



Susan Montee, JD, CPA
Missouri State Auditor

City of St. Louis Office of Sheriff



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Office of the
Missouri State Auditor
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The following findings were included in our audit report on the City of St. Louis, Office of Sheriff.

Various concerns regarding personnel policies, required working hours, and records were noted. Outside service deputies regularly work less than 40-hour weeks and are considered full-time employees; however, the Sheriff's written personnel policies do not define any exceptions which allow these deputies to work less than 40-hour weeks. Some Sheriff's employees distributed campaign materials at local polling places while scheduled for election service vacation; however, the applicable time was not charged to their vacation leave balances. The Sheriff has not established a formal written policy regarding his own leave benefits, and it appears the Sheriff is not tracking or recording any sick leave used. In addition, employee leave accruals are computed manually by the Sheriff's office, and there is no independent or supervisory review of the leave accrual records. Leave accrual was not calculated correctly for some employee records reviewed.

Improvements are needed in procedures and controls over evidentiary property stored in the Sheriff's property room. The Sheriff's office holds monies, evidence, and eviction property, some of which has been held for a few years and could be disposed in accordance with state law. As of May 2009, Sheriff's records indicate at least \$372,000 in cash seized prior to May 2006 was held in the property room. The property room currently has a large number of older evidence items which may have limited value, including numerous bicycles, televisions, vehicle parts, and electronics. The property room also contains property seized during tenant evictions, and the Sheriff has not regularly requested the Circuit Attorney's permission to destroy weapons seized or return them to the owners. In addition, information recorded on evidence item tags and bags did not always correspond to information recorded in the property room database or on property receipts, and the Sheriff's office does not perform periodic physical inventories of the property room. Similar conditions were noted in our prior audit report issued in 2003.

Procedures for tracking and distributing land tax sale proceeds need improvement. The Sheriff's office does not prepare lists of liabilities for funds held in trust pending distribution to the responsible party and does not attempt to reconcile liabilities to the balances in the Land Auction Sales Fund. We worked with Sheriff's office personnel to determine a list of liabilities and to reconcile the list to the city's Land Auction Sales Fund balance as of May 31, 2009, and noted numerous overpayments and accounting errors. The balance of the Land Auction Sales Fund was understated by more than \$1 million due to accounting errors which should have been detected on a more timely basis.

The Sheriff's spreadsheets used to track collections and distributions of land tax sale

YELLOW SHEET

proceeds need improvement. The spreadsheets do not have separate columns to designate when monies were paid to the Collector of Revenue, Recorder of Deeds, and City Treasurer (Sheriff's fees), even though these payments occur at different times. Corrections and adjustments of land tax sale distributions calculated by the Collector of Revenue are not always recorded on the Sheriff's spreadsheets, which results in distribution errors made by the Sheriff's office. The Sheriff's office does not recover fees received and turned over to the City Treasurer and Recorder of Deeds when properties are set aside and the sale proceeds are refunded to the purchaser. The Sheriff's office does not adequately follow up on notification fees due from land tax sales, and as a result, it appears some fees have not been collected. The Land Auction Sales Fund balance includes \$27,416 from tax sales conducted between 2003 and 2005 which have not been confirmed by the courts in a timely manner. Similar conditions were noted in our prior audit report issued in 2003.

The Sheriff's office does not prepare an initial record of monies received, and monies may be handled by as many as three individuals prior to being recorded. Procedures have not been established to resolve outstanding checks, and as of May 2009, there were 135 checks totaling \$13,729 that were outstanding for over a year and some checks were over 10 years old. Monthly lists of liabilities are prepared but are not reconciled to the balance of the Sheriff's bank account, resulting in errors that could have been detected on a timely basis if monthly reconciliations had been performed.

Vehicle usage logs are not maintained for the seven Sheriff's office vehicles not used for prisoner transport, including the vehicle assigned to the Sheriff. While non-commuting personal use is prohibited for all other vehicles, the Sheriff is allowed to use his city-owned vehicle for personal use but does not maintain vehicle usage logs to document commuting and personal use of the vehicle.

The Sheriff's office does not conduct physical inventories of weapons or maintain complete and accurate records of weapons qualifications for all deputies who carry weapons. The Sheriff's office has 289 handguns and 4 shotguns. The Sheriff has issued 146 of these guns to deputies and the remainder are held in inventory or are considered damaged and are awaiting destruction. Similar conditions were noted in our prior audit report issued in 2003.

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CITY OF ST. LOUIS
OFFICE OF SHERIFF

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STATE AUDITOR'S REPORT



SUSAN MONTEE, JD, CPA
Missouri State Auditor

Honorable James W. Murphy, Sheriff
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, 2009. To minimize duplication of effort, we reviewed the CPA firm's audit report. We have conducted an audit of the City of St. Louis Office of Sheriff. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2009. 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 office has adequate internal controls over significant management and financial functions.
3. Determine if the office has complied with certain legal provisions.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the office, 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 office's management and was not subjected to the procedures applied in our audit of the office.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of St. Louis Office of Sheriff.

Additional audits of various officials and departments of the City of St. Louis fulfilling our obligations under Section 29.230, RSMo, are still in process, 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, CGFM, CIA
Audit Manager: Mark Ruether, CPA
In-Charge Auditor: Kelly Davis, M.Acct., CPA, CFE
Audit Staff: Ryan Redel, CFE, CIA
Travis Owens, CFE

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF ST. LOUIS
OFFICE OF SHERIFF
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Personnel Policies and Procedures

Our review noted various concerns regarding personnel policies, required working hours, and leave records as follows:

- A. Outside service deputies regularly work less than 40-hour weeks and are considered full-time employees; however, the Sheriff's written personnel policies do not define any exceptions which allow these deputies to work less than 40-hour weeks. Outside service deputies are responsible for serving papers within an assigned area and are allowed to work flexible shifts so papers may be served during non-business hours. Sheriff's officials indicated outside service deputies are allowed to charge 5 hours per week for meal time and 10 hours per week for completion of paperwork as part of their normal work week. While these deputies are paid a salary and are considered full-time employees, the Sheriff has not adopted written policies to define the minimum number of required working hours for these deputies or the amount of meal time considered part of their normal work day. The Sheriff's written policies require 40-hour work weeks for employees, and the Sheriff has an unwritten policy which allows employees to charge a total of 2.5 hours of meal time as part of their normal work week.

Our review of service logs and officer sign-in sheets for outside service deputies for calendar year 2008 noted 12 of 17 (70 percent) worked an average of less than 40 hours per week, including 6 who averaged less than 30 hours per week. These calculations of average time included the 5 hours of weekly meal time. Records of outside service deputy time is recorded on service logs and sign-in sheets; however, these records were not routinely reviewed for the number of hours worked, leave and pay were not adjusted if total hours recorded were less than 40 per week, and disciplinary action was not taken if deputies did not adequately account for 40 hours per week.

To ensure equitable treatment of all employees, the Sheriff should review this situation and either require outside service deputies to work 40-hour weeks in accordance with personnel policies, or adopt specific written policies to define the required hours to be worked by outside service deputies. The written personnel policies should also address allowable meal time for all employees. In addition, the Sheriff should require outside service deputies to keep accurate records of hours worked and leave taken, and these records should be reviewed by the deputies' supervisors.

- B. Some Sheriff's employees distributed campaign materials at local polling places while scheduled for election service vacation; however, the applicable time was not charged to their vacation leave balances. Our review of employee time and leave records indicated 26 employees were coded as being on election service vacation for 1 to 3 election days during 2008. The total compensation paid to employees for this time was \$7,436.

Per Sheriff's officials, some employees are requested by their local ward organizations to report to polling places to help distribute campaign material. Employees do not wear department uniforms, and office policy requires employees to take a vacation day for each day at the polls; however, vacation leave balances were not reduced for the days on which employees were coded as being on election service. It appears no other leave balances were adjusted for the election service, and employees' pay was not docked for these time periods, resulting in regular salary payments while performing election campaign services.

Section 115.646, RSMo, states no contribution or expenditure of public funds shall be made directly by any officer, employee, or agent of any political subdivision to advocate, support, or oppose any ballot measure or candidate for public office. It appears the use of city employees to distribute campaign materials while receiving city compensation is an expenditure of public funds and should be discontinued.

- C. The Sheriff has not established a formal written policy regarding his leave benefits, and it appears the Sheriff is not tracking or recording any sick leave used. The Sheriff accrues sick leave at the same rate as other employees of his office (12 days a year); however, the Sheriff indicated he has not tracked or reported his usage of sick leave, and no sick leave usage has been recorded against his leave balance for several years. At June 30, 2009, the Sheriff had 191.4 days of accumulated sick leave. The Sheriff does not accrue vacation or any other leave time.

In addition, Sheriff's office policy is to pay 25 percent of accumulated sick leave to employees upon retirement, up to a maximum payout of 30 days. If the Sheriff followed this policy for himself, payment to the Sheriff for 30 days of accumulated sick leave at June 30, 2009, would total approximately \$11,000. The Sheriff indicated he has not determined whether he will be paid a sick leave benefit upon retirement.

To ensure leave accruals are accurate and prevent the appearance of excess benefits to the elected official, the Sheriff should establish a written policy regarding his leave accrual and payment of accumulated leave upon termination or retirement. In addition, the Sheriff should track all sick leave used to ensure his sick leave balance is recorded accurately.

- D. Leave accruals are computed manually by the Sheriff's office, and there is no independent or supervisory review of the leave accrual records. Our review of vacation, sick, and compensatory time leave accrual records for calendar year 2008 noted leave accruals were not calculated correctly for 4 of the 20 (25 percent) employee records reviewed. In addition, accrued leave was not reduced or pay was not docked when time recorded for a work day was less than 8 hours for 2 of the 18 (11 percent) applicable records reviewed.

One person is responsible for maintaining vacation and sick leave records for all Sheriff's office employees. Compensatory time records are maintained either by the same employee, or by someone else in the applicable employee's unit. No supervisory or independent review is conducted of leave calculations. To ensure errors are detected and leave and time records are accurate, the Sheriff should consider maintaining centralized records for all types of leave, require supervisory or independent reviews of leave accruals and balances, and ensure leave is recorded or pay is docked when an employee works less than a required 8-hour day. In addition, the Sheriff's office should review errors noted and correct the applicable leave records.

WE RECOMMEND the Sheriff:

- A. Review the required working hours for outside service deputies to ensure compliance with the 40-hour work week or revise the personnel policy as applicable. The personnel policy should address any meal time to be included as normal work time for all employees. In addition, accurate time and leave records should be maintained for all outside service deputies and the records should be reviewed by the deputies' supervisors.
- B. Ensure time spent for distributing campaign materials is charged to the applicable employees' vacation leave balances.
- C. Develop a policy regarding the Sheriff's accrual of leave, potential payout of accumulated sick leave upon retirement, and the reporting of leave usage.
- D. Maintain centralized records for all types of leave, ensure leave and compensatory time accrual is calculated accurately, and require independent reviews of leave calculations.

AUDITEE'S RESPONSE

The Sheriff submitted the following written response:

- A. *All personnel of the Sheriff's Office are full-time employees and are required to work at least 40 hours per week.*

The 17 deputies of the Outside Service Unit were assigned just over 51,500 court papers during the year in question (2008). That computes to a minimum average of 3,029 papers per deputy. They were able to successfully serve approximately 72% of the papers issued.

Considering the paperwork involved in each court service and the fact deputies often have to make multiple attempts to locate the party named on a given paper, it is obvious that the deputies of this unit work full-time shifts. Some deputies, however, failed to properly document their hours worked on the internal worksheets they submit to their sergeants.

A new monitoring system has been instituted to insure that each deputy accurately records a minimum of 80 hours worked per pay period and the lieutenant in command of the unit is required to verify their totals before payroll is submitted.

B&D. Some employees are active in their neighborhood ward organizations. Occasionally they request to take leave time to work the polls on election day. In some instances, the ward organization writes the Sheriff on their behalf to request that they be allowed to take off work to man the polls.

Manpower permitting, the Sheriff allows deputies to take a vacation day or 8 hours comp time for this purpose on a first come, first served basis. On average, less than 15% of employees take part.

The miscalculation in leave time noted by the auditor has been corrected and current vacation totals have been adjusted accordingly. Additionally, a new records review procedure has been instituted. Now, both the Lieutenant and Major in charge of the administrative office must verify the accuracy of sick time, compensatory time and vacation leave totals for all employees each pay period (every two weeks).

C. The audit is correct in that the Sheriff had not established a formal sick time policy for himself. Over the years, the clerks who kept the records had simply credited him with 1 day per month as other employees earn.

Having considered the matter of sick leave accrual for himself, the Sheriff has determined that, as an elected official whose compensation is set by state statute, he should not fall under the sick time policy applicable to his deputies.

The Sheriff has thus voided his sick time balance and subsequently waived any claim for payment for unused sick time at the conclusion of his tenure in office.

2.

Property Room

Improvements are needed in procedures and controls over evidentiary property stored in the Sheriff's property room. The Sheriff's office receives and stores evidentiary property

related to pending and adjudicated cases, most of which is received from the St. Louis Metropolitan Police Department (SLMPD) for cases in which a warrant has been issued. The SLMPD and the Circuit Attorney may obtain evidence from the Sheriff's property room if needed for investigative or other judicial purposes. The Sheriff tracks evidence with the Lab Identification Management System ID assigned by the SLMPD. Our review of property room procedures noted the following concerns:

A. The Sheriff's office holds monies, evidence, and eviction property, some of which has been held for a few years and could be disposed in accordance with state law.

- 1) As of May 2009, Sheriff's records indicate at least \$372,000 in cash seized prior to May 2006 was held in the property room. The specific reasons for holding these monies were not documented in the Sheriff's records; however, Sheriff officials indicated approval to dispose of the monies has not been obtained from the city's Circuit Attorney. Approximately \$5,000 of this amount was approved for disposal by the Circuit Attorney in June 2005, but the Sheriff's office has not completed the process to transmit these monies to the state's Unclaimed Property Division.
- 2) The property room currently has a large number of older evidence items which may have limited value, including numerous bicycles, televisions, vehicle parts, and electronics. Sheriff's office procedures allow items to be auctioned if approved by the Circuit Attorney and a court order obtained. The Sheriff has not conducted an auction to dispose of property since 2003.
- 3) The property room contains property seized during tenant evictions, and the Sheriff has not regularly requested the Circuit Attorney's permission to destroy weapons seized or return them to the owners. Included in the property are 186 weapons, some which were seized as early as 1981. During the eviction process, if the evicted person's property is considered to pose a significant public risk, it is seized and sent to the Sheriff's property room. Seized items include firearms and other weapons, alcohol, and pornography. Sheriff's department policy requires alcohol and pornography to be destroyed and weapons and other items to be retained.

Section 542.301, RSMo, outlines requirements for the disposition of unclaimed seized property. The Sheriff's office should adopt procedures to periodically review the status of evidentiary property and work with the Circuit Attorney's office to dispose of old and unidentified property in accordance with state law. Maintaining large amounts of cash and property increases the risk of loss or misuse and increases related record keeping responsibilities.

B. Information recorded on evidence item tags and bags did not always correspond to information recorded in the property room database or on property receipts. In addition, periodic physical inventories are not conducted.

Almost all property is originally received by the SLMPD, which prepares a property receipt for each item. When property is received by the Sheriff's office, the SLMPD's property receipt accompanies the property, and the Sheriff's office records the information from the receipt on either a property tag or property bag, as applicable. The property information is also recorded in the Sheriff's property room database. Since the database uses the SLMPD identification number to identify the items, the database should correspond to the property receipt.

- 1) Our review of 50 property room items noted information recorded on the property item tag or bag did not correspond to information in the database for 7 items (14 percent). For 19 items (38 percent), the information on the item tag or bag did not correspond to the information on the property receipt.
- 2) The Sheriff's office does not perform periodic physical inventories of the property room. Property room officials stated limited reviews are performed for property considered valuable by comparing the database information to the actual stored property, but these procedures are not documented. Periodic physical inventories should be conducted by persons independent of property room duties, if possible, or reviewed by someone independent of property custody. The results of the physical inventories should be reconciled to the property room database and used to correct errors between the database, property tags and bags, and property receipts.

To ensure evidence is readily accessible and documentation is accurate, the Sheriff's office should ensure the information on the property receipts prepared by the SLMPD is accurately recorded on the property tags and bags and the property room database. Periodic physical inventories are necessary to detect errors on a timely basis and reduce the risk of loss, theft, or misuse of property items.

Similar conditions were noted in our prior audit report issued in 2003. While some improvements were noted, additional improvements are needed related to the property room.

WE RECOMMEND the Sheriff:

- A Establish procedures to periodically review the status of old monies, evidence, and eviction property. The Sheriff should work with the Circuit Attorney and request items no longer needed for evidentiary purposes be disposed in accordance with state law.
- B. Establish procedures to ensure accurate information is recorded on the property room database and property tags and bags. Periodic physical inventories of the

property room should be conducted or reviewed by personnel independent of property custody and the results of the inventories should be reconciled the property room database.

AUDITEE'S RESPONSE

The Sheriff submitted the following written response:

When the police seize evidence in a case in which the Circuit Attorney's Office ultimately issues formal charges, said property is transferred to the Sheriff for safe-keeping pending trial. The Sheriff cannot dispose of this evidence without certification from the Circuit Attorney that it is no longer needed. Even after conviction at trial, some property must be retained until the appeals process has been exhausted. In the case of Class A felonies, evidence may be retained for up to 70 years.

Cash delivered to the Sheriff to be held as evidence cannot simply be deposited into a bank because the specific bills seized by the police must be produced at trial.

- A. *The Sheriff agrees that more efficient procedures are needed to review evidence on a regular basis to determine whether it is still needed. This process, however, is dependent upon action by the Circuit Attorney's Office (CAO).*

The audit makes note of some \$5,000 in cash that has been approved for disposition. This money, which is the sum total of numerous smaller items of evidence, was again included in a cash report to the Circuit Attorney submitted on August 25, 2009, detailing all cash seized from 2000 through 2006. As of this writing, the Sheriff awaits a voucher report from the CAO.

The Sheriff will submit a list of all other evidence from the same period to the CAO by month's end. After review, unneeded items will be properly disposed of.

Property is not typically transmitted to the State's Unclaimed Property Division. Cash is deposited, items of value are sent to auction; the proceeds of both are normally sent by check or wire transfer.

- B. *Procedures are in place that direct Property Section deputies to accept and sign for evidence in sealed evidence bags provided the lab number/submission matches the corresponding lab transfer sheet. Please note that the Sheriff cannot vouch for the actual contents of sealed containers and must rely upon the inventory submitted by the police. Information on evidence tags can change over time as defendants are added to or dropped from a given case.*

In the past, the Sheriff has contracted with an outside CPA to inventory the property room. Such action is currently under consideration.

3.

Land Tax Sales

Procedures for tracking and distributing land tax sale proceeds need improvement. The Sheriff is responsible for conducting sales of property with unpaid real estate taxes under Sections 92.700 to 92.920, RSMo, the Municipal Land Reutilization Law. The listings of property to be sold are compiled by the City Collector of Revenue for properties with unpaid real estate taxes over 3 years old. All transactions regarding receipts and disbursements for land tax sales are handled through the Land Auction Sales Fund, a fund that is maintained within the city treasury. In response to a prior audit recommendation, a new fund was created in 2003 for all 2003 and subsequent sales. The previous fund remains active for distributions from pre-2003 sales. Since the new Land Auction Sales Fund was established, sales receipts totaled \$14,493,969. We noted the following concerns in the handling of land tax sales and related fees by the Sheriff's office.

- A. The Sheriff's office does not prepare lists of liabilities for funds held in trust pending distribution to the responsible party and does not attempt to reconcile liabilities to the balances in the Land Auction Sales Fund. We reviewed Sheriff's office records of land tax sales since the beginning of the new fund in 2003, City Comptroller fund transaction reports, and land tax voucher records; and worked with Sheriff's office personnel to determine a list of liabilities and to reconcile the list to the Land Auction Sales Fund balance as of May 31, 2009. These procedures initially noted a difference of \$1,079,800 between liabilities and the cash balance of the Land Auction Sales Fund. We then performed additional procedures to determine the causes of this difference and noted numerous overpayments and accounting errors, which reduced the unidentified difference to \$27,443 as noted in the following chart.

Classification of Liabilities and Fund Balance	Amounts
Undistributed tax sale proceeds	\$ 1,107,755
Funds held pending court confirmation	155,583
Overpayments	(20,990)
Underpayments	594
Adjusted liabilities, May 31, 2009	<u>1,242,942</u>
Fund balance, May 31, 2009	183,538
Receipt posting error	678,195
Disbursement posting errors	408,652
Adjusted fund balance, May 31, 2009	<u>1,270,385</u>
Unidentified difference	<u>\$ 27,443</u>

Receipts of \$678,195 from a sale in 2003 were incorrectly posted to the pre-2003 Land Auction Sales Fund, and three 2006 distributions of pre-2003 sale proceeds totaling \$408,652 were incorrectly posted to the current Land Auction Sales Fund. In addition, we noted some duplicate payments, errors in calculations (see Part B), and fees which were refunded but not recovered from applicable city officials (see Part C) which resulted in overpayments and underpayments as noted on the chart above. If a liabilities list had been maintained and reconciled periodically, errors could have been detected and corrected in a timely manner.

The balance of the pre-2003 Land Auction Sales Fund at May 31, 2009, after adjusting for the posting errors noted above, was approximately \$750,000. The Sheriff's office has not attempted to identify the liabilities for this account. If these amounts cannot be identified, the Sheriff and the City Comptroller should work together to determine the proper disposition of the balance of this fund. Sections 447.500 through 447.595, RSMo, provide for various unclaimed property to be turned over to the state's Unclaimed Property Division.

Monthly lists of liabilities should be prepared and reconciled to the fund balance to ensure accounting records are in balance, errors are corrected in a timely manner, and sufficient funds are available for payment of liabilities. In addition, the Sheriff should correct identified errors and recover overpayments.

- B. The Sheriff's spreadsheets used to track collections and distributions of land tax sale proceeds need improvement. Some errors with the spreadsheets may have contributed to the errors noted in Part A.
- 1) The spreadsheets do not have separate columns to designate when monies were paid to the Collector of Revenue, Recorder of Deeds, and City Treasurer (Sheriff's fees), even though these payments occur at different times. Instead, the spreadsheets include one column which shows total monies vouched (paid). As a result, the spreadsheets cannot be used to accurately calculate liabilities as described in Part A.
 - 2) Corrections and adjustments of land tax sale distributions calculated by the Collector of Revenue are not always recorded on the Sheriff's spreadsheets, which results in distribution errors made by the Sheriff's office. The Collector of Revenue must approve all disbursements made from the Land Auction Sales Fund, and he submits to the Sheriff's office a manual list of corrections to amounts disbursed for taxes and collector's fees and commissions. Because the Sheriff's spreadsheet is used to calculate excess tax sale proceeds to be paid the original property owner, the adjustments made by the Collector of Revenue are necessary for disbursement of the correct amount to the original property owner.

To ensure all land tax sales monies are disbursed correctly and the Sheriff's office is able to track outstanding liabilities, the Sheriff should work with his information technology staff to ensure the dates for all amounts disbursed and all calculation adjustments are properly recorded on the tracking spreadsheets.

- C. The Sheriff's office does not recover fees received and turned over to the City Treasurer and Recorder of Deeds when properties are set aside and the sale proceeds are refunded to the purchaser. When a parcel sale is confirmed, the sale proceeds are distributed by the Sheriff's office. In some instances, a parcel sale may be confirmed and the funds disbursed and the sale is later set aside. In these instances, the Sheriff's office is required to recover all sale proceeds and return the monies to the purchaser. Sheriff's officials stated they recover monies turned over to the Collector of Revenue, but do not pursue recovery of fees turned over to the Recorder of Deeds or Sheriff fees turned over to the City Treasurer. Since the Sheriff's office refunds the original purchase price, this results in overpayment of fees and shortages in the Land Auction Sales Fund. These overpayments totaled approximately \$4,500, which is part of the \$20,990 in overpayments from the Land Auction Sales Fund noted in Part A. To ensure funds are available to pay liabilities, the Sheriff should adopt procedures to recover all applicable fees or offset the fees refunded to the purchaser against future turnovers to the Recorder of Deeds and City Treasurer.

- D. The Sheriff's office does not adequately follow up on notification fees due from land tax sales, and as a result, it appears some fees have not been collected. The Sheriff charges \$50 for each parcel published for a tax sale to cover the costs of notifying the owner, as authorized by Section 92.810.3, RSMo. Once property has been officially designated for land tax sale, the property owner has the opportunity to make payment to or establish a payment plan with the Collector of Revenue, and the property will be withdrawn from the land tax sale. This process is referred to as redemption of the property. As part of that payment or payment plan, the Collector of Revenue collects the Sheriff's notification fee and submits the fee to the Sheriff after the amount due is paid in full.

Our review of one tax sale held in 2008 found notification fees have not been received for six properties. Sheriff's staff stated the office does not track the collection of notification fees on redeemed properties but simply accepts the payment submitted by the Collector of Revenue. Therefore, the Sheriff has no assurance that all notification fees arising from redeemed properties are received. To ensure the Sheriff's office receives all amounts due, procedures should be established to ensure all notification fees are received on redeemed properties and follow up on uncollected amounts.

- E. The Land Auction Sales Fund balance includes \$27,416 from tax sales conducted between 2003 and 2005 which have not been confirmed by the courts in a timely manner. After property is sold in a land tax sale, the sale must be confirmed by the courts. The Municipal Land Reutilization Law does

not appear to address whether the confirmation court hearing should be held within a certain time period after the sale. According to the Sheriff's records, no court hearings were conducted for any of these sales. Sheriff's officials indicated it was generally the buyer's responsibility to initiate the request for a confirmation hearing and the Sheriff's office does not have the statutory authority to request hearings. It appears many confirmation hearings occur up to 2 years following the sale.

Until the confirmation hearing is held, the sale proceeds may not be distributed and, therefore, the taxes, costs, accrued interest, and fees are not paid out. A Sheriff's deed transferring ownership of the property cannot be issued and the property will remain in the name of the previous owner. Many buyers decide they do not want to own the purchased property for various reasons, and these buyers will request the court set aside the sale and their money is returned. The parcels are put up for sale again at the next auction.

Since the Sheriff's office handles the sale and collects the sale proceeds, it should establish procedures to identify parcels that have been sold but a hearing for confirmation or set aside has not been held. The Sheriff should periodically report to the courts and the Collector of Revenue those properties waiting on confirmation or set aside hearings.

Similar conditions were noted in our prior audit report issued in 2003. While some improvements were noted, additional improvements are needed related to land tax sales.

WE RECOMMEND the Sheriff:

- A. Ensure liabilities lists for the Land Auction Sales Fund are prepared monthly and reconciled to the fund balance. The Sheriff should correct identified errors and attempt to recover overpayments. In addition, the Sheriff should work with the City Comptroller to determine the proper disposition of unclaimed and unidentified monies in both the current and pre-2003 Land Auction Sales Fund.
- B. Work with information technology staff to revise the tracking spreadsheets to ensure all land tax sale receipt and disbursement information is accurately recorded, including all adjustments made by the Collector of Revenue. In addition, the Sheriff's office should correct all calculation errors and make the necessary adjustments to tax sale distributions.
- C. Recover all funds previously disbursed prior to refunding the sale proceeds to the purchaser when a parcel is set aside.
- D. Establish and implement a method of tracking notification fees due from the Collector of Revenue and follow up on outstanding amounts due.

- E. Establish and implement a formal process and timeline for reporting and following up on properties for which additional actions are required to complete the land tax sale.

AUDITEE'S RESPONSE

The Sheriff submitted the following written response:

- A. *Monthly lists of liabilities for the Land Tax Fund will be prepared and checked against the fund balance and corrections will be made to the computerized files in order to reconcile the balance.*

Please note that several revisions have already been implemented to correct the differences noted in the audit. The pre-2003 Land Tax account has been closed and all monies have been disbursed or transferred to the current account to correct City Comptrollers' errors which resulted in monies being deposited into the wrong account.

- B. *Information Technologies will be contacted in order to put additional fields into the current computer system to adjust for corrections made by the Collector of Revenue, and payment received by the Sheriff, Collector, and Recorder of Deeds, once verified.*

- C. *Recovery of all disbursed funds will be completed prior to the issuance of any refund. A process to accomplish this has already been implemented.*

In those instances where a parcel of land is confirmed, the funds disbursed, and the sale is later set aside, the Sheriff's Office will seek to recover monies turned over to the Recorder of Deeds or City Treasurer. While this situation is relatively rare, there will be occasions when the set aside is not at the request of the successful bidder. In those cases, the Court may have to determine which party is responsible for said fees.

- D. *The Office of the Sheriff has met with legal counsel for the Collector of Revenue with regard to recoupment of notification fees. The Sheriff's Office has requested that the \$50.00 fee be taken from the initial payment made by the delinquent property owner on the redemption contract, and awaits the Collector's response. In addition, the Collector's Office has indicated that a list will be provided on those properties that have redemption contracts and will forward said list to the Sheriff's Office for record-keeping.*

- E. *In reference to these sales, the Office of the Sheriff, in conjunction with the Collector of Revenue, has notified purchasers of their failure to confirm properties. Some of these properties have been confirmed, while other sales have been set aside. The properties set aside have been later resold or set for future sale. The purchaser, who by law must use an expert appraiser to testify at a confirmation hearing, is the appropriate party to confirm the sale of a property. The Office of the Sheriff, in regular contact with the Collector of Revenue, will identify parcels that have not been confirmed and will press to have the properties either confirmed or set aside.*

4.**Accounting Controls and Procedures**

An initial record of receipts is not prepared, receipts are not always secured, outstanding checks are not resolved on a timely basis, and monthly lists of liabilities are not reconciled to the bank balance.

The Sheriff's office maintains an official bank account and various ledgers to record the related receipts and disbursements of monies handled by the office cashier. All receipts are deposited into the Sheriff's bank account, except for conceal and carry permit fees which are transmitted directly to the City Treasurer. At month end, the Sheriff's official fees and land tax sale proceeds are disbursed from the bank account to the City Treasurer. Throughout the month, the Sheriff's office disburses collections from garnishments, writs of sequestration (garnishments for city and local school board employees), proceeds from sales of court ordered executions on real estate and automobiles, and monies collected by seizures of cash on hand from businesses (cash boxes) as directed by court order. The garnishments, writs of sequestration, and cash box seizures are held in the bank account pending the date of final return as stipulated by court order. Receipts for the year ended June 30, 2009, totaled \$3,999,074 and disbursements totaled \$4,138,433. As of June 30, 2009, the bank account balance was \$570,980. We noted the following concerns during our review of the Sheriff's accounting controls and procedures.

- A. The Sheriff's office does not prepare an initial record of monies received. Monies may be handled by as many as three individuals prior to being processed and recorded by the cashier for deposit in the Sheriff's office bank account or transmittal to the City Treasurer. Monies are received through the mail or over the counter by one employee and transferred to another employee for additional processing (such as preparing garnishment paperwork). Monies are not recorded until transferred to the cashier to be processed through the office's cash register and recorded in the general ledger. In addition, some of the monies received by the Sheriff's office remain in unsecure locations after work hours, including various individuals' desks. Sheriff's office policy is to transfer all receipts to the safe before an employee leaves for the evening.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, an initial record or mail log should be prepared for all monies immediately upon receipt and reconciled to the cashier's records. In addition, receipts should be kept in a secure location prior to deposit or transmittal.

- B. Procedures have not been established to resolve outstanding checks. As of May 2009, there were 135 checks outstanding for over a year. The total value of these checks was \$13,729 and some checks were over 10 years old. The Sheriff's office has not made recent attempts to locate and reissue payment to the payees. Procedures should be established to routinely investigate checks remaining outstanding over a specified period of time. Outstanding checks should be voided

and reissued to those payees who can be readily located. If the payees cannot be located, amounts should be disbursed to the state's Unclaimed Property Division in accordance with state law.

- C. Monthly lists of liabilities are prepared but are not reconciled to the balance of the Sheriff's bank account. A comparison of liabilities and reconciled book and bank balances for June 2008 through May 2009 showed the reconciled balances exceeded liabilities by varying amounts each month. Differences fluctuated from \$64 to \$5,297. In June 2009, the cashier determined a required distribution for approximately \$5,000 was not made in November 2008. This undistributed amount appears to be the main reason for the largest differences between the liabilities lists and the cash balances. This error could have been detected on a timely basis if monthly reconciliations had been performed. Other differences between liabilities and cash balances could not be explained by the cashier.

Monthly lists of liabilities should be reconciled to the cash balances to ensure accounting records are in balance, errors are detected on a timely basis, and sufficient funds are available for payment of liabilities.

Similar conditions to Parts B and C were noted in our prior audit report issued in 2003.

WE RECOMMEND the Sheriff:

- A. Prepare and maintain an initial record or mail log for all monies immediately upon receipt, and ensure all receipts are maintained in a secure location prior to deposit or transmittal.
- B. Establish procedures to periodically contact the payees and attempt to resolve outstanding checks. If payees cannot be located, the amounts should be turned over to the state's Unclaimed Property Division.
- C. Reconcile liabilities to the reconciled cash balance on a monthly basis and correct and resolve differences in a timely manner.

AUDITEE'S RESPONSE

The Sheriff submitted the following written response:

- A. *A daily log of monies received both over-the-counter and through the mail will be prepared. Any monies and corresponding paperwork not processed on the day received will be stored in the safe located in the cashier's office.*
- B. *Cashier will notify the payroll clerk of the payee and make note of the date of notification if the issue is not resolved in a timely manner. Cashier will notify his/her supervisor and a check of the last known address will be performed. A letter notifying the payee will be*

sent advising of the process to obtain funds owed. Should this fail to resolve the issue, monies due the payee will be sent to the Unclaimed Property Division.

- C. *Monthly lists of liabilities will be checked against cash balances to ensure records are in balance. Errors will be corrected in timely fashion and the necessary documentation will be recorded.*

5. Vehicle Usage

Vehicle usage logs are not maintained for the seven Sheriff's office vehicles not used for prisoner transport, including the vehicle assigned to the Sheriff. While non-commuting personal use is prohibited for all other vehicles, the Sheriff is allowed to use his city-owned vehicle for personal use but does not maintain vehicle usage logs to document commuting and personal use of the vehicle. The Sheriff estimated personal usage of 9,000 miles and commuting usage of 6,300 miles to the City Comptroller's office for calendar year 2008 and was taxed for this usage.

Without adequate usage logs, the Sheriff's office cannot effectively monitor the purpose for which the vehicles are used and whether vehicles are used for official business only. To ensure the vehicles are used appropriately and efficiently and to allow for the accurate reporting of personal or commuting mileage, usage logs should be maintained for all vehicles which include trip information (i.e., beginning and ending odometer readings, destination, and purpose), and the logs should be periodically reviewed for reasonableness.

WE RECOMMEND the Sheriff prepare a usage log for the vehicle assigned to him which documents personal and commuting use. In addition, usage logs should be prepared for all Sheriff's vehicles and the logs should be periodically reviewed for reasonableness and propriety.

AUDITEE'S RESPONSE

The Sheriff submitted the following written response:

Because he had not maintained a mileage log for his department car, the Sheriff has simply claimed 100% of the mileage on the vehicle as personal or commuting use and subsequently paid taxes on every mile recorded on the odometer. He will now experiment with the feasibility of maintaining a mileage log.

No other Sheriff's vehicle is permitted to be driven for personal use. The commander of the Transportation Unit has been instructed to institute vehicle logs to record mileage at the beginning and end of each shift.

The Sheriff's office does not conduct physical inventories of weapons or maintain complete and accurate records of weapons qualifications for all deputies who carry weapons. The Sheriff's office has 289 handguns and 4 shotguns. The Sheriff has issued 146 of these guns to deputies and the remainder are held in inventory or are considered damaged and are awaiting destruction.

- A. The office does not conduct physical inventories of either the issued or the unissued weapons. While a list of office weapons is maintained on a spreadsheet, two different employees maintain copies of the spreadsheet and differences between the records may not be detected without periodic physical inventories. To ensure all weapons are accounted for adequately and to ensure the weapons list is accurate, the Sheriff's office should conduct periodic physical inventories of both issued and unissued weapons.
- B. Records of deputies' qualifications to carry weapons are not complete and accurate. Office policy requires all personnel who carry weapons to pass annual firearms qualification testing. The weapons inventory records indicated 152 armed deputies carrying either an office-issued or a personally-owned weapon, while the office's qualifications lists indicated only 140 deputies as having participated in qualifications testing and having passed the requirements. Sheriff's officials stated the other 12 deputies did pass the qualifications testing but were inadvertently omitted from the list. Qualification testing was conducted at two locations at multiple times, which department officials stated resulted in multiple lists. To ensure all employees carrying weapons have met the annual weapons qualification requirements, the office should develop a central list or tracking system.

Similar conditions were noted in our prior audit report issued in 2003.

WE RECOMMEND the Sheriff:

- A. Conduct periodic inventories of all office weapons.
- B. Adopt procedures to ensure complete and accurate records are maintained for employees' weapons qualifications.

AUDITEE'S RESPONSE

The Sheriff submitted the following written response:

- A. *Issued weapons are inspected at the time of the Deputy's annual firearm re-qualification. Weapons not issued and held in reserve are stored in a locked safe located within the*

vault in the Carnahan Courthouse. These will likewise be inventoried at the time of the annual re-qualification.

- B. During the year audited—2008—the Sheriff’s Office was unable to access the St. Louis Metro Police Firing Range for annual re-qualification. Deputies thus had to qualify at a private range. There is a signed, dated certification on file for each of the 152 deputies who qualified during 2008.*

The Sheriff’s Office has since resumed shooting at the police firing range. As usual, the Police Department Armorer furnishes the Sheriff’s Training Director with a list of the deputies who have qualified on a daily basis. This list is reconciled with the original shooting schedule, insuring that each armed deputy qualifies annually.

HISTORY AND ORGANIZATION

CITY OF ST. LOUIS
OFFICE OF SHERIFF
HISTORY AND ORGANIZATION

The Office of Sheriff is an elective office. The Sheriff's duties are defined in Missouri statutes and the City of St. Louis Revised Code.

James W. Murphy currently serves as the Sheriff for the City of St. Louis. He has served in that capacity since he was sworn into office on January 1, 1989. His current term expires December 31, 2012. The Sheriff oversees the daily operation of the office and employs approximately 180 full-time employees. An administrative assistant and two majors supervise the office's units, which consist of the following:

Criminal Courts

The Criminal Courts Unit is responsible for building and courtroom security at the city's Criminal Courts Building. The unit is also responsible for the custody of prisoners in the circuit courts and during transportation to and from the city jail and the state Department of Corrections.

The Criminal Courts Unit also operates a property room. The Sheriff's office is responsible for the safekeeping and custody of criminal evidence and seized property received from the St. Louis Metropolitan Police Department for cases in which an arrest warrant has been issued.

Civil Courts

The Civil Courts Unit is responsible for building and courtroom security at the city's Civil Courts Building. Deputies are responsible for serving civil processes and jury duty summons as ordered by the courts.

Hospital Unit

The Hospital Unit is responsible for the custody and transportation of prisoners while receiving medical care at local hospitals and doctor's offices.

Land Tax Sales

The Sheriff's office is required by state law to auction parcels of land that a judgment has been taken against by the Collector of Revenue for failure to pay property taxes. The Sheriff's office generally holds five sales each calendar year and is responsible for collecting revenues from each sale, transmitting revenues to the City Treasurer, maintaining an accounting of all parcels of land previously auctioned, and requesting disbursements for fees due to various entities.

Administration

The Administration Unit is responsible for collecting monies and seizing property related to garnishments and executions. The unit issues concealed weapon permits to city residents. The unit is also responsible for preparation of the department's budget, timekeeping, and other personnel matters.