

**CITY OF WOODRUFF MUNICIPAL COURT
WOODRUFF, SOUTH CAROLINA**

**State Auditor's Report
April 30, 2006**

**CITY OF WOODRUFF MUNICIPAL COURT
WOODRUFF, SOUTH CAROLINA**

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State of South Carolina



Office of the State Auditor

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January 3, 2007

The Honorable Mark Sanford, Governor
State of South Carolina
Columbia, South Carolina

The Honorable Katrina Huggins, Clerk of Court
City of Woodruff
Woodruff, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the City of Woodruff Municipal Court for the period May 1, 2005 through April 30, 2006, was issued by Cline Brandt Kochenower & Co., P.A., Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

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

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

RHGjr/trb

Richard H. Gilbert, Jr., CPA
Deputy State Auditor
Office of the State Auditor
Columbia, South Carolina

We have performed the procedures described below which were agreed to by the South Carolina Office of the State Auditor solely to assist these users in evaluating the performance of the City of Woodruff Municipal Court System and to assist the South Carolina Office of the State Auditor in complying with the 2005 - 2006 General Appropriations Act (H. 3716) Section 72.86. Katrina Huggins, Clerk of Court for the City of Woodruff is responsible for compliance with the requirements for the Municipal Court reporting and the South Carolina Office of the State Auditor is responsible for compliance with the requirements of the 2005 - 2006 General Appropriations Act (H. 3716) Section 72.86. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the 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 associated findings are as follows:

1. TIMELY REPORTING BY THE CLERK OF COURT

- We researched South Carolina Code of Laws Section 14-25-85 to determine the definition of timely reporting with respect to the Clerk of Court's responsibility for reporting fines, fees and assessments to the Municipal Treasurer.
- We inquired of the South Carolina Judicial Department to determine their requirements for both the manner in which partial pay fines and fees are to be allocated and the timing of the report and remittance submissions by the Clerk and the Treasurer.
- We inquired of the Clerk of Court and Municipal Treasurer to gain an understanding of their policy for ensuring timely reporting and to determine how the treasurer specifically documents timeliness.
- We inspected documentation, including the Clerk of Court Remittance Forms or equivalents for the months of May 1, 2005 through April 30, 2006 to determine if the Clerk of Court submitted the reports to the municipal treasurer in accordance with the law.

We found no exceptions as a result of the procedures.

2. TIMELY ACCURATE RECORDING AND REPORTING BY THE CITY

- We traced each month's reporting by the Clerk of Court to the Municipal Treasurer's Office and to the City's general ledger accounts for the assessments (Sections 14-1-208(A), (B) and (D)) and victim's assistance surcharge (Section 14-1-211) for the period May 1, 2005 to April 30, 2006.
- We compared the amounts reported on the Clerk of Court Remittance Forms or equivalents to the Clerk of Court's software system-generated report summaries for three judgmentally determined test months. We tested the system-generated reports for compliance with various laws including Section 35.11 of the General Appropriations Act for the fiscal year 2005 – 2006 and with South Carolina Judicial Department training instructions and interpretations.
- We judgmentally selected and compared individual fine and assessment amounts recorded in the Clerk of Court's software system-generated detail reports to the Judicial Department guidelines' range for the offense code to see if the fine and assessment were within the minimum and maximum range.

Our findings are reported under "TIMELY ACCURATE RECORDING AND REPORTING BY THE CITY" in the Accountants' Comments section of this report.

3. PROPER VICTIM'S ASSISTANCE FUNDS ACCOUNTING

- We inquired as to the format determined by City council and local policy for record keeping as it relates to fines and assessments in accordance with Section 14-1-208(E)(4).
- We compared the fiscal year-ended June 30, 2005 audited Victims' Rights Fund fund balance with all adjustments to the fund balance shown in the Schedule of Fines, Assessments and Surcharges of the audited financial statement and to the beginning fund balance as adjusted in that fund for fiscal year 2005.
- We verified the Victims' Rights Fund reimbursable expenditures were in compliance with Section 14-1-208(E) and Section 14-1-211(B).

Our findings are reported under "PROPER VICTIM'S ASSISTANCE FUNDS ACCOUNTING" in the Accountants' Comments section of this report.

4. TIMELY ACCURATE REPORTING TO THE STATE TREASURER

- We vouched the amounts reported in the South Carolina State Treasurer's Revenue Remittance Forms to Clerk of Court Remittance Forms or equivalents for the period May 1, 2005 to April 30, 2006.
- We scanned the South Carolina State Treasurer's Revenue Remittance Forms for timely filing in accordance with Section 14-1-208(B).
- We traced amounts recorded in the City's financial statement Schedule of Fines, Assessments and Surcharges for the June 30, 2005 report related to fines and assessments revenues reporting in accordance with Section 14-1-208(E) to supporting schedules used in the audit to comply with Section 14-1-208(E).
- We traced and agreed amounts in the supporting schedules to the Clerk of Court Remittance Forms or South Carolina State Treasurer's Revenue Remittance Forms.

Our findings are reported under "TIMELY ACCURATE REPORTING TO THE STATE TREASURER" in the Accountants' 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 April 30, 2006 and, furthermore, we were not engaged to express an opinion on the effectiveness of the 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 Office of the State Auditor, Chairmen of the House Ways & Means Committee, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, State Treasurer, Office of Victim Assistance, the Chief Justice and the Governor and is not intended to be and should not be used by anyone other than these specified parties.



July 12, 2006

ACCOUNTANTS' COMMENTS

CITY OF WOODRUFF MUNICIPAL COURT
WOODRUFF, SOUTH CAROLINA
State Auditor's Report
April 30, 2006

MATERIAL WEAKNESSES AND/OR VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS

The procedures agreed to by the agency require that we plan and perform the engagement to obtain reasonable assurance about whether noncompliance with the requirements of State Laws, Rules, or Regulations occurred and whether internal accounting controls over certain transactions were adequate. Management of the entity is responsible for establishing and maintaining internal controls. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Therefore, the presence of a material weakness or violation will preclude management from asserting that the entity has effective internal controls.

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

**CITY OF WOODRUFF MUNICIPAL COURT
WOODRUFF, SOUTH CAROLINA**

State Auditor's Report
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TIMELY ACCURATE RECORDING AND REPORTING BY THE CITY

EXCEL-BASED SYSTEM PULLOUT OMISSIONS

CONDITION: The City uses an excel-based system to allocate revenue collected from court fines, fees, and assessments. The system does not properly calculate assessments on the DUS Pullout. Instead of including the pullout as a fine for assessment calculations, the system treats the pull-out as if it was a surcharge.

CRITERIA: South Carolina Code of Laws Section 56-1-460(C) states, "One hundred dollars of each fine imposed pursuant to this section must be placed by the Comptroller General into a special restricted account to be used by the Department of Public Safety for the Highway Patrol."

CAUSE: The clerk did not correct the program's calculation and allocation of revenue collected pursuant to Code Section 56-1-460 violations.

EFFECT: Driving Under Suspension [**DUS**] pullout collections had not been properly allocated. That is, \$251.80 was improperly allocated to fines instead of \$200 and \$270.70 allocated to assessments rather than \$322.50. As a result, for each occurrence of DUS, the City retained \$51.80 as fine revenue that should be in assessments. Therefore, the State was allocated \$46.02 less than required by law and Victims' Assistance \$5.78 less than required by law on each DUS collection.

AUDITORS' RECOMMENDATION

We recommend the City review its history of DUS cases for the last three years (36 months) and determine the correct amount of DUS pullouts that should have been allocated to fines and assessments revenues. The City should make appropriate correcting entries to its accounting records and submit revised revenue remittance reports to the State Treasurer's Office. In addition, if the City determines that it has under reported fine revenue to the State Treasurer's Office it should remit any under reported fines and assessments to the State as soon as possible.

ADHERENCE TO JUDICIAL DEPARTMENT FINE GUIDELINES

CONDITION: The Municipal Court Judge was not adhering to the Judicial Department minimum/maximum fine guidelines included in legislation. By not assessing the minimum/maximum fines as required in the legislation, the City is violating the law.

CRITERIA: Judicial Department Guidelines for Fines – Minimums and Maximums. These guidelines are established by the minimum and maximum fines identified in the respective legislations.

CAUSE: The judge rounded some fine calculations which resulted in the fine exceeding the maximum. In one instance we determined that the judge did not charge the minimum fine.

EFFECT: The City's fines were not set at the maximum or minimum amounts set by legislation. The overcharge resulted in violators being charged a few cents above the maximum fine. The one violator charged below the minimum paid several dollars below the minimum.

AUDITORS' RECOMMENDATION

We recommend the Judge ensure that they adhere to the legislated fine minimum and maximums.

CITY OF WOODRUFF MUNICIPAL COURT
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State Auditor's Report, Continued
April 30, 2006

PROPER VICTIM'S ASSISTANCE FUNDS ACCOUNTING

GENERAL LEDGER ACCOUNTING

CONDITION: The City does not maintain separate general ledger accounts for Victim's Assistance activity. Because the City has not established separate general ledger accounts or a separate fund to account for the Victims' Assistance activity, the City cannot determine the amount available for Victims' Assistance at any point in time.

CRITERIA: South Carolina Code of Laws Section 14-1-208(E)(4) states "The clerk of court and municipal treasurer shall keep records of fines and assessments required to be reviewed pursuant to this subsection in the format determined by the municipal governing body and make those records available for review." The City should choose from generally accepted accounting principles when establishing a format to account for Victims Assistance.

CAUSE: The City was unaware that it was required to maintain separate accounts for Victim's Assistance activity.

EFFECT: The City's accounting records do not comply with the law in segregating, tracking and carrying forward balances related to Victim's Assistance. Currently there is no accounting record of the amount of Victims' Assistance revenues collected or monies spent for the current year. There is no record of accumulated revenues restricted for Victims' Assistance expenditures or any fund balance retained for Victims' Assistance.

AUDITORS' RECOMMENDATION: The City should establish a separate fund or separate general ledger accounts to control Victim's Assistance financial activity. In addition, based on other findings, the City needs to determine the correct fund balance and begin accounting for Victims' Assistance transactions as required by law.

LACK OF ALLOCATION PLAN FOR EXPENSES TO VICTIM'S ASSISTANCE FUND

CONDITION: The Victims Advocate is also the Clerk of Court. All of her salary is from the Victim's Assistance revenues until the funds are exhausted. The Clerk's salary is not allocated equally between the two benefiting activities.

CRITERIA: South Carolina Code of Laws Section 14-1-208(D) requires that victim's assistance funds must be appropriated for the exclusive purpose of providing victim services.

CAUSE: The City has not developed a plan to properly allocate the clerk's salary between her clerk duties and her victim's assistance duties.

EFFECT: Because the City cannot document the amount of time the Clerk spends on either activity we are unable to determine if the Victim's Assistance program is paying more than its share of the Clerk's salary.

AUDITORS' RECOMMENDATION: The City needs to develop and implement a plan to properly allocate the clerk of court's salary between her clerk of courts duties and her victim's assistance duties.

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State Auditor's Report, Continued
April 30, 2006

TIMELY ACCURATE REPORTING TO THE STATE TREASURER

TIMELY REPORTING BY THE CITY

CONDITION: One State Treasurer's Revenue Remittance Reports for the procedures period of May 1, 2005 through April 30, 2006 was not timely filed. The report was one week late.

CRITERIA: South Carolina Code of Laws Section 14-17-750 and 14-1-208(B). Section 14-17-750 requires that the Clerk make a full and accurate statement, in writing, to the City Auditor and Treasurer, of all monies collected on account of licenses, fines, penalties and forfeitures during the past month, on the first Wednesday or within ten days thereafter, in each successive month. Section 14-1-208(B) states "The City treasurer must remit ... the assessment revenue to the State Treasurer on a monthly basis by the fifteenth day of each month"

CAUSE: The City finance officer did not submit the remittance forms on time.

EFFECT: The City did not comply with the law regarding the timely filing.

AUDITORS' RECOMMENDATION: We recommend the City develop and implement procedures to ensure they comply with the timeliness of filing laws.

REQUIRED SUPPLEMENTARY SCHEDULE OF FINES AND ASSESSMENTS

CONDITION: The City financial statement did not contain the required schedule of fines and assessments.

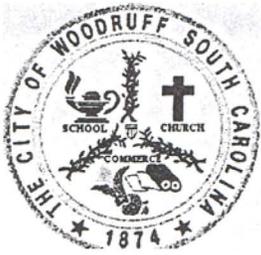
CRITERIA: South Carolina Code of Laws Section 14-1-208(E). This section states "To ensure that fines and assessments imposed pursuant to this section and Section 14-1-209(A) are properly collected and remitted to the State Treasurer, the annual independent external audit required to be performed for each municipality pursuant to Section 5-7-240 must include ... a supplementary schedule detailing all fines and assessments collected at the court level, the amount remitted to the municipal treasurer, and the amount remitted to the State Treasurer. "

CAUSE: The City's Finance Officer was unaware of the requirement.

EFFECT: The Schedule of Fines and Assessments was unavailable for audit as required by law.

AUDITORS' RECOMMENDATION

We recommend the City ensure that the Schedule is included in their audited financial statement in accordance with the law. The City should ensure that the schedule is reconciled to the general ledger.



CITY OF WOODRUFF

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2 January 2007

Cline, Brandt, Kochenower & Co., P.A.
Post Office Box 848
Gaffney, SC 2934

RE: City of Woodruff Municipal Court State Auditor's Report

Dear Sir or Madam:

Following are responses to findings as reported by the state auditor's report for the Woodruff Municipal Court dated 30 April 2006:

Excel-based system pullout omissions

The city will consult with the state court administration to correct the DUS pullout formulas prepared by court administration for the city. The city will also research its DUS cases from 2004-2006 and remit any fines to the state that were not properly calculated.

Adherence to judicial department fine guidelines

Municipal Judge Vicki Rae Smith has been advised of the incorrect application of fines and has agreed to adhere to judicial department guidelines in the future.

General ledger accounting

The court clerk will immediately begin segregation of Victims' Assistance funds from fines collected and report those funds to the city treasurer. Additionally, the court clerk will research police fine records since 2004 to determine the correct fund balance for the Victims' Assistance program. Once reported, the city treasurer will set up general ledger accounts on both the revenue and expenditure side to account for the Victims' Assistance funds.

Lack of allocation plan for expenses to Victims' Assistance fund

The city will devise a method for accounting for the amount of time the court clerk/victims' advocate dedicates to each job. The amount of time spent on each function will be apportioned and paid by the appropriate funds.

Timely reporting by the City of Woodruff

The auditor cited one late report filing for a 12-month period. However, the city finance officer has been instructed to ensure the reports are submitted on time.

Required supplementary schedule of fines and assessments

The city has requested its outside auditor include this schedule in its financial statements beginning with the FY 06-07 statement.

If you have questions or if you need more information, please contact Interim City Manager Beverley Maddox with the information above.

Sincerely,

Scott Slatton
City Manager