

Audit
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GREENE FINNEY & HORTON
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

August 13, 2009

Mr. Stephen Steese
City Manager
City of Woodruff

Mr. Steese,

The City of Woodruff engaged our firm to audit the City's financial statements as of and for the year ended June 30, 2009.

During the performance of the audit, we discovered what appears to be an overpayment of salary by the Clerk / Treasurer to herself during fiscal 2009, as described below.

In performing our preliminary analytical reviews for the City's operations for fiscal 2009, we noted that the total salaries for fiscal 2009 significantly exceeded budget. We obtained reports of the total payments / salaries for every employee for fiscal 2009 and also for fiscal 2008. We then entered this information into an Excel spread sheet and performed various analytical procedures. We sorted this list by department, and then compared the amounts paid for every employee by year, computing a variance in both dollars and in percentage change from the prior year. We also compared the total salaries for fiscal 2009 by department to the 2009 budget.

We also noted that the total paid to the City Clerk / Treasurer, who was also responsible for entering and processing the weekly payroll, was over \$68,000 for fiscal 2009. Her position is salaried and her annual pay should be around \$45,000, excluding overtime, comp time, or a longevity bonus. The total paid to her during fiscal 2009 was slightly over 50% more than her annual salary.

We obtained a report listing all of the payroll transactions made to the Clerk / Treasurer during fiscal 2009. In reviewing this report, we noted numerous transactions that were made outside of the normal weekly cycle. Most of these payments were made when the City did not have a City Manager. In addition, there was no supporting documentation in the payroll files and no evidence of approval by someone in authority for any of these transactions. These payments, which total \$19,479, are listed below:

1. 80 hours of holiday pay on 8/14/08 – total of \$1,737.08; the regular weekly pay day was 8/14/08, and she was also paid 40 hours of regular pay on this date
2. 40 hours of vacation pay on 9/04/08 – total of \$868.54; the regular weekly pay day was 9/10/08, and she was also paid 40 hours of regular pay on this date
3. 40 hours of vacation pay on 9/12/08 – total of \$868.54; the regular weekly pay day was 9/24/08, and she was also paid 40 hours of regular pay on this date

4. 60 hours of vacation pay on 9/22/08 – total of \$1,302.81; the regular weekly pay day was 9/24/08, and she was also paid 40 hours of regular pay on this date
5. 200 hours of vacation pay on 10/6/08 – total of \$4,342.70; the regular weekly pay day was 10/07/08, and she was also paid 40 hours of regular pay on this date
6. 35 hours of vacation pay and 40 hours of comp time on 10/10/08 – total of \$1,628.51; the regular weekly pay day was 10/07/08, and she was also paid 40 hours of regular pay on this date
7. 40 hours of regular pay and 16 hours of overtime pay on 10/20/08 -- total of \$1,389.66; the regular weekly pay day was 10/22/08, and she was also paid 40 hours of regular pay on this date
8. 30 hours of vacation pay on 10/31/08 – total of \$651.42; the regular weekly pay day was 11/03/08, and she was also paid 40 hours of regular pay on this date
9. 150 hours of vacation pay on 12/8/08 – total of \$3,257.03; the regular weekly pay day was 12/09/08, and she was also paid 40 hours of regular pay on this date
10. 80 hours of regular pay on 12/15/08 – total of \$1,737.08; the regular weekly pay day was 12/16/08, and she was also paid 40 hours of regular pay on this date
11. We also noted four other payments (10/28/08, 11/03/08, 11/11/08, and 11/18/08) that were made on the normal weekly cycle. However, these all included overtime hours (total overtime for all four weeks was 52 hours, or \$1,693.64 in additional pay). There was no time sheet or other supporting documentation for these overtime hours.

Using the total for the transactions noted above, it appears that she over paid herself \$19,477.01 for the 2008-2009 fiscal year.

The payroll system reflected a total of 3,103 hours for the Clerk / Treasurer for fiscal 2009, which was comprised of 2,216 regular hours, 68 overtime hours, 595 hours of vacation, 152 hours of holiday, 40 comp hours and 32 hours of sick time.

She carried over a total of 110 hours of vacation from June 30, 2008. She earned 168 vacation hours during fiscal 2009, and the payroll system reflected a total of 118 hours at June 30, 2009 that were available to be carried over to fiscal 2010. Thus, she should have used a total of 160 hours of vacation during fiscal 2009; these hours would include paid time off and vacation "bought" by the City and paid in cash. She did take paid time off during the spring of 2009. We have not verified this information, but this is simply the information from the payroll system.

Starting with 3,103 total hours for fiscal 2009, we first subtracted 2,080 regular hours (40 hours / week times 52 weeks); the 2,080 regular hours already include the 160 vacation hours used, 72 holiday hours (the City has 9 paid holidays) and 32 sick time hours used. So the only additional pay should be for the 68 overtime hours and 40 hours of comp time.

As a result, it appears that the Clerk / Treasurer paid herself approximately 915 hours more than she was entitled to be paid for the 2008-2009 fiscal year. Using her hourly rate of \$21.71 in order to arrive at an approximate total dollar value, the 915 hours would total \$19,864.65, which is comparable to the \$19,477.01 total for the transactions listed above. When we asked her about these overpayments, she was unable to provide an explanation for them.

In addition, when you were going through the files and drawers in her desk, you found a Labor History By Employee – Detail report dated 5/28/09 that she had apparently printed from CSI, as her name (BEVERLY) is printed on the bottom left corner on every page. This report lists only her salary (no other employees) by pay period and general ledger cost code for several time periods (1/1/06 through 6/30/06, 7/1/06 through 6/30/07, 7/1/07 through 6/30/08 and 7/1/08 through 12/31/08). We have reviewed this report. It shows that she recorded \$15,134 of the “extra” payments she made to herself during 7/1/08 through 12/31/08 (fiscal 2009) to Police Salaries (\$12,919.54) and Admin FICA (\$2,214.76), instead of to Admin Salaries. It appears that this was done so that the total expenditures in the Administrative Salaries account code would not stick out or raise a red flag.

Therefore, our conclusion, based on the work performed, is that the Clerk/Treasurer improperly over paid herself \$19,477.01 for the 2008-2009 fiscal year.

Very truly yours,

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Certified Public Accountants

Audit
07-08



GREENE FINNEY & HORTON
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

August 14, 2009

Mr. Stephen Steese
City Manager
City of Woodruff

Mr. Steese,

You have asked us to analyze payments that were made by the City of Woodruff to the Clerk / Treasurer from July 1, 2007 through June 30, 2008 (fiscal 2008).

We obtained a report from CSI listing all of the payroll transactions made to the Clerk / Treasurer during fiscal 2008. In reviewing this report, we noted numerous transactions that were made outside of the normal weekly cycle. It is important to note that the Clerk/Treasurer was responsible for the payroll transactions, including the calculation of the payroll amounts, and the preparation of the checks or direct deposits. In addition, there was no supporting documentation in the payroll files and no evidence of approval by someone in authority for these transactions, which total \$9,128.12, and are listed below:

1. 32 hours of vacation pay and 8 hours of regular pay on 7/20/07 – total of \$843.25; the regular weekly pay day was 7/19/07, and she was also paid for 40 hours on this date
2. 24 hours of vacation pay on 10/9/07 – total of \$505.95; the regular weekly pay day was 10/11/07, and she was also paid 40 hours of regular pay on this date
3. 40 hours of regular pay on 10/16/07 – total of \$843.24; the regular weekly pay day was 10/18/07, and she was also paid 40 hours of regular pay on this date
4. 80 hours of vacation pay on 12/5/07 – total of \$1,686.49
5. 46 hours of comp pay on 2/7/08 – total of \$969.73; the regular weekly pay day was 2/7/08, and she was also paid 40 hours of regular pay on this date
6. 40 hours of regular pay on 2/19/08 – total of \$843.24; the regular weekly pay day was 2/19/08, and she was also paid 40 hours of regular pay on this date
7. 40 hours of regular pay and 75 hours of vacation pay on 4/9/08 – total of \$2,424.32; the regular weekly pay day was 4/9/08, and she was also paid 40 hours of regular pay on this date
8. 16 hours of sick pay and 32 hours of vacation pay on 6/13/08 – total of \$1,011.90; the regular weekly pay day was 6/12/08 and she was also paid 40 hours of regular pay on this date

Using the total for the 8 transactions noted above, it appears that she over paid herself \$9,128.12 for the 2007-2008 fiscal year.

The payroll system reflected a total of 2,719 hours for the Clerk / Treasurer for fiscal 2008, which was comprised of 2,007 regular hours, 432 hours of vacation, 108 hours of holiday, 106 comp hours and 66 hours of sick time. She only earned 168 hours of vacation for 2008.

Starting with 2,719 total hours, we first subtracted 2,080 regular hours (40 hours / week times 52 weeks); the 2,080 regular hours already include the 168 vacation hours, 72 holiday hours (the City has 9 paid holidays) and 66 sick time hours used. So the only additional pay should be for 106 hours of comp time. However, we noted that Scott Slatton (City Manager at the time) had approved for her to be paid 20 hours of holiday pay and 80 hours of vacation on 4/14/08. After subtracting these 100 hours, it appears that she paid herself 433 hours more than she was entitled. Using her hourly rate of \$21.08 in order to arrive at an approximate total dollar value, the 433 hours would total \$9,127.64. Based on this estimate the actual transaction total of \$9,128.12 appears reasonable.

Therefore, our conclusion, based on the work performed, is that the Clerk/Treasurer improperly over paid herself \$9,128.12 for the 2007-2008 fiscal year.

Very truly yours,

Greene, Finney & Horton LLP

Greene, Finney & Horton, LLP
Certified Public Accountants

Audit 106-107



GREENE FINNEY & HORTON
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

August 14, 2009

Mr. Stephen Steese
City Manager
City of Woodruff

Mr. Steese,

You have asked us to analyze payments that were made by the City of Woodruff to the Clerk / Treasurer from July 1, 2006 through June 30, 2007 (fiscal 2007).

We obtained a report from CSI listing all of the payroll transactions made to the Clerk / Treasurer during fiscal 2007. In reviewing this report, we noted numerous transactions that were made outside of the normal weekly cycle and occurred when the Clerk/Treasurer was serving as the interim City Manager. It is important to note that the Clerk/Treasurer was responsible for the payroll transactions, including the calculation of the payroll amounts, and the preparation of the checks or direct deposits. In addition, there was no supporting documentation in the payroll files and no evidence of approval by someone in authority for these transactions, which total \$16,843.78, and are listed below:

1. 50 hours of other pay on 8/15/06 – total of \$1,003.86; the regular weekly pay day was 8/17/06, and she was also paid for 40 hours on this date
2. 70 hours of vacation pay on 10/24/06 – total of \$1,405.40; the regular weekly pay day was 10/26/06, and she was also paid 40 hours on this date
3. 85 hours of vacation pay on 11/05/06 – total of \$1,707.55; the regular weekly pay day was 11/02/06, and she was also paid 40 hours of regular pay on this date
4. 70 hours of vacation pay on 11/30/06 – total of \$1,405.40; the regular weekly pay day was 11/30/06, and she was also paid 40 hours of regular pay on this date
5. 80 hours of vacation pay on 12/13/06 – total of \$1,606.17; the regular weekly pay day was 12/13/06, and she was also paid 40 hours of regular pay on this date
6. 40 hours of holiday pay on 1/11/07 – total of \$803.08; the regular weekly pay day was 1/11/07, and she was also paid 40 hours of regular pay on this date
7. 30 hours of vacation pay on 1/19/07 – total of \$832.93; the regular weekly pay day was 1/18/07 and she was also paid 40 hours of regular pay on this date
8. 24 hours of sick pay on 2/8/07 – total of \$666.34; the regular weekly pay day was on this same date and she was paid 40 hours of regular pay in addition to being paid for sick time
9. 25 hours of comp pay on 4/3/07 – total of \$694.11; the regular weekly pay day was 4/5/07 and she was also paid 40 hours of regular pay on this date
10. 65 hours of vacation pay on 4/10/07 – total of \$1,804.67; the regular weekly pay day was 4/10/07 and she was also paid 40 hours on this date

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11. 40 hours of vacation pay, 40 hours of comp pay and \$111.06 in "Regular" with no hours listed on 4/16/07 – total of \$2,332.20
12. 30 hours of sick pay on 4/16/07 – total of \$832.93; the regular weekly pay day was on this same date and she was also paid 40 hours of regular pay in addition to being paid for sick time
13. 63 hours of comp pay on 5/22/07 – total of \$1,749.14; the regular weekly pay day was 5/24/07 and she was paid 40 hours of regular pay on this date

Using the total for the 13 transactions noted above, it appears that the Clerk/Treasurer over paid herself \$16,843.78 for the 2006-2007 fiscal year.

The payroll system reflected a total of 2,792 hours for the Clerk / Treasurer for fiscal 2007, which was comprised of 1,856 regular hours, 544 hours of vacation, 104 hours of holiday, 128 comp hours, 50 hours of other pay and 110 hours of sick time. She only earned 168 hours of vacation for 2007.

Starting with 2,792 total hours, we first subtracted 2,080 regular hours (40 hours / week times 52 weeks); the 2,080 regular hours already include the 168 vacation hours, 72 holiday hours (the City has 9 paid holidays) and 110 sick time hours used. So the only additional pay should be for 128 hours of comp time. It appears that the Clerk/Treasurer paid herself 584 hours more than she was entitled. If we use the hourly rate of \$27.76 (higher rate approved by City Council as the Clerk/Treasurer was serving as the interim City Manager) in order to arrive at an approximate total dollar value, the 584 hours would total \$16,211.84. Based on this estimate the actual transaction total of \$16,843.78 appears reasonable.

Therefore, our conclusion, based on the work performed, is that the Clerk/Treasurer improperly over paid herself \$16,843.78 for the 2006-2007 fiscal year.

Very truly yours,

Greene, Finney & Horton LLP

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