



Susan Montee, JD, CPA
Missouri State Auditor

City of St. Louis
Department of Public Safety



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Office of the
Missouri State Auditor
Susan Montee, JD, CPA

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The following findings were included in our audit report on the City of St. Louis, Department of Public Safety.

The Corrections Division procedures for the commissary need improvement. Monthly bank reconciliations and liability lists are not prepared for the commissary account. The bank reconciliations for July 2005 through February 2009 were not completed as of March 24, 2009. At our request, the Corrections Division prepared liabilities lists for March 31, 2009; however, the total of the lists was \$322,714 less than the commissary account balance. In addition, the Correction Division does not make adequate efforts to review the status of old inmate accounts. At March 31, 2009, inmate accounts for 11,493 inmates on the liabilities list totaled \$143,174. However, the city jails can only house 2,153 inmates. Some liabilities were for inmates who were released from the city jails as far back as 1999. The Abandoned Funds classification, totaling \$59,921, represents inmate accounts that have been inactive for at least three years. Also, the Corrections Division has not established procedures to collect unpaid inmate balances. The agreement for commissary services does not specifically address all services provided by the contractor including collecting and recording monies and personal property received when inmates are arrested.

The Corrections Division does not adequately review invoices for compliance with contract terms prior to approving payments. For 5 of 34 expenditures reviewed, the amount paid exceeded the itemized contract amount. The Corrections Division approves payments for commissary and inmate necessity purchases without performing a review of invoices. The Building Division does not maintain adequate documentation of efforts to compare prices for emergency demolitions or prepare and approve change orders for demolitions.

Numerous employees in the Building Division collect and receive checks and money orders. Various sections of the Building Division record receipts on unnumbered receipt slips which do not always have duplicate copies. Licenses and electrical contractor permits issued are not reconciled to monies collected and amounts transmitted.

Monitoring procedures related to outstanding electrical permit fees are not adequate. The March 29, 2009, outstanding electrical permit fees list totaled over \$81,000, with fees owed for electrical permits dating back to 2005. The Building Division does not ensure demolition costs are correctly billed to various property owners. As a result, 2 of 15 property owners tested were under billed by \$2,200. The Building Division has not performed a cost benefit analysis to determine when a lien should be placed on property for unpaid building violations.

YELLOW SHEET

Meeting minutes for the Board of Appeals are not adequately detailed. Although the meeting minutes record decisions made, the minutes do not record who made or seconded the motion or the votes taken. In addition, the meeting minutes are not reviewed by the Board or signed by a Board member to attest to the completeness and accuracy.

The Director's Office does not have adequate procedures to ensure criminal cost billings to the state for incarceration costs are accurately prepared. For 5 of 11 cases reviewed, incarceration costs totaling approximately \$12,300 did not appear to have been billed to the state. For two cases, incarceration costs totaling approximately \$700 were overbilled to the state.

The Director's Office does not adequately monitor the burglar alarm contract. Although the Director's Office approves false alarm appeals and reviews the calculation of the amount retained by the burglar alarm contractor, the Department of Public Safety has not conducted a review of the contractor's accounting records nor has it requested the Internal Audit Section of the Comptroller's Office to conduct a review of the contractor to ensure the accuracy of the gross revenues reported to the department. In addition, the Director's Office has not performed an analysis to determine the most cost effective method to manage burglar alarm fees.

Records and monitoring procedures for the Department of Public Safety's vehicles are not sufficient. The department does not require vehicle usage logs be maintained for its vehicles. In addition, the Department of Public Safety does not regularly monitor its fleet to ensure vehicles are used efficiently and effectively. The Director of Public Safety did not report commuting mileage to the Internal Revenue Service (IRS) as reportable compensation.

The Excise Division does not maintain adequate records to account for the numerical sequence of summonses issued for violations of city and state liquor laws. A log is not maintained to account for the summonses assigned to officers or issued to violators, or the ultimate disposition of all summonses.

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CITY OF ST. LOUIS
DEPARTMENT OF PUBLIC SAFETY

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STATE AUDITOR'S REPORT



SUSAN MONTEE, JD, CPA
Missouri State Auditor

To the Honorable Mayor
and
Director of Public Safety
City of St. Louis, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of St. Louis. The city engaged KPMG LLP, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended June 30, 2008. To minimize duplication of effort, we reviewed the CPA firm's audit report for the year ended June 30, 2008. We have conducted an audit of the City of St. Louis Public Safety Department. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2008. The objectives of our audit were to:

1. Obtain an understanding of the petitioners' concerns and perform various procedures to determine their validity and significance.
2. Determine if the department has adequate internal controls over significant management and financial functions.
3. Determine if the department has complied with certain legal provisions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the department, as well as certain external parties; and testing selected transactions.

We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions. However, providing an opinion on compliance

with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying History and Organization is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in our audit of the department.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of St. Louis Department of Public Safety.

Additional audits of various officials and departments of the City of St. Louis fulfilling our obligations under Section 29.230, RSMo, are still in progress, and any additional findings and recommendations will be included in subsequent reports.



Susan Montee, JD, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Alice M. Fast, CPA, CIA, CGFM
Audit Manager:	Debra S. Lewis, CPA
In-Charge Auditor:	Julie Vollmer, CPA
Audit Staff:	Joseph Adrian
	Nathaniel Fast, M.Acct., CPA
	Jay Dowell
	Monique Williams

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF ST. LOUIS
DEPARTMENT OF PUBLIC SAFETY
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.	Commissary
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The Corrections Division procedures for the commissary need improvement. The Corrections Division maintains a bank account to hold personal monies for inmates and contracts with a vendor to provide commissary services to the inmates.

- A. Monthly bank reconciliations are not prepared for the commissary account. The bank reconciliations for July 2005 through February 2009 were not completed as of March 24, 2009. The Corrections Division indicated the bank reconciliations have been started, but it is working on completing all of them at the same time. The March 31, 2009, bank balance was \$714,235 and the book balance was \$615,708.

As a result of not performing monthly bank reconciliations, the Corrections Division was not aware of unauthorized withdrawals from the commissary bank account. The unauthorized electronic withdrawals by a former inmate were discovered after a tip was received by the St. Louis Metropolitan Police Department. The Internal Audit Section of the Comptroller's Office determined unauthorized withdrawals from January 1, 2007, to March 31, 2008, totaled \$18,012. The Corrections Division has recovered approximately \$15,000 from the bank.

Monthly bank reconciliations are necessary to ensure bank activity and accounting records are in agreement, and to detect and resolve errors and unauthorized transactions in a timely manner.

- B. The procedures for commissary account liabilities need improvement.
 - 1) The Corrections Division does not prepare liabilities lists. At our request, the Corrections Division prepared liabilities lists for March 31, 2009. These lists did not reconcile to the book balance as noted below:

Book Balance, March 31, 2009	\$	615,708
Add: Excess Distribution to City		3,000
Less: Inmate Accounts		(143,174)
Undistributed Phone Card Receipts		(90,571)
Undistributed Restitution		(2,328)
Abandoned Fund		(59,921)
Unidentified Balance, March 31, 2009	\$	322,714

However, the liabilities lists are overstated because some inmate accounts had receipts recorded twice for held checks. Although the commissary account earns interest, the Corrections Division was unable to determine the amount of interest in the commissary account. The Corrections Division was also unable to determine the reason for the unidentified balance.

Accurate lists of liabilities should be prepared and reconciled to the cash balance on a monthly basis to ensure accounting records are in balance and all monies in the account are properly identified. Differences between identified liabilities and cash balances should be investigated and resolved.

- 2) The Correction Division does not make adequate efforts to review the status of old inmate accounts. At March 31, 2009, inmate accounts for 11,493 inmates on the liabilities list totaled \$143,174. However, the city jails can only house 2,153 inmates. Some liabilities were for inmates who were released from the city jails as far back as 1999.

According to the Corrections Division, inmate monies are disbursed at the time of release if the inmate is released during normal business hours and the inmate signs a release form. If monies are not disbursed when the inmate is released, the inmate is required to contact the Corrections Division to request the monies. As a result of these procedures, many inmate balances are not disbursed upon the inmate's release or in a timely manner following release.

The Abandoned Funds classification, totaling \$59,921, represents inmate accounts that have been inactive for at least three years. It does not appear significant monies have been transferred to or from this classification for several years.

Released inmate balances create additional and unnecessary record keeping responsibilities and, if resolved and distributed, could significantly aid in the reconciliation of liabilities. Various statutory provisions provide for the disposition of unclaimed monies. Routine procedures should be established to resolve and distribute unclaimed balances for released inmates.

- 3) The Corrections Division has not established procedures to collect unpaid inmate balances. An inmate has a negative balance if the inmate has charges for medical services and restitution but does not have any monies in the inmate account. Some negative inmate balances were for inmates released from city jails as far back as 1999. According to the Corrections Division, the monies would be collected from the inmate if held again in the city jail.

To maximize city revenues, the Corrections Division should establish procedures for collecting balances from released inmates.

- C. The agreement for commissary services does not specifically address all services provided by the contractor including collecting and recording monies and personal property received when inmates are arrested. Although the contractor has provided the additional services to the city since December 2004, the commissary services agreement for January 2008 to 2012, does not address these services. As a result, the city is exposed to unnecessary potential liability if monies or personal property is determined to be missing.

The Department of Public Safety should ensure contract terms address all services provided by the commissary services contractor and do not expose the city to unnecessary potential liability.

WE RECOMMEND the Department of Public Safety:

- A. Require monthly bank reconciliations be prepared for the commissary account.
- B.1. Require liabilities lists be prepared on a monthly basis and reconciled to the cash balance.
 - 2. Ensure the division attempts to resolve unclaimed balances of old inmate accounts and establishes routine procedures to distribute inmate balances of released prisoners in a timely manner.
 - 3. Establish procedures to collect unpaid inmate balances.
- C. Ensure agreements address all services provided by the contractor.

AUDITEE'S RESPONSE

The Director provided the following written response:

We agree with all of the auditor's recommendations with regard to the Commissary. We are in the process of hiring two temporary accounting personnel who will be responsible for reconciliation of the bank statements as well as reviewing all inmate accounts for collection of unpaid balances. These actions will enable the existing accounting staff to concentrate their efforts on establishing procedures for the collection of unpaid balances and the review of services provided by the commissary contractor. Their recommendations will be submitted to the Corrections Commissioner and the Director of Public Safety for review and approval.

The Department of Public Safety's procedures for expenditures need improvement.

A. The Corrections Division does not adequately review invoices for compliance with contract terms prior to approving payments. The Corrections Division also did not adequately review some invoices and/or supporting documentation.

- For 5 of 34 expenditures reviewed, the amount paid exceeded the itemized contract amount. As a result, the Corrections Division overpaid two vendors a total of approximately \$5,600. The overpayments could have been prevented by reviewing invoices for compliance with contract terms prior to approving payments.
- The Corrections Division approves payments for commissary and inmate necessity purchases without performing a review of invoices. Although the invoices sometimes include credits for items which were not received, the Corrections Division pays the invoices without ensuring accuracy. During the year ended June 30, 2008, the Corrections Division paid approximately \$918,000 for commissary and inmate necessity items.

A careful review of invoices and supporting documentation is necessary to substantiate the validity, propriety, and reasonableness of amounts billed to the department. Failure to properly review all individual payments, including invoices and other supporting documentation, increases the possibility of inappropriate expenditures occurring. The department should also ensure contract amounts are not exceeded.

B. The Building Division's procedures for demolition expenditures need improvement. The Building Division pays for demolition of buildings condemned by the city. During the year ended June 30, 2008, the Building Division paid approximately \$3.4 million for demolitions.

- 1) The Building Division does not maintain adequate documentation of efforts to compare prices (i.e., phone contacts, inquiries, etc.) for emergency demolitions. The division indicated demolition contractors are called when an emergency demolition is required. However, documentation of the calls and prices obtained are not retained.

Routine use of a competitive procurement process for major purchases ensures the department has made every effort to receive the best and lowest price. Documentation of the various proposals received, and the department's selection process and criteria should be retained to support decisions made.

- 2) The Building Division does not prepare and approve change orders for demolitions. The division conducts a bid process and contracts with a demolition company for each building demolition. After the contract is awarded, changes to the project are sometimes made for unforeseen problems encountered, and the total due is adjusted for additional services performed; however, the changes are not always clearly documented and approved. As a result, the total paid does not agree with some contracts.

The department should prepare change orders for changes to contracts to ensure any additional expenditures represent valid and appropriate costs to the city. Approval of change orders should be documented by the department.

WE RECOMMEND the Department of Public Safety:

- A. Ensure invoices are adequately reviewed for validity, accuracy, and compliance with contract terms. In addition, the department should seek reimbursement of overpayments.
- B.1. Ensure services are obtained through a competitive selection process and documentation of the process is maintained.
2. Require change orders be prepared and approved for changes to contracts.

AUDITEE'S RESPONSE

The Director provided the following written response:

We agree with the recommendations regarding expenditures and will implement procedures to ensure consistency in application of procedures throughout the department, particularly the Division of Corrections and the Building Division, including price comparisons and review of change orders.

3. Building Division Receipts

Building Division procedures for processing receipts need improvement. The division receives monies for items such as permits, licenses, and appeals. Various sections of the Building Division record receipts on unnumbered receipt slips without duplicate copies. In addition, the electrical contractor permits and licenses issued are not reconciled to monies collected and amounts transmitted. During the year ended June 30, 2008, the Building Division transmitted approximately \$8.8 million to the City Treasurer.

- A. Numerous employees in the Building Division collect and receive checks and money orders. Various sections of the Building Division record receipts on unnumbered receipt slips which do not always have duplicate copies. In addition,

a copy of the receipt slip is not always retained by the section initially receiving the monies even when there are duplicate copies.

The unnumbered receipt slips along with the monies are transmitted to the Building Division cashiers to be stamped paid and entered into the cash register. Although the cashiers post individual receipts into the cash register, the report generated shows only total amounts received by receipt type and method of payment. The cashiers also record monies on unnumbered receipt slips when initially received by them.

To safeguard monies from theft, loss, or misuse, the number of employees who receive and handle monies should be limited to the extent possible. Official prenumbered duplicate receipt slips or a log should be prepared when monies are initially received, and this record should be reconciled to amounts transmitted to the Building Division cashiers by someone independent of the receipting or collection functions.

- B. Licenses and electrical contractor permits issued are not reconciled to monies collected and amounts transmitted. The Building Division does not note the permit number on some receipt slips issued and cannot determine whether a license or electrical contractor permit fee has been collected when the license or permit number is not indicated on the receipt slip. In addition, the Building Division does not indicate the receipt slip number in the computer system for licenses and electrical contractor permits.

For example, a \$40 electrical permit which was shown in the computer system as being paid could not be traced to a receipt slip. The Building Division sometimes allows individuals with unpaid licenses and permits to submit canceled checks as proof of payment; however, companies obtain permits for every project and the check could have been for payment of different licenses or permits.

To ensure fees for all licenses and permits are properly collected, recorded, and transmitted, the department needs to clearly indicate which licenses and/or permits are included on a receipt slip. Licenses and permits issued should also be periodically compared to amounts recorded and transmitted.

WE RECOMMEND the Department of Public Safety:

- A. Limit the number of employees who receive or handle monies prior to recording and processing payments. The department should also require official prenumbered duplicate receipt slips or a log be prepared and reconciled to transmittals.
- B. Require licenses and/or permits included on a receipt slip be clearly identified. The department should also reconcile licenses and permits issued to amounts transmitted.

AUDITEE'S RESPONSE

The Director provided the following written responses:

- A. *We agree that limiting the number of employees receiving and handling monies increases control and accountability of receipts. We will review current operational procedures with the goal of reducing this number. The Building Division has already instituted the recommendation to reconcile receipts to transmittals. Daily reconciliations are performed by the Permit Supervisor. A temporary lack of reconciliations was the result of the employment turnover in the Permit Supervisor position.*

- B. *The Building Division agrees with recommendation to require that licenses and/or permits included on a receipt slip are clearly identified and to reconcile licenses and permits to amount transmitted. The division has already taken steps to improve in this area. The Trades Section of the Building Division is currently in the testing stage of a modern, web-based electronic operating system. This new system will automatically link receipts to appropriate license/permit. However, during the time that we continue to utilize the old manual system, the Cashier's Section has been instructed to only take receipts from the Trades Section with clearly identified permit/license number written on the receipts. These receipts are then copied and filed in the appropriate contractor file for easy reference.*

4. Building Division Receivables

The Building Division receivable procedures for electrical permit, demolition, and building violation administrative fees need improvement.

- A. Monitoring procedures related to outstanding electrical permit fees are not adequate. The Building Division allows electrical contractors to obtain electrical permits and pay the permit fee after the final inspection. Prior to discussions with the Building Division on March 25, 2009, the Building Division did not perform any follow up on outstanding electrical permit fees.

The March 29, 2009, outstanding electrical permit fees list totaled over \$81,000, with fees owed for electrical permits dating back to 2005. After the Building Division notified electrical contractors of outstanding electrical permit fees, four electrical contractors submitted canceled checks or receipt slips as proof of payment for the electrical permit fees. The Building Division indicated the inaccurate outstanding fees may have resulted from not appropriately recording the receipt in the computer system.

A complete and accurate list of outstanding fees would allow the Building Division to more easily review amounts due to the city and take appropriate steps to ensure amounts owed are collected or determine if amounts are uncollectible.

Failure to maintain an accurate receivables list and pursue unpaid fees on a timely basis may result in lost revenue to the city.

- B. The Building Division does not ensure demolition costs are correctly billed to various property owners. As a result, 2 of 15 property owners tested were under billed by \$2,200. After a building has been condemned, the Building Division obtains demolition bids, pays the demolition costs, and turns over the demolition receivable to the Department of Parks, Recreation, and Forestry for billing and collection. Some Building Division demolition costs sent to the Department of Parks, Recreation, and Forestry did not include amounts paid for some change orders and emergency work. During the year ended June 30, 2008, demolition costs billed totaled approximately \$1.7 million.

Careful scrutiny of billing information is necessary to ensure property owners are billed the correct amount for demolition costs to recover total demolition costs incurred by the city.

- C. The Building Division has not performed a cost benefit analysis to determine when a lien should be placed on property for unpaid building violations. The Building Division sends two letters requesting payment for current building violation administrative fees. If payment is not received, the city can put a lien on the property for the unpaid amount. City officials indicated the Building Division and City Counselor's office informally determined liens should only be filed when a property owner has unpaid fees for at least 10 current building violations due to the cost of filing the lien. During the year ended June 30, 2008, the city filed 640 liens for unpaid administrative fees. While it appears reasonable the cost of filing a lien could be greater than unpaid fees, there was no documentation a formal cost/benefit analysis was performed. Such an analysis is necessary to ensure the city's decision is the best economical use of city resources.

WE RECOMMEND the Department of Public Safety:

- A. Establish procedures to adequately record and monitor outstanding electric permit fees.
- B. Ensure property owners are billed the correct amount for demolition costs.
- C. Perform a formal cost analysis to ensure the city is making the most economical decisions regarding follow up procedures for administrative fee receivables.

AUDITEE'S RESPONSE

The Director provided the following written responses:

- A. *We agree with the recommendation to establish procedures to adequately record and monitor outstanding electric permit fees. They are in the process of implementing a*

modern, web-based operating system with capability to adequately record and monitor electric permit fees. This system will have the ability to establish escrow accounts for Electrical Contractors and to electronically debit and credit the proper account. This system will generate letters informing a contractor when the escrow account reaches a predetermined minimum level. In addition, the system will have safeguards to eliminate large receivables by ensuring that permits will be issued only if contractor has paid in full for past permit fees. This system will similarly handle license fees and will generate letters when licenses are to expire and prevent issuance of permits to contractors with expired licenses.

- B. The Building Division will take immediate steps to ensure property owners are billed the correct amount for demolition costs by requiring additional supervisory review prior to submission of demolition receivables to the Forestry Division. While the Clerical Supervisor will maintain responsibility for demolition billing, all receivables must be reviewed for validity and accuracy by the Demolition Supervisor prior to submission to the Forestry Division. The Demolition Supervisor will maintain a log of all demolition change orders to ensure that all costs associated with a property are recorded and charged properly.*
- C. As the staff and resources involved in the collection of overdue administrative fees are those of the City Counselor's Office, it is not the place of the Building Division to determine when a lien should be placed on properties for unpaid building violations. Historically, the floor for the City Counselor's Office to file liens has been set at \$500.00. Almost twenty years ago, the City Counselor's Office determined that court costs and the associated attorney salary to file a lien did not justify filing for smaller amounts. As this \$500 minimum has been in existence for some time, it does not seem probable that costs of filing liens have gone down in any significant manner. However, the Building Division will share this observation with the City Counselor's Office. It is the position of the Building Division that unpaid administrative fees associated with building code violations should be attached to annual property tax bills for collection. However, this step requires a state ordinance. Another possible approach would be for the Building Division to hire performance attorneys to collect fees on a commission basis. This approach would require a cost benefit analysis from the Building Division.*

5.

Meeting Minutes

Meeting minutes for the Board of Appeals are not adequately detailed. The Building Division prepares the minutes for the Board of Appeals which allows an appeal by any interested party for a denial of a building or occupancy permit. Although the meeting minutes record decisions made, the meeting minutes do not include the Board member who made or seconded the motion or the votes taken. In addition, the meeting minutes are not reviewed by the Board or signed by a Board member to attest to the completeness and accuracy.

The Sunshine Law, Chapter 610, RSMo, requires governmental bodies to prepare and maintain minutes of open and closed meetings, and specifies details that must be recorded. Minutes are required to include, but are not limited to, the date, time, and place; members present and members absent; and a record of votes taken. Complete and accurate minutes are necessary to retain a record of the business conducted and actions taken by the board. In addition, minutes should be signed by a board member to show minutes have been reviewed and accurately reflect discussions held and actions taken in the previous meeting.

WE RECOMMEND the Department of Public Safety ensure complete and accurate minutes of the Board of Appeal's meetings are maintained in compliance with state law and signed.

AUDITEE'S RESPONSE

The Director provided the following written response:

This suggestion has been fully implemented and notes now conform to Sunshine Law, Chapter 610 requirements.

6. Criminal Cost Billings

The Director's Office does not have adequate procedures to ensure criminal cost billings to the state for incarceration costs are accurately prepared. Section 221.105, RSMo, allows the state to reimburse certain court and incarceration costs for criminal cases when the state has been rendered liable. The state is rendered liable for criminal costs when a defendant is sentenced to imprisonment in the state Department of Corrections.

The Director's Office prepares and submits billings for incarceration costs utilizing the Sheriff's certification of the number of days incarcerated which is verified by the Corrections Division. The Department of Public Safety does not maintain records to track and monitor the status of the billing when it is initially received from the Sheriff's office. During the year ended June 30, 2008, the city received approximately \$6.2 million for state criminal cost billings of incarceration costs. We reviewed the criminal cost billing for 11 cases in which the Sheriff had transported the defendant to the state Department of Corrections.

- For five cases, incarceration costs totaling approximately \$12,300 did not appear to have been billed to the state. We were unable to determine whether the Director's Office received the certification from the Sheriff's office. The Director's Office indicated the cases may not have been billable; however, no documentation was provided to show why these cases were not billed to the state. The Director's Office would still be able to fully bill the costs since the cases did not exceed the two-year limit for billing the state.

- For two cases, incarceration costs totaling approximately \$700 were over billed to the state. The overbilling resulted from incorrectly reporting the dates or number of days on the billings. For one case, the state had noted the error and corrected the number of days billed.

The Director's Office should develop procedures to ensure criminal cost billings are accurately prepared and billed to the state, and to adequately track and monitor the status of the criminal cost billing once the Department of Public Safety is notified. Section 33.120, RSMo, requires all such bills to be submitted to the state's Office of Administration within two years of the date of judgment and sentence. Failure to prepare or submit timely reimbursement requests to the state could result in a loss of revenue to the city.

WE RECOMMEND the Department of Public Safety develop procedures to ensure all criminal costs for incarceration are accurately billed to the state.

AUDITEE'S RESPONSE

The Director provided the following written response:

We agree there is a need to improve the procedures to ensure criminal cost billings are accurate. Historically, we have relied on the transmission of jail time endorsement papers from the Sheriff's Department, which must be reviewed to determine if prior billing has occurred. If no billing has occurred, the bill of cost form is prepared in the Director's office and forwarded to the Circuit Court Judge and Circuit Attorney for signature. The forms are returned to the Director's office, batched and sent to Jefferson City. Periodically, errors in the inmate name, case number or other pertinent data cause delays in both our transmission and the State's payment. The criminal cost billings are very labor intensive and time consuming. We are currently pursuing a two part resolution to this process.

First, we will shortly obtain an interface between the court and the Division of Corrections which will enable us to receive immediate notification of court dispositions and not rely upon a paper transmission from another department. This will also enable us to verify names, court case numbers and days served in a more efficient and timely manner.

Secondly, we have been authorized a new position of Accountant in our office to regularly review the billing process and documents in addition to other fiscal responsibilities. This person should be on board shortly, and will be able to help with review of state billings to ensure we have identified and properly billed for all inmate housing. The accountant will also review and submit those that may have been delayed or missed within the two year requirement.

To further enhance our efforts, we are investigating the possibility of obtaining electronic review and authorization from the Circuit Court and Circuit Attorney. This will further streamline the process and reduce the potential for error and for lost or delayed documentation.

City Ordinance 66264 requires burglar alarms be registered and sets fees for false alarm violations. The Director's Office procedures for monitoring the burglar alarm contract and evaluating the cost effectiveness of the burglar alarm management need improvement. The burglar alarm contractor retains 32.5 percent of fees collected and an additional \$100,000 a year. During the year ended June 30, 2008, the city and the burglar alarm contractor received \$710,811 and \$442,243, respectively, for burglar alarm receipts.

- A. The Director's Office does not adequately monitor the burglar alarm contract. The Director's Office entered into a 5-year agreement on January 1, 2005, with a contractor to process and collect receipts for burglar alarm permits and false alarms. The agreement requires the contractor to keep all books and records for 5 years which are to be open to the city for inspection. Although the Director's Office approves false alarm appeals and reviews the calculation of the amount retained by the burglar alarm contractor, the Department of Public Safety has not conducted a review of the contractor's accounting records nor has it requested the Internal Audit Section of the Comptroller's Office to conduct a review of the contractor to ensure the accuracy of the gross revenues reported to the department.

Because of the amount of city funds collected by the burglar alarm contractor and the risks associated with these receipts, it is imperative for the Director's Office to have an effective, timely, and thorough monitoring system in place. Failure to adequately monitor the contractor exposes the city to the potential of lost revenues.

- B. The Director's Office has not performed an analysis to determine the most cost effective method to manage burglar alarm fees. The Director's Office indicated collections have doubled since taking over burglar alarms in 2004 from the Police Department which used to handle all burglar alarm responsibilities including billing and collecting the fees.

A careful analysis of cost data would assist the city in determining whether a cost savings could be realized for managing burglar alarm fees instead of contracting for this service.

WE RECOMMEND the Department of Public Safety:

- A. Adequately and effectively monitor the operations of the burglar alarm contractor.
- B. Perform an analysis to determine the most cost effective method for managing burglar alarm fees. Once this analysis is completed, the department should consider whether to manage burglar alarm fees or contract for this service.

AUDITEE'S RESPONSE

The Director provided the following written response:

The contract for the Alarm Reduction and False Alarm Management (ARFAM) program has been in effect for not quite five years. In addition to collecting fees and fines associated with this process, our contractor was responsible for working with the Police Department, REJIS, and the Department of Public Safety to reorganize the entire program; based on the new ordinance adopted by the Board of Aldermen in 2004. This new ordinance, in addition to moving responsibility for the program to the Department of Public Safety, called for a variety of other improvements in the burglar alarm permitting process and credentialing for those who work in the industry. A new database was built based on information culled from the Police Department records, REJIS records and a survey of all commercial and residential properties that previously held a burglar alarm permit. Procedures were developed to daily transmit data from the Police Department to the contractor for the permitting process, and burglar alarm subscribers or their monitoring companies can register their alarms in a matter of minutes as opposed to the weeks it previously required. The ARFAM became operational on July 1, 2005. The first permits issued under the new ordinance were effective on that date.

We agree that an in-depth review of the contractor's accounting records is in order as it has been four years since the program became operational. We will ask the Comptroller to conduct such a review.

With regard to the second finding concerning the cost analysis to determine the most cost effective method to manage burglar alarm fees (and fines), we have initiated this review and anticipate it to be accomplished within the next several weeks. The results of this review will determine our next steps.

8. Vehicles

Records and monitoring procedures for the Department of Public Safety's vehicles are not sufficient. Also, the Director of Public Safety did not report commuting mileage as reportable compensation. The department has approximately 154 vehicles and other pieces of equipment such as fire trucks, ambulances, all terrain vehicles, etc.

- A. Records and monitoring procedures for the Department of Public Safety's vehicles are not sufficient. The city's vehicle policy does not address records to be maintained for vehicles (see Report No. 2008-61, *City of St. Louis Board of Public Service*, issued in September 2008). The department does not require vehicle usage logs be maintained for its vehicles.

In addition, the Department of Public Safety does not regularly monitor its fleet to ensure vehicles are used efficiently and effectively. The department could accomplish this with a review of usage logs. Also, the Board of Public Service's Equipment Services Division maintains a fleet management report of all city

vehicles, including those of the Department of Public Safety, which shows the mileage for vehicles when refueled; however, the Department of Public Safety does not regularly obtain and review the reports to ensure the reports are accurate and vehicles are used efficiently and effectively. For example, the Board of Public Service's Equipment Services Division records indicate three Fire Department vehicles did not report mileage for several months although the vehicles used fuel during these months.

Without adequate usage logs, the department cannot effectively monitor vehicles are used for official business only and vehicles are used efficiently and effectively. Vehicle usage logs should include trip information (i.e., beginning and ending odometer readings, destination, and purpose) which should be reviewed by a supervisor to ensure vehicles are used only for city business and are used efficiently and effectively.

- B. The Director of Public Safety did not report commuting mileage to the Internal Revenue Service (IRS) as reportable compensation. The Director does not maintain a vehicle usage log (see part A above) to document miles driven for official, commuting, and personal use. The department was unable to show why the director's vehicle should be exempt from IRS reporting requirements although the director takes his vehicle home every day. Department personnel indicated the director needed his vehicle to respond to some public safety emergencies; however, no one could provide the IRS regulation which exempts vehicles for this reason.

The IRS reporting guidelines indicate commuting mileage is reportable compensation. The department may be subject to penalties and/or fines for failure to report all taxable benefits. The department needs to review the situation to identify and comply with applicable IRS guidelines and reporting requirements.

WE RECOMMEND the Department of Public Safety:

- A. Require the preparation of usage logs for all vehicles and ensure the logs are properly reviewed.
- B. Ensure commuting mileage is reported in compliance with IRS requirements or reasons for the exemption status is clearly documented.

AUDITEE'S RESPONSE

The Director provided the following written response:

The Department of Public Safety will take steps to ensure that usage logs are prepared and maintained for the entire department and to ensure commuting mileage is reported in compliance with IRS requirements.

9.

Excise Division Summonses

The Excise Division does not maintain adequate records to account for the numerical sequence of summonses issued for violations of city and state liquor laws. A log is not maintained to account for the summonses assigned to officers or issued to violators, or the ultimate disposition of all summonses. The Excise Commissioner does not retain the summons if the Excise Commissioner decides not to forward the violation to the City Counselor's office for any reason such as the lack of severity of the offense. The Excise Division issues approximately 90 summonses a year.

Without a proper accounting for the numerical sequence of summonses, the Excise Division cannot be assured all summonses issued are properly submitted to the City Attorney for processing. A log listing summons books assigned, the number of each summons, the date issued, and the violator's name would ensure all summonses issued were submitted to the court for processing, properly voided, or not prosecuted. A record of the ultimate disposition of each summons should also be maintained to ensure all summonses have been accounted for properly.

WE RECOMMEND the Department of Public Safety ensure records are maintained to account for the numerical sequence of summonses assigned and issued, and the ultimate disposition.

AUDITEE'S RESPONSE

The Director provided the following written response:

This recommendation has already been implemented.

HISTORY AND ORGANIZATION

CITY OF ST. LOUIS
DEPARTMENT OF PUBLIC SAFETY
HISTORY AND ORGANIZATION

The mission of the City of St. Louis Department of Public Safety is to safeguard the city's well being and protect lives and property. The department consists of the Director's Office and seven divisions including the Fire Department, Excise Division, Building Division, Neighborhood Stabilization Office, City Emergency Management Agency, Corrections Division, and beginning in July 2008, the Office of Special Events. The Director of Public Safety is Charles Bryson who was appointed in September 2007. At June 30, 2008, the department had approximately 1,555 full-time and 65 part-time employees.

The following briefly describes the responsibilities of the Director's Office and each of the seven divisions in the department:

Director's Office

The Director's Office is responsible for the oversight of the seven divisions in the department. The Director serves as the appointing authority for the divisions in the department, establishes department-wide policy, provides direction for human resource management, and serves on various boards and commissions. The office also issues citation letters for nuisance ordinance violations, investigates allegations of improper employee behavior, prepares billings for state and federal prisoners, administers federal grants related to public safety, issues dance hall and brick dealer licenses, and oversees the contract for issuing burglar alarm permits and false burglar alarm violations.

Fire Department

The Fire Department is responsible for fire prevention, fire suppression, and emergency medical services. The department enforces provisions of ordinances for fire prevention, carbon monoxide detectors, smoke detectors, and hazardous materials by reviewing fire protection systems, inspecting existing structures, and reviewing applications for permits. The department also prepares billings for emergency medical services.

Excise Division

The Excise Division is responsible for the regulation and control of liquor. The division determines licensing in accordance with the City Liquor Code, authorizes issuance of all liquor and non-intoxicating beer licenses, enforces city liquor laws and ordinances, and initiates civil action to suspend, cancel, or revoke licenses when violations of statutes occur.

Building Division

The Building Division is responsible for ensuring residents and businesses comply with the Building Code and other national codes that regulate new construction and the maintenance of existing buildings. The division issues trade and occupancy building permits, administers licensing exams, conducts inspections, demolishes vacant buildings, and enforces zoning ordinances.

Neighborhood Stabilization Office

The Neighborhood Stabilization Office is responsible for enhancing the safety, livability, and economic vitality of city neighborhoods. The office provides community networking to develop crime prevention programs, coordinates municipal services to address citizen and community concerns, and enhances communications among various special interest groups serving the community.

City Emergency Management Agency

The City Emergency Management Agency is responsible for planning and developing response plans for disasters or other emergencies. The agency directs the operation and maintenance of the Emergency Operations Center, oversees the operation and maintenance of an outdoor warning siren system, and maintains the city's mobile emergency communications van. The agency is also involved with emergency preparedness training for citizens.

Corrections Division

The Corrections Division operates the City Justice Center and Medium Security Institution. The division is responsible for providing for the care, custody, and control of legally incarcerated residents in the least restrictive setting conducive to a safe, clean environment for staff and visitors. The division provides for the basic human needs of the residents/client population and creates an environment in which positive behavioral change may occur.

Office of Special Events

The Office of Special Events is responsible for coordinating the acquisition of permits and city requirements related to special events located in the city. The office initiates special event permits, assists organizers to obtain required permits, and maintains the city-wide special event calendar.