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Barker".

Larry Barker, Ph.D.  
Director

CC: Gayle D. Austin

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

STATE OFFICE OF VICTIM ASSISTANCE  
1205 PENDLETON STREET, EDGAR A. BROWN BUILDING, ROOM 401  
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# Office of the Governor State Office of Victim Assistance

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June 30, 2011

## State Audit of The Town of Holly Hill

December 9, 2014

## 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:

SOVA – State Office of Victims Assistance

STRRF – State Treasurer's Revenue Remittance Form

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## Introduction and Laws

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### PREFACE

This 90 Day Follow-up Programmatic Review and Financial Audit was initiated in response to recommendations made in the South Carolina State Auditor's Office initial review issued on June 30, 2011. On September 17, 2014, the Director of SOVA issued a letter to the Town Mayor and the Police Chief to inform them of the Town of Holly Hill's 90-Day Follow-up Review. The review was conducted on October 28, 2014.

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### *Governing Laws and Regulations*

#### *Proviso 117.55*

General Provision 117.55. (GP: Assessment Audit/Crime Victim Funds)

If the State Auditor finds that any county treasurer, municipal treasurer, county clerk of court, magistrate, or municipal court has not properly allocated revenue generated from court fines, fines, and assessments to the crime victim funds or has not properly expended crime victim funds, pursuant to Sections 14-1-206(B)(D), 14-1-207(B)(D), 14-1-208(B)(D), and 14-1-211(B) of the 1976 Code, the State Auditor shall notify the State Office of Victim Assistance. The State Office of Victim Assistance is authorized to conduct an audit which shall include both a programmatic review and financial audit of any entity or non-profit organization receiving victim assistance funding based on the referrals from the State Auditor or complaints of a specific nature received by the State Office of Victim Assistance to ensure that crime victim funds are expended in accordance with the law. Guidelines for the expenditure of these funds shall be developed by the Victim Services Coordinating Council. The Victim Services Coordinating Council shall develop these guidelines to ensure any expenditure which meets the parameters of Article 15, Chapter 3, Title 16 is an allowable expenditure. Any local entity or non-profit organization that receives funding from 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's approval by the governing 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.

*Proviso 117.55 (cont.)*

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. 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 in the amount of the unauthorized expenditure plus \$1,500 against the entity or non-profit organization for improper expenditures. 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 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.

***Proviso 97.9***

97.9 (TREASURY: Penalties for Non-reporting)

If a municipality fails to submit the audited financial statements required under Section 14- 1-208 of the 1976 Code to the State Treasurer within thirteen months of the end of their fiscal year, the State Treasurer must withhold all state payments to that municipality until the required audited financial statement is received.

*Proviso 97.9 (cont.)*

If the State Treasurer receives an audit report from either a county or municipality that contains a significant finding related to court fine reports or remittances to the Office of State Treasurer, the requirements of Proviso 117.55 shall be followed if an amount due is specified, otherwise the State Treasurer shall withhold twenty-five percent of all state payments to the county or municipality until the estimated deficiency has been satisfied.

If a county or municipality is more than ninety days delinquent in remitting a monthly court fines report, the State Treasurer shall withhold twenty-five percent of state funding for that county or municipality until all monthly reports are current.

After ninety days, any funds held by the Office of State Treasurer will be made available to the State Auditor to conduct an audit of the entity for the purpose of determining an amount due to the Office of State Treasurer, if any.

***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.

- **Sec. 14-1-207 Subsection(s) A, B & D (cont):** 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. 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.

- **Sec. 14-1-207 Subsection(s) A, B & D (cont):** 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.

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## AUDIT OBJECTIVES

The SC State Legislative Proviso 117.55 mandates the State Office of 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 compliance with all applicable State laws and regulations. As noted, the State Auditor's Office conducted an audit of the Town of Holly Hill's Municipal Court. The State Auditor's report dated June 30, 2011 was received by SOVA on June 20, 2012.

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

**SOVA Audit Objectives were;**

- To determine if the Municipal Court implemented procedures to ensure that fines levied adhere to the minimum and maximum required by State law.
  - To determine if the Municipal Court implemented procedures to ensure the conviction surcharge is assessed and collected in accordance with State law.
  - To determine if the Town implemented procedures to ensure the STRRF is submitted by the fifteenth day of each month in compliance with State law.
  - To determine if the Town continued to enforce its policies and procedures to ensure victim assistance revenue is accounted for in accordance with State law. Also, did the Town transfer the unexpended balance pertaining to victim assistance funds from its General Fund account to the Victim Assistance account?
-

## RESULTS IN BRIEF

### *Adherence to Fine Guidelines*

Did the Municipal Court implement procedures to ensure that fines levied adhere to the minimum and maximum required by State law?

No, Holly Hill did not implement procedures to ensure that fines levied adhere to the minimum and maximum required by State law.

### *Conviction Surcharge*

Did the Municipal Court implement procedures to ensure the conviction surcharge is assessed and collected in accordance with State law?

No, the Municipal Court did not implement procedures to ensure the conviction surcharge is assessed and collected in accordance with State law.

### *Timely Submission of State Treasurer's Revenue Remittance Form*

Did the Town implement procedures to ensure the STRRF is submitted by the fifteenth day of each month in compliance with State law?

No, the Town did not implement procedures to ensure that STRRF is submitted by the fifteenth day of each month in compliance with State law.

### *Accounting for Victim Assistance Funds*

Did the Town continue to enforce its policies and procedures to ensure victim assistance revenue is accounted for in accordance with State law? Also, did the Town transfer the unexpended balance pertaining to victim assistance funds from its General Fund account to the Victim Assistance account?

Yes, the Town did enforce policies and procedures to ensure victim assistance revenue is accounted for in accordance with State law. However, the Town did not transfer the unexpended balance pertaining to victim assistance funds from its General Fund account to the Victim Assistance Account.

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

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### A. Adherence to Fine Guidelines

#### Objective

Did the Municipal Court implement procedures to ensure that fines levied adhere to the minimum and maximum required by State law?

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#### Conclusion

No, Holly Hill did not implement procedures to ensure that fines levied adhere to the minimum and maximum required by State law.

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#### Background

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

Section 16-11-700(C) (1) of the 1976 South Carolina Code of Laws

Holly Hill Town Code 9.04.130(a)

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#### Discussion

During the State Auditor's initial site visit, 25 cases from the court dockets were randomly selected and the fine assessment calculations were re-calculated to ensure that they were properly allocated in accordance with State law. The State auditor found that in one case the \$166.27 fine assessed for littering was below the two hundred dollars minimum prescribed by South Carolina Code of Laws Section 16-11-700(C)(1). In another case the \$9.64 fine assessed for Loitering, was below the minimum allowed according to Holly Hill Town Code 9.04.130(a) which should have been punishable by a fine not less than one hundred dollars for the first offense. The Municipal Judge stated that the errors in the fine assessments were an oversight on his behalf.

The State Auditor issued the recommendation that the Municipal Court implement procedures to ensure that fines levied adhere to the minimum and maximum required by State law. The Town's Response Letter to the State Auditor's Report dated November 15, 2011 stated that the Municipal Court was implementing procedures to ensure compliance with this recommendation.

Prior to the site visit, SOVA requested written procedures from the Town that would ensure that fines levied would adhere to the minimum and maximum required by State law.

However, Town officials responded that the LawTrak software fulfilled this function and there were no written procedures in place.

Therefore; during the site visit after interviewing Town officials, it was established and noted by the auditor that the Town still had not implemented any formal procedures to comply with State Auditor's recommendation from 2011.

The Town officials noted during the audit interviews that there is currently no computer available for use in the courtroom; therefore, no verification of compliance with State law using LawTrak is possible until after the court is closed. The auditor notes that it appears the Town is still setting fines below the minimum/maximum required by State law due to not implementing procedures to ensure the fines are levied in accordance with laws during court proceedings. The auditor expressed that as a best practice for the court, they should consider enhancing available technology during court sessions to ensure they meet the requirements.

Next, the Town officials were informed they would be tasked with developing written policies and procedures that would ensure fines assessed by the Municipal Court are in compliance with State law minimum and maximum guidelines.

However, while preparing this audit report, Town officials did submit written procedures. But, the lack of computer access in the courtroom still prevents the Town from fully complying with this recommendation. It appears that the Town is still assessing fines below the minimum requirements of State and local law. Therefore, this recommendation has not been met.

Because the Town of Holly Hill 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 Financial Audit and Programmatic Review of the Town of Holly Hill's Victim Assistance Fines, Fees and Assessment Fund. All previous errors not corrected and 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 State laws.

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**Recommendation(s)**  
**and Comments**

**SOVA will initiate a Financial Audit and Programmatic Review of the Town of Holly Hill's Victim Assistance Fines, Fees and Assessment Fund. This will assist the town in becoming compliant with state laws.**

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

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**B. Conviction Surcharge****Objective**

Did the Municipal Court implement procedures to ensure the conviction surcharge is assessed and collected in accordance with State law?

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**Conclusion**

No, the Municipal Court did not implement procedures to ensure the conviction surcharge is assessed and collected in accordance with State law.

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**Background**

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

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

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**Discussion**

During the State Auditor's initial visit, 25 cases from the court dockets were randomly selected for testing. Auditor noted 3 instances where the Municipal Court did not assess and collect the \$25 conviction surcharge per Section 14-1-211(A)(1) of the South Carolina Code of Laws. The Town Clerk stated that this was due to an oversight on her behalf.

The State Auditor issued the recommendation that the Municipal Court implement procedures to ensure the conviction surcharge is assessed and collected in accordance with State law. The Town's Response Letter to the State Auditor's Report dated November 15, 2011 stated that the issue with the surcharge not being consistently assessed had been corrected by the Town's computer software personnel.

Prior to the site visit, SOVA requested written procedures from the Town that would ensure the conviction surcharge is assessed and collected in accordance with State law. However, Town officials responded that the LawTrak software fulfilled this function and there were no written procedures in place.

During the 90 Day Follow-up review, after interviewing Town officials, it was established and noted by the auditor that the Town still had not implemented any formal procedures to ensure compliance with State Auditor's recommendation from 2011.

Therefore, Town officials were informed they would be tasked with developing written policies and procedures that would ensure the conviction surcharge is assessed and collected by the Municipal Court in accordance with State law.

However, while preparing this audit report Town officials did submit written procedures. But, the lack of computer access in the courtroom still prevents the Town from fully complying with this recommendation. It appears that the lack of instant access to LawTrak during court sessions can allow the conviction surcharge to be overlooked by Court officials. Therefore, this recommendation has not been met.

Because the Town of Holly Hill 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 Financial Audit and Programmatic Review of the Town of Holly Hill's Victim Assistance Fines, Fees and Assessment Fund. All previous errors not corrected and 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 State laws.

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**Recommendation(s)**  
**and Comments**

**SOVA will initiate a Financial Audit and Programmatic Review of the Town of Holly Hill's Victim Assistance Fines, Fees and Assessment Fund. This will assist the town in becoming compliant with state laws.**

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

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**C. Timely Submission of State Treasurer's Revenue Remittance Form****Objective**

Did the Town implement procedures to ensure the STRRF is submitted by the fifteenth day of each month in compliance with State law?

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**Conclusion**

No, the Town did not implement procedures to ensure that the STRRF is submitted by the fifteenth day of each month in compliance with State law.

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**Background**

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

State Treasurer's Revenue Remittance Forms, October 2013 to September 2014.

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

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**Discussion**

During the State Auditor's initial visit, 12 State Treasurer's Revenue Remittance Forms (STRRF) were tested. It was noted that 5 out of the 12 were not submitted to the State Treasurer by the fifteenth day of the month as required by Section 14-1-208(B) of the 1976 South Carolina Code of Laws. The Town Clerk stated that each STRRF was submitted when the Town had funds available. This is clearly not in compliance with State law.

In their report dated June 30, 2011, the State Auditor recommended that the Town implement procedures to ensure the STRRF is submitted by the fifteenth day of each month in compliance with State law. In the Town's Response Letter, dated November 15, 2011 it was stated that the Town's accounts payable staff had been instructed by Town officials to submit the STRRF report by the fifteenth of the month as required by State law. However, this was found by the auditor not to be the case

Prior to the site visit, SOVA requested written procedures from the Town to ensure that the STRRF is submitted by the fifteenth day of each month in compliance with State law. Town officials responded that the LawTrak software did this for them and therefore there were no written procedures in place.

The auditor also requested copies of 12 months of STRRFs from October 2013 through September 2014. These forms were provided, but all had the submission date of October 10, 2014. During the 90 Day Follow-up review site visit, it was established that this was the date the forms had been reprinted from the State Auditor's website and not the date they were actually submitted to the State Treasurer's Office.

During the 90 Day Follow-up review, it was established and noted by auditor that the Town had not implemented any formal procedures. It was further noted that the Town regularly experienced difficulty providing sufficient funds to pay the STRRF by the fifteenth of the month towards the end of its financial year, which concludes at the end of August.

However while preparing this audit report, written procedures for submission of the monthly STRRFs were provided by the Town. But, these procedures did not include any deadlines for various tasks leading to the STRRF submission each month. Therefore, the town will be required to revise the procedures to include a reasonable timetable for completion of each task. This document would indicate and allow for the timely submission of the State Treasurer's Revenue Remittance Form every month. The procedures also are required to be detailed, outlining how the Town ensures the availability of sufficient funds to allow the STRRF to be submitted by the fifteenth day of each month.

Because the Town of Holly Hill 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 Financial Audit and Programmatic Review of the Town of Holly Hill's Victim Assistance Fines, Fees and Assessment Fund. All previous errors not corrected and 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 State laws.

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### **Recommendation(s)** **and Comments**

**SOVA will initiate a Financial Audit and Programmatic Review of the Town of Holly Hill's Victim Assistance Fines, Fees and Assessment Fund. This will assist the town in becoming compliant with state laws.**

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

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**D. Accounting for Victim Assistance Funds****Objective**

Did the Town continue to enforce its policies and procedures to ensure victim assistance revenue is accounted for in accordance with State law? Also, did the Town transfer the unexpended balance pertaining to victim assistance funds from its General Fund account to the Victim Assistance account?

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**Conclusion**

Yes, the Town did enforce policies and procedures to ensure victim assistance revenue is accounted for in accordance with State law. However, the Town did not transfer the unexpended balance pertaining to victim assistance funds from its General Fund account to the Victim Assistance account.

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**Background**

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

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

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**Discussion**

During the State Auditor's site visit, the auditor noted that in 12 out of the 25 cases tested the Town did not properly retain the victim services revenue. Funds collected for victim assistance were not deposited into a separate account as required by Section 14-1-211(B) of the 1976 South Carolina Code of Laws, but were instead 'pooled' with the Town's General Fund. However, the Town Clerk stated that as of January 1, 2011 the Town began to deposit victim assistance revenue into a separate account upon the advice of its external auditor.

The State Auditor also noted that the Town did not separately report victim assistance revenue on its general ledger; Thereby, causing the beginning balance, ending balance, and current year victim assistance revenue on the general ledger to be out of balance and not reconciled with the amounts reported on the supplemental schedule of fines and assessments of the annual audit for the Town dated August 31, 2010. The Town Clerk stated that the balance reported on the supplemental schedule was carried forward each year and updated to reflect victim assistance revenue and expenditures.

The State Auditor recommended the Town continue to enforce its policies and procedures to ensure victim assistance revenue is accounted for in accordance with State law. They further recommended the Town transfer the unexpended balance pertaining to victim assistance funds from its General Fund Account to the Victim Assistance account.

In the Town's Response Letter dated November 15, 2011 the Town stated they were in discussion regarding entering into a victim services contract with Orangeburg County. They also stated they hoped to be able to transfer the unexpended balance of victim assistance funds from the Town's General Fund to the Victim Assistance Bank Account over a period of time to prevent "draining" the General Fund.

Prior to the site visit of October 28, 2014, SOVA requested from the Town written procedures ensuring that victim assistance revenue is accounted for in accordance with State law. The Town responded that LawTrak fulfilled this function and that there were no written procedures in place.

After conducting interviews with Town officials, it was determined by the auditor that the Town of Holly Hill did not have formal written procedures in place to ensure victim assistance revenue is accounted for in accordance with State law. Therefore, the Town officials were tasked with developing written policies and procedures. While the auditor was preparing this audit report, Town officials did submit written procedures to ensure that victim assistance revenue was correctly accounted for in accordance with State law.

SOVA also requested 12 months of statements from the Victim Assistance Bank account, expenditure reports from the Victim Assistance account for the previous 12 months, and copies of the Supplemental Schedules from the Town Audits of FY12 and FY13. These documents were provided by the Town as well as a copy of the Town Ledger for the Victim Assistance account from August 2013 through September 2014.

After the auditor reviewed these documents, it was noted that there was a discrepancy of **\$63,342.11** between the amount stated as the Victim Assistance unexpended balance on the supplemental schedule dated August 31, 2013, and the balance in the Victim Assistance Bank Account per the Town's General Ledger.

The deficit of the Victim Assistance account prior to the site visit was calculated as follows:

|  |                       |
|--|-----------------------|
| Victim Assistance Fund Balance per Supplemental Schedule 8/31/13 | \$ 82,426.00          |
| Victim Assistance Fund Balance per Town Ledger on 8/31/13        | <u>(\$ 19,083.89)</u> |
| Difference as of 8/31/13   | <b>\$ 63,342.11</b>   |
| Allowable Bank Charges 11/19/13                                  | (\$ 13.50)            |
| Payment to Victim Assistance Fund from General Fund 8/28/14      | <u>(\$ 5,000.00)</u>  |
| <b>Total Reimbursement due as of 9/30/14</b>                     | <b>\$ 58,328.61</b>   |

The Supplemental Schedule from the Town of Holly Hill’s External Audit for year ending August 31, 2013 noted the balance of the Victim Assistance Fund should be **\$82,426** as of August 31, 2013. However, according to the Victim Assistance Fund Bank account, the balance as of August 31, 2013 was \$19,083.89, a difference of **\$63,342.11**. The next account transaction was a bank charge of \$13.50 assessed on November 19, 2013. The Town transferred **\$5,000** from the General Fund to the Victim Assistance account August 28, 2014. This left **\$58,328.61** owed by the Town of Holly Hill’s General Fund to the Victim Assistance account. This amount was still owed as of the site visit on October 28, 2014.

Therefore, Town officials are required to develop a plan to reimburse the Victim Assistance Fund for the remaining deficit within 12 months of the date issued on this report.

Because the Town of Holly Hill failed to comply with 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 Financial Audit and Programmatic Review of the Town of Holly Hill’s Victim Assistance Fines, Fees and Assessment Fund. All previous 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 State laws.

**Recommendation(s)**  
**and Comments**

**SOVA will initiate a Financial Audit and Programmatic Review of the Town of Holly Hill's Victim Assistance Fines, Fees and Assessment Fund. This will assist the town in becoming compliant with state laws.**

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

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### **E. Technical Assistance**

#### **Documentation Provided**

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

1. Copy of the Legislative Proviso 117.55
2. Copy of the Legislative Proviso 97.9
3. Copy of a Sample Budget
4. Sample Staff Hired Report
5. Sample Time and Activity Report
6. Sample Expenditure Report
7. Victim Advocate Procedural Manual
8. Copy of 2013 Approved Guidelines
9. Sample Contract
10. Donation Form
11. SOVA website information

#### **Other Matters**

**SOVA will initiate a Programmatic Review/Audit of the Town of Holly Hill's Victim Assistance Fines, Fees and Assessment Fund. All previous 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.**

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## Corrective Action

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*Proviso 117.55 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 in the amount of the unauthorized expenditure plus \$1,500 against the entity or non-profit organization for improper expenditures. 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 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 90 Day Follow-up review site visit was completed on October 28, 2014.**

**None of the errors noted in the State Auditor’s report dated June 30, 2011 were rectified within the specified 90 Day Follow-up audit timeframe required after the State Auditor’s Office initial audit.**

**Therefore, since there was a failure to rectify and comply with all recommendations, SOVA will initiate a Programmatic Review/Audit of the Town of Holly Hill’s Victim Assistance Fines, Fees and Assessment Fund. All previous 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.**

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# Official Post-Audit Response

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**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](http://www.sova.sc.gov)**

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**Appendix(s)**

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**Appendix A** - State Auditor's report for the Town of Holly Hill Municipal Court dated June 30, 2011.

# **Appendix A**

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

**TOWN OF HOLLY HILL MUNICIPAL COURT  
HOLLY HILL, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT**

**JUNE 30, 2011**

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# State of South Carolina



## Office of the State Auditor

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

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

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

### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

September 16, 2011

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

The Honorable Warren C. Connor, Municipal Judge  
Town of Holly Hill  
Holly Hill, South Carolina

Ms. Gayle Austin, Clerk of Court/Treasurer  
Town of Holly Hill  
Holly Hill, South Carolina

We have performed the procedures described below, which were agreed to by the Town of Holly Hill Municipal Court, solely to assist you in evaluating the performance of the Town of Holly Hill Municipal Court for the fiscal year ended June 30, 2011, in the areas addressed. The Town of Holly Hill and the Town of Holly Hill 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.

The Honorable Nikki R. Haley, Governor  
and  
The Honorable Warren C. Connor, Municipal Judge  
Ms. Gayle Austin, Clerk of Court/Treasurer  
Town of Holly Hill  
September 16, 2011

Our findings as a result of these procedures are presented in Adherence to Fine Guidelines and Conviction Surcharge 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, 2011. We agreed the amounts reported on the State Treasurer's Revenue Remittance Forms to the monthly court remittance reports and to the State Treasurer's receipts. We also agreed the total revenue due to the State Treasurer to the general ledger.
- We determined if the State Treasurer's Revenue Remittance Forms were submitted in a timely manner to the State Treasurer in accordance with State law.
- We verified that the amounts reported by the Town on its supplemental schedule of fines and assessments for the fiscal year ended August 31, 2010 agreed to the State Treasurer's Revenue Remittance Forms and to the Town's general ledger.

Our finding as a result of these procedures is presented in Timely Submission of State Treasurer's Revenue Remittance Form in the Accountant's Comments section of this report.

3. **Victim Assistance**

- We gained an understanding of the policies and procedures established by the Town to ensure proper accounting for victim assistance funds.
- We made inquiries and performed substantive procedures to determine that any funds retained by the Town for victim assistance were accounted for in a separate account.
- We 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 September 1 from the previous fiscal year in accordance with State law.

Our finding as a result of these procedures is presented in Accounting for Victim Assistance Funds in the Accountant's Comments section of this report.

The Honorable Nikki R. Haley, Governor  
and  
The Honorable Warren C. Connor, Municipal Judge  
Ms. Gayle Austin, Clerk of Court/Treasurer  
Town of Holly Hill  
September 16, 2011

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on compliance with the collection and distribution of court generated revenue at any level of court for the twelve months ended June 30, 2011, and, furthermore, we were not engaged to express an opinion on the effectiveness of internal controls over compliance with the laws, rules and regulations described in paragraph one and the procedures of this report. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Governor, Chairman of the House Ways and Means Committee, Chairman of the Senate Finance Committee, Chairman of the House Judiciary Committee, Chairman of the Senate Judiciary Committee, members of the Town of Holly Hill Town Council, Town of Holly Hill Municipal Judge, Town of Holly Hill Clerk of Court/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.", with a stylized flourish at the end.

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

**ACCOUNTANT'S COMMENTS**

## **VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS**

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

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

## **ADHERENCE TO FINE GUIDELINES**

During our test of Municipal Court collections and remittances, we noted the following instances in which the judge did not fine the defendant in accordance with State law:

- 1) An individual was fined \$166.27 for littering less than 15 lbs. or 27 cu. ft. in volume, 1st offense. Section 16-11-0700(C)(1) of the 1976 South Carolina Code of Laws, as amended, states, "A person who violates the provisions of this section in an amount less than fifteen pounds in weight or twenty-seven cubic feet in volume is guilty of a misdemeanor and, upon conviction, must be fined two hundred dollars or imprisoned for not more than thirty days for a first or second conviction..." .
- 2) An individual was fined \$9.64 for violation of Holly Hill Town Code 9.04.130, Loitering. The penalty for this violation is established by Holly Hill Town Code Section 9.04.130(a) which states that said offense is punishable by a fine not less than one hundred dollars for the first offense.

The Municipal Judge stated that the error in the fine assessments was an oversight.

We recommend the Municipal Court implement procedures to ensure that fines levied adhere to the minimum and maximum required by State law.

## **CONVICTION SURCHARGE**

During our test of Municipal Court collections and remittances, we noted three instances where the Court did not assess and collect the \$25 conviction surcharge.

The Town Clerk stated this was due to oversight.

Section 14-1-211(A)(1) of the 1976 South Carolina Code of Laws, as amended, states, "In addition to all other assessments and surcharges, ...a twenty-five dollar surcharge is imposed on all convictions obtained in...municipal courts in this State. No portion of the surcharge may be waived, reduced, or suspended."

We recommend the Municipal Court implement procedures to ensure the conviction surcharge is assessed and collected in accordance 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 five out of twelve STRRF were not submitted to the State Treasurer by the fifteenth day of the month as required by State law. The forms were submitted from one to three weeks late.

The Town Clerk stated the STRRF was submitted when the Town had funds available.

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 Municipal Court collections and remittances, we noted the Town did not properly retain victim services revenue for 12 out of 25 cases tested. The funds collected for victim assistance were not deposited into a separate account as required by State law but were pooled with the Town's general fund. The Town Clerk stated that as of January 1, 2011 the Town began to deposit victim assistance revenue into a separate account upon advice of its external auditor.

Because the Town did not separately report victim assistance revenue on its general ledger, victim assistance beginning balance, ending balance and current year victim assistance revenue per the general ledger did not agree to amounts reported on the required schedule of fines, assessments and surcharges included in the Town's fiscal year ended

August 31, 2010 audited financial statements. The Town Clerk stated the victim assistance balance reported on the supplementary schedule was carried forward each year and updated to reflect current victim assistance revenue and expenditures.

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."

We recommend the Town continue to enforce its policies and procedures to ensure victim assistance revenue is accounted for in accordance with State law. We further recommend the Town transfer the unexpended balance pertaining to victim assistance funds from its general fund account to the victim assistance account.

**TOWN'S RESPONSE**



## TOWN OF HOLLY HILL

**WILLIAM R. JOHNSON**  
MAYOR

**GAYLE D. AUSTIN**  
CLERK AND TREASURER

P.O. Box 1108 • 8807 Old State Road  
Holly Hill, South Carolina 29059  
(803) 496-3330 Phone  
(803) 496-5211 Fax

COUNCILPERSONS  
**HENRY LOUIS DAMON**  
**JAN C. WILES**  
**WOODROW WILSON, JR.**  
**LEANNE TROUTMAN**

November 15, 2011

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

RE: Release Authorization and Management Response of the State Accountant's Comments for the Town of Holly Hill Municipal Court and Victim's Assistance Fund for the Fiscal Year Ending June 30, 2011.

Dear Mr. Gilbert:

Please accept our letter as authorization to release the report regarding your findings noted for the Town of Holly Hill Municipal Court and Victim's Assistance Fund for the Fiscal Year Ending June 30, 2011.

In addition, we would like to respond to your findings in the draft report as follows:

**Adherence to Fine Guidelines:**

The State Accountant noted two instances in which the Judge did not fine the defendant in accordance with State Law. The Municipal Judge stated that the error in the fine assessments was an oversight.

The Municipal Court is implementing procedures to ensure that fines levied adhere to the minimum and maximum required by State Law.

**Conviction Surcharge:**

This surcharge was actually corrected by our computer software people to correct this problem in the future.

**Timely submission of State Treasurer's Revenue Remittance Form:**

Our Accounts Payable staff has been instructed to submit this report as required by State Law by the 15<sup>th</sup> of the month.

**Accounting for Victim Assistance Funds:**

The Town of Holly Hill has always been able to account for these funds on a monthly basis due to our software program. We do maintain a separate bank account for these funds.

Upon advice of the Town of Holly Hill's external auditor, the Town was advised to deposit these funds on a monthly basis. As for the amount owed from the General Fund to the Victim's Assistance Fund our Mayor has been discussing these funds being transferred to the County of Orangeburg, but an agreement between the County and the Town will have to be signed. We are hoping that these funds can be transferred over a period so as not to drain our General Fund. The Town has taken steps to include a budget for expenses and revenues on a yearly basis for the Victim's Assistance Fund.

Town staff, Municipal Court employees as well as the Mayor and Police Department have discussed these findings and have taken corrective action to correct these deficiencies. Our goal is to conduct daily activities to the highest standards and in accordance with the law.

Thank you for your assistance and if you have any questions, please feel free to contact us at (803) 496-3330.

With regards,

  
Judge Warren C. Connor

Gayle D. Austin  
Town Clerk

5 copies of this document were published at an estimated printing cost of \$1.43 each, and a total printing cost of \$7.15. 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:

Andrew Walsh 12/9/14  
Andrew Walsh, Auditor Date

Reviewed by:

Richelle A. Copeland 12/9/14  
Richelle A. Copeland, CGAP, Sr. Auditor Date

Ethel Douglas Ford 12/9/14  
Ethel Douglas Ford, CPM, Deputy Director Date

Larry Barker 12/9/14  
Larry Barker, Ph.D. Director Date