

**OFFICES OF THE  
STATE AUDITOR OF MISSOURI  
JEFFERSON CITY**

OFFICE OF SHERIFF  
CITY OF ST. LOUIS, MISSOURI  
YEAR ENDED APRIL 30, 1987

**MARGARET KELLY, CPA**



OFFICE OF SHERIFF  
CITY OF ST. LOUIS, MISSOURI

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## STATE AUDITOR OF MISSOURI

JEFFERSON CITY, MISSOURI 65102

MARGARET KELLY, CPA  
STATE AUDITOR

(314) 751-4824

Gordon D. Schweitzer  
Sheriff  
City of St. Louis, Missouri 63101

The State Auditor was petitioned under Section 29.230, RSMo 1986, to perform an audit of the city of St. Louis, Missouri. Accordingly, we have conducted an audit of the Office of Sheriff, city of St. Louis, for the year ended April 30, 1987. The purposes of our examination were to:

1. Study and evaluate the Sheriff's system of internal controls.
2. Perform a limited review of certain management practices to determine the efficiency and effectiveness of those practices.
3. Review probable compliance with certain constitutional provisions, statutes, administrative rules, attorney general's opinion, and city ordinances as we deemed necessary or appropriate.
4. Perform a limited review of the integrity and completeness of the Sheriff's financial reporting system.
5. Perform procedures deemed necessary to evaluate petitioner concerns.

Our examination was made in accordance with generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the Sheriff's financial records, payroll procedures and documents, expenditures, contractual agreements, and other pertinent procedures and documents; interviewed personnel of the Office of Sheriff; and compiled the information in the appendices from the records and reports of the Sheriff. The data presented in the appendices were obtained from the city's accounting system. However, they were not verified by us via additional audit procedures and, therefore, we express no opinion on them.

The accompanying History and Organization is presented for informational purposes. This background information was obtained from office management and was not subject to the audit procedures applied by us in our examination.

Our comments on management practices and related areas are presented in the accompanying Management Advisory Report.

  
Margaret Kelly, CPA  
State Auditor

September 3, 1987

## **HISTORY AND ORGANIZATION**

**OFFICE OF SHERIFF  
CITY OF ST. LOUIS, MISSOURI  
HISTORY AND ORGANIZATION**

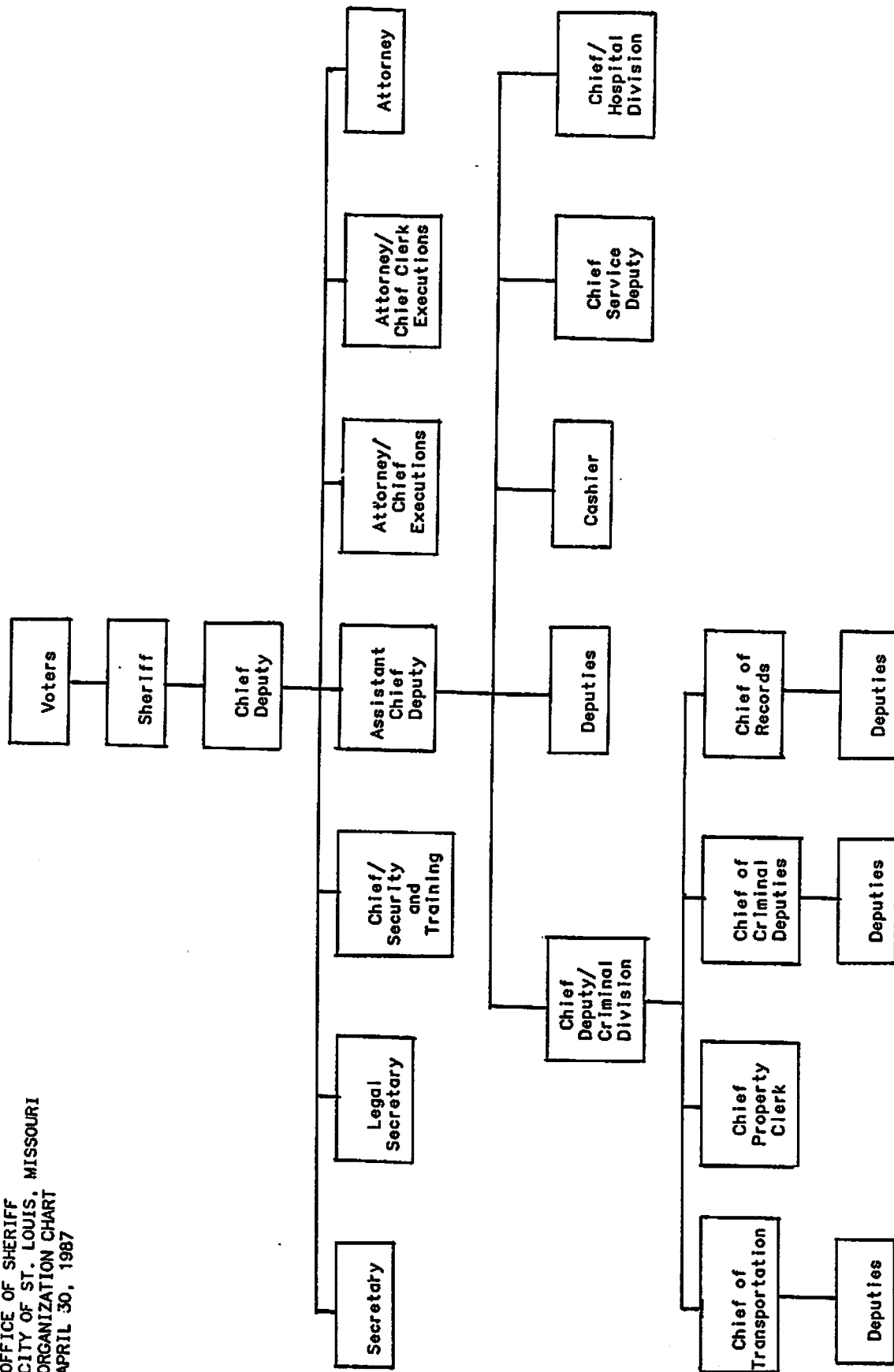
The Office of Sheriff is an elected office responsible for executing process orders of the St. Louis Circuit Court, levying executions related to garnishment/sequestration of wages or property levies, transporting prisoners between areas of confinement, and issuing jury duty summons and weapon permits. Responsibilities are governed by Missouri statutes, city ordinances, and specific court orders.

Gordon D. Schweitzer currently serves as the Sheriff for the city of St. Louis. He has served in that capacity since a special election held in December 1978, in which he was voted to fulfill the unexpired term of a prior sheriff. Sheriff Schweitzer was reelected to his position in November 1980 and November 1984. Administrative office functions are supervised by the Sheriff's appointed chief deputy. At April 30, 1987, key office personnel were as follows:

- Randolph Lynch, Chief Deputy
- Prince Claiborne, Assistant Chief Deputy
- Robert Stevenson, Chief Deputy - Courtroom
- Andrew Jackson, Chief Deputy - Criminal Division
- Robert Belscher, Chief Deputy - Execution
- Bernard Cuddihee, Assistant Chief Deputy - Execution
- John McCain, Chief Deputy - Hospital Division
- Gregory Thomas, Chief Deputy - Service Division
- Elton Parks, Chief Deputy - Transportation Division
- Walter Havey, Chief Deputy - Security Division
- Eugene Berry, Chief Deputy - Property Division

At April 30, 1987, the Sheriff employed approximately 194 full-time employees.

OFFICE OF SHERIFF  
CITY OF ST. LOUIS, MISSOURI  
ORGANIZATION CHART  
APRIL 30, 1987



## **MANAGEMENT ADVISORY REPORT**



**OFFICE OF SHERIFF  
CITY OF ST. LOUIS, MISSOURI  
MANAGEMENT ADVISORY REPORT**

As part of our examination of the Office of Sheriff, city of St. Louis, for the year ended April 30, 1987, we studied and evaluated the internal accounting control system to the extent needed to evaluate the system as required by generally accepted government auditing standards. For the purpose of this report, we have classified the significant internal accounting controls as cash, payroll, revenues, and expenditures. Our study included each of these control categories. Since the purpose of our study and evaluation was to determine the nature, timing, and extent of our audit procedures, it was more limited than would be needed to express an opinion on the internal accounting control system taken as a whole.

It is management's responsibility to establish and maintain the internal control system. In so doing, management assesses and weighs the expected benefits and related costs of control procedures. The system should provide reasonable, but not absolute, assurance that assets are safeguarded against loss, and that transactions are carried out as authorized by management and are recorded in a manner that will permit the subsequent preparation of reliable and proper financial reports.

Because of the inherent limitations in any internal control system, errors or irregularities may still occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation was made for the limited purpose described in the first paragraph and, thus, might not disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the internal accounting control system of the city taken as a whole. However, our study and evaluation disclosed certain conditions that we believe are material weaknesses and these findings are presented in this report.

We reviewed probable compliance with certain constitutional provisions, statutes, ordinances, and attorney general's opinions as we deemed necessary or appropriate. This review was not intended to provide assurance of full compliance with all regulatory provisions and, thus, did not include all regulatory provisions which may apply. However, our review disclosed certain conditions that may represent noncompliance and these findings are presented in this report.

During our examination, we identified certain management practices which we believe could be improved. Our examination was not designed or intended to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in this report should not be considered as all inclusive of areas where improvements may be needed.

The State Auditor was petitioned under Section 29.230, RSMo 1986, to audit the city of St. Louis. We included those procedures necessary in our judgment to evaluate the petitioner concerns and those concerns requiring corrective action are addressed in this report.

The period of examination for the purposes stated above included, but were not limited to, the period covered by the financial statements for the year ended April 30, 1987.

1. Delinquent Real Estate Tax Sales

Sections 92.700 through 92.870, RSMo 1986, regulate the collection of delinquent real estate taxes in the city of St. Louis and set forth the provisions for filing suit and selling land in satisfaction of delinquent tax liens. Current taxes not paid by January 1 of the subsequent tax year are deemed delinquent and the collector of revenue may file suit with the Circuit Court to satisfy the tax lien. The Circuit Court then orders the Sheriff to sell the delinquent tax real estate at a public sale.

Prospective real estate purchasers are required by law to bid an amount sufficient to cover back taxes, interest, penalties, and all other fees and costs related to the tax-delinquent parcel. Although the bid may sufficiently cover all related costs, prior to obtaining a deed on the acquired real estate parcel, the purchaser must request the Circuit Court to confirm the sale. This process is intended to provide assurance that the consideration tendered in the sale is commensurate with the value of the property. Upon confirmation of the sale and issuance of the deed, sale proceeds are distributed in a manner which satisfies all related costs. If a balance remains following distribution of the proceeds, the previous property owner is entitled to the excess. If the excess is not claimed within two years of the sale date, the amount is distributed to the taxing authorities.

Our review of the Sheriff's function as it relates to delinquent tax real estate sales revealed the following significant weaknesses:

- A. As allowed by Section 92.850, RSMo 1986, the Sheriff has appointed a deputy to conduct tax sales, maintain related records, and issue deeds pursuant to Circuit Court approval and order. At the time of our review, the Sheriff's assistant chief execution deputy was solely responsible for handling all transactions related to delinquent tax sales. We observed the deputy conducting the sales, collecting sale proceeds, maintaining custody of all records, making bank deposits, and preparing monthly bank reconciliations. Additionally, we noted some instances where the deputy's personal checks had been cashed from sale proceeds. We saw no evidence of an independent supervisory review being conducted.

As a result of one individual being responsible for all aspects of the land sales operation, the risk for undetected errors, misuse of funds, and unauthorized transactions is significantly increased. Further, the commingling of personal funds with accountable fees provides little assurance that proper fund accountability has been exercised.

To reduce these risks, controls should be in place which adequately segregate the responsibilities of record keeping, authorization, and asset custodianship.

- B. The Sheriff's assigned deputy maintains an individual sale record for each parcel sold. The record documents information including purchaser identification, sale proceeds, associated costs, and if applicable, any excess sums due to an interested party. These records serve as the basis for preparing disbursements and should represent, when totaled, accountable obligations associated with delinquent tax sales. Our review of these records indicated that, as noted below, documentation was incomplete and inaccurate:

- 1) Twenty-eight thousand, two hundred and six dollars in disbursements made were not documented on corresponding individual sale records. As a result, existing obligations were overstated by a significant amount.
- 2) Twenty-five thousand, six hundred and fifty-seven dollars in distributions of excess sale proceeds made to interested parties were also noted as being subsequently remitted to the Collector of Revenue to be distributed to taxing authorities as unclaimed excess. Since the individual distribution sheets had not been documented, the initial payment of excess was overlooked, resulting in duplicate payments and, ultimately, overpayment to the taxing authorities.

Because proceeds associated with sales of delinquent tax real estate are fully accountable and distributions thereof are strictly governed by state statute, it is imperative that controls be in place which ensure proper fiduciary accountability.

- C. A contemporaneous record of existing obligations, relating to unconfirmed sales and unclaimed excess sale amounts, is not maintained and periodically reconciled to available funds. As a result, there is no assurance that available funds will satisfactorily cover all obligations.

To ensure that sale proceeds and disbursements are properly handled and accurately posted to individual sale records and that all liabilities for open cases can be agreed to the available funds balance, an open-items listing should be prepared monthly and reconciled to the cash balance. Monthly reconciliations would provide for timely detection of errors and omissions.

- D. Bank deposits of sale proceeds are not made on a timely basis and amounts deposited are not always intact. For example, sale proceeds relating to the auction conducted August 26, 1986, were not deposited until seven days later. Additionally, checks received for real estate parcels sold on September 23, 1986, were deposited within five days. However, currency was not deposited until twelve days later, on October 6, 1986.

Untimely deposits result in the forfeiture of interest earnings and, further, significantly increase the potential for the loss or misuse of funds. Deposits which are not made intact weaken the system of internal control and increase the risk for unaccountable funds.

Sale proceeds relating to real estate parcels sold during the year ended April 30, 1987, totaled \$300,305. Based on the significance of this amount, controls should be in place which ensure bank deposits are made intact and on a daily basis or when cash on hand accumulates to \$100.

In conjunction with our review that revealed the significant weaknesses above, procedures were performed to compare available funds to existing obligations. After taking into consideration clerical errors and duplicate payments, an unreconciled difference of \$22,113 was revealed. This discovery prompted the performance of a detailed comparison of bank deposits and sales receipts. This process revealed \$19,736 in receipts which appear to have never been deposited by the funds custodian. This information was presented to the Grand Jury on October 1, 1987. The custodian of the delinquent tax sale account was indicted on three counts of felony stealing. At this time, the case is still pending; therefore, we make no recommendations regarding the shortage in the delinquent tax sale account.

**WE RECOMMEND:**

- A. Authorization, record keeping, and custodianship responsibilities for the delinquent tax sale account be adequately segregated.
- B. Record-keeping practices be improved to ensure proper disposition of sales proceeds.
- C. An open-items listing be prepared and retained. The listing should be periodically reconciled to the available cash balance, with all material differences being resolved.
- D. Sales proceeds be deposited intact, on a timely basis.

**AUDITEE'S RESPONSE**

- A. The Sheriff now maintains completely segregated record-keeping and custodian responsibilities for delinquent tax sales accounts.
- B&C. The Sheriff is in the process of setting up a complete ledger system which will allow the tracing of each land parcel from the inception of the sale to disposition.
- D. Proceeds of sales are deposited at the conclusion of each land tax sale. Proceeds are then remitted to the Comptroller who maintains fiduciary account for proceeds of Sheriff's sale.

**2. Employee Bonding**

In compliance with Section 52.070, RSMo 1986, the Sheriff has posted a \$50,000 fidelity bond with the St. Louis Circuit Court. However, there is no bond for faithful performance covering any of the Sheriff's appointed staff. Several deputies have cash handling and record-keeping responsibilities. During the year ended April 30, 1987, these individuals recorded collections in excess of \$3,200,000.

In order to reduce any potential liability from the loss, theft, or misuse of funds, it is essential that all personnel handling cash be appropriately bonded. The importance of fidelity bonding becomes apparent when instances such as those noted in Management Advisory Report No. 1. occur.

Bond coverage should be commensurate with collections and average cash balances.

WE RECOMMEND the Sheriff obtain adequate bond coverage for all personnel handling cash.

### AUDITEE'S RESPONSE

Sheriff is considering separate bond coverage for employees handling cash.

#### 3. Banking Practices

The Sheriff processes cash receipts and disbursements through two bank accounts. The main bank account processes all sheriff's fees and garnishments. The second bank account serves as a depository for proceeds of delinquent tax land sales. Our review of controls and procedures relating to banking practices revealed the following concerns:

- A. The Sheriff's office does not have written collateral security agreements with depository banks handling official bank accounts. Without such an agreement, the Sheriff has no assurance that account balances are being properly monitored for deposits in excess of Federal Deposit Insurance Corporation (FDIC) coverage.

At August 8, 1986, the Sheriff's fee and garnishment account had approximately \$22,000 in uncollateralized deposits. During the period September 29, 1986, through December 9, 1986, the land sales account balance exceeded the \$100,000 FDIC coverage. On October 30, 1986, approximately \$189,000 in unsecured funds were identified. Because a collateral security agreement requiring the bank to pledge additional securities did not exist, these funds were not protected. In the event of bank failure, the unsecured deposits might not be fully recoverable.

Section 110.020, RSMo 1986, provides that the value of securities pledged shall at all times be not less than 100 percent of the actual amount on deposit, less the amount insured by the FDIC. Entering into a formal banking agreement would provide assurance that account balances were being properly monitored for adequate collateralization.

- B. Securities pledged on behalf of deposits held in the Sheriff's general operating bank account do not comply with state statute. During the year ended April 30, 1987, the Sheriff's depository bank pledged a \$100,000 Tennessee state general purpose bond as collateral security. Section 95.530, RSMo 1986, which outlines acceptable securities to be held by the city of St. Louis, allows only United

States (U.S.) bonds and certificates, U.S. guaranteed obligations, state of Missouri bonds, or city of St. Louis bonds to be pledged as depositary insurance.

It is the Sheriff's responsibility to ensure that the character of collateral securities pledged is within the guidelines of Section 95.530, RSMo 1986.

- C. Cash receipts associated with fees and garnishments are deposited into a noninterest-bearing checking account. Although the Sheriff remits fees monthly to the City Treasurer, cash balances accumulate during the month and, in fact, the bank balance at April 30, 1987, was approximately \$90,000. We did not determine an amount of interest income lost due to the large number of investment alternatives available; however, by investing official funds a substantial amount of interest earnings could be generated for the city.

**WE RECOMMEND** the Sheriff:

- A. Enter into formal collateral security agreements requiring depositary banks to ensure sufficient collateral securities are pledged at all times.
- B. Ensure the acceptability of collateral securities pledged by complying with Section 95.530, RSMo 1986.
- C. Invest the funds in his office's control in order to maximize revenue for the city. The Sheriff should consider using an interest-bearing checking account.

**AUDITEE'S RESPONSE**

As disclosed in the audit, the Sheriff has two bank accounts. One account processes all Sheriff's fees and garnishments. The second account serves as depositary for delinquent land tax sales.

All Sheriff's bank accounts now have proper collateral security.

Responding with respect to the account having fees and garnishments: The balance in this account does not exceed \$100,000. No special collateralization security agreement is needed as it falls within the protection of FDIC coverage. This account is now an interest-bearing account.

Responding now to the other bank account which serves as a depositary for proceeds for delinquent land tax sales: During the course of the audit the Sheriff obtained collateral security agreements from the bank for deposits which exceed \$100,000. This agreement with the bank is ongoing, and is in place when the deposit is in excess of \$100,000. This bank account is an interest-bearing account.

#### AUDITOR'S COMMENT

The fees and garnishment bank account may normally not exceed \$100,000; however, as mentioned above, on August 8, 1986, the bank balance was in excess of FDIC insurance limits. The Sheriff should review the fee and garnishment account periodically to ensure adequate coverage.

#### 4. Accountability over Open Items

The Sheriff's office did not prepare monthly listings of liabilities for funds held in trust pending turnover to the responsible party. At our request, the cashier prepared a listing. At July 31, 1987, cash balances exceeded known obligations by approximately \$6,900. Approximately \$1,400 or 20 percent of the excess relates to unclaimed garnished payroll checks dated 1975 through 1978.

To ensure that cash receipts and disbursements are properly handled and existing cash balances are specifically identified with open cases, monthly listings of liabilities should be prepared and reconciled to the cash balance.

WE RECOMMEND the Sheriff continue to prepare and retain monthly listings of existing obligations and periodically reconcile these to the cash balance. The current excess balance should be identified to the extent possible. Any remaining unidentified amounts should be brought to the Comptroller's attention for proper disposition.

#### AUDITEE'S RESPONSE

Implemented.

#### 5. Expenditures

The Sheriff's office processes all payments for goods and services, including personal services, through the Comptroller's office. Each month the Comptroller's office gives the Sheriff's office reports of monthly and year-to-date charges against appropriations. Our review of established processing controls over expenditures indicated the Sheriff does not properly monitor these expenditures.

- A. The Sheriff's office does not maintain a control total of invoices submitted to the Comptroller's office. Complete files of invoice copies and vouchers are maintained; however, a reconciliation to agree Comptroller charges to internal expenditure records is not performed. As a result, there is little assurance that reductions in appropriation balances processed by the Comptroller's office represent only actual expenditures of the Sheriff's office.

To provide accountability over expenditures and to ensure that amounts charged against appropriations are proper, the Sheriff should maintain an expenditure control ledger and reconcile charges and balances with the Comptroller's office on a monthly basis.

- B. Requests for meal reimbursements are not consistently made in compliance with city travel regulations. Our review of meal

reimbursement requests revealed claims that exceeded the \$38 per diem allowance. The excessive claims related to lunch expenses being claimed for reimbursement at \$12 instead of the allowed \$10. Although these excessively claimed amounts were approved by the Comptroller and subsequently paid, the responsibility for complying with established regulations lies with the Sheriff. Excessive reimbursement claims result in the unnecessary depletion of the travel expense appropriation as well as noncompliance with established regulations.

To ensure compliance with established travel regulations, more care must be exercised when preparing and approving meal reimbursement requests.

**WE RECOMMEND** the Sheriff:

- A. Maintain an expenditure control ledger and reconcile charges and balances with the Comptroller's office monthly.
- B. Submit meal reimbursement requests in accordance with established city travel regulations.

**AUDITEE'S RESPONSE**

- A. Sheriff's vouchers are now being reconciled against the year-to-date general ledger which is the Comptroller's printout prepared by the Comptroller.
- B. Travel regulations are now being prepared in compliance with the regulations as prepared by the Comptroller.

**6. Cash Receipt Procedures and Controls**

During the year ended April 30 1987, the Sheriff's office processed approximately \$3.2 million in cash receipts. Our review of the procedures for handling these funds disclosed the following areas where internal accounting controls could be strengthened:

- A. Monies received through the mail, comprising approximately 49 percent of total receipts, are not recorded in a mail log of receipts. Mail is received and opened by a deputy clerk and then distributed to the various revenue recording sections by the chief deputy sheriff. Once recorded, the monies are given to the cashier for deposit preparation. The practice of allowing at least three individuals to handle monies prior to deposit greatly reduces the assurance that all monies received through the mail are properly recorded and deposited intact. Further, excessive handling of checks and cash is not necessary to complete recording transactions.

Mail receipts should be centrally logged in by an individual independent of other cash handling and record-keeping responsibilities. Receipts should be immediately deposited with the cashier, with a proper reconciliation between the mail log entries



and deposited amount. Individual departments could then use the mail log to record their respective receipts.

- B. Checks are not restrictively endorsed upon receipt. Checks received over the counter and through the mail are not restrictively endorsed until remitted to the cashier for deposit.

To safeguard against the potential loss or misuse of funds, checks should be restrictively endorsed immediately upon receipt.

- C. Cash receipts are not deposited in the official bank accounts on a timely basis. Although cash receipt journals are posted daily, the monies are maintained in a locked vault until the weekly bank deposit is made. Deposit amounts consistently exceed \$100. Office personnel stated more frequent deposits were too time consuming although we noted the close proximity of the depository bank to the Sheriff's office. Untimely deposits result in idle cash being susceptible to theft or misuse.

To safeguard accountable assets, bank deposits should be made when cash on hand accumulates to a level where the risk of theft or misuse of funds exceeds the associated cost of making a bank deposit.

- D. Concealable weapon permits are issued by the office as prescribed by Section 564.630, RSMo 1986. Our review of controls disclosed the following areas in need of improvement:

- 1) Concealable weapon permits are not prenumbered. Instead, copies of blank permits are made and then manually numbered by a deputy clerk. This process provides little assurance as to the completeness of recorded gun permits and associated cash receipts.
- 2) Although it was indicated that the custodial clerk and cashier agree gun permit receipts on a regular basis, documentation of this reconciliation process is not retained. As a result, there is not an adequate audit trail to provide full accountability over gun permit revenues.

Controls should be in place which ensure that all fees charged for goods and services provided are being accounted for in full.

- E. As ordered by the Circuit Court, the Sheriff's office is responsible for serving execution papers at the site of an eviction. The party requesting eviction is charged an \$8.50 fee for the service. The fee is charged and collected upon serving the eviction papers. Prenumbered receipts are not issued for monies collected. Instead, the eviction paper is merely marked paid. This process does not provide adequate assurance that all eviction fees collected are properly remitted for deposit into the Sheriff's bank account.

All individuals handling cash should be provided with a means to ensure that all monies collected are being accounted for properly.

Requiring the individual requesting eviction to pay the related fee either in person or through the mail would provide more assurance over fee accountability.

- F. The Sheriff's office is also responsible for collecting monies levied by the courts from individuals and businesses indebted to creditors. Internal accounting controls over the levy collection process were deficient in the following areas:
- 1) Receipts issued by deputies for monies collected under court order are not in duplicate and are not prenumbered. Cash receipts are remitted to the assistant chief execution deputy accompanied only by a handwritten note. There is no method to ensure that the cash receipts turned over for deposit are either complete or accurate.
  - 2) The Sheriff's office maintains no permanent record of levied amounts collected and disbursed. During the period in which the writ of execution is active and monies are being collected, individual receipt amounts are recorded on the court document. Once the judgment is satisfied and creditors have been paid, the document is returned to the court. The Sheriff has no record at that point to provide evidence that amounts levied have been properly collected and the amount of the judgment agrees to the disbursement made to the creditor.
  - 3) The assistant chief execution deputy's system of filing writs of execution associated with levies is generally inadequate. Records were hard to locate due to improper filing and organization.

As the fiduciary agent appointed by the court to properly collect, record, and distribute monies associated with writs of execution, the Sheriff should implement controls which provide an adequate audit trail and easy access to records.

**WE RECOMMEND the Sheriff:**

- A. Establish a mail log of receipts which identifies receipts by revenue source. The log should be periodically reconciled to bank deposits by an independent party.
- B. Require all checks to be restrictively endorsed upon initial receipt.
- C. Deposit all monies intact on a basis that ensures the completeness and safety of deposited funds.
- D.1. Obtain prenumbered concealable weapon permits and reconcile the numerical sequence of the permits issued to the actual funds collected.
2. Retain documentation of the concealable weapon permit receipt reconciliation prepared by the Custodial Clerk and Cashier.

- E. Consider requiring eviction fees to be paid in person or through the mail prior to service of eviction notice.
- F.1. Account for court levy collections by issuing prenumbered receipt slips and agreeing issued slips to related revenues.
- 2. Maintain complete and permanent records documenting, by case name, court-ordered levy amounts and monies collected and disbursed.
- 3. Require a well-organized system for filing writs of execution relating to court levies be maintained.

#### **AUDITEE'S RESPONSE**

- A-C. All mail will be received by a Sheriff's deputy of supervisory rank. All checks will be restrictively endorsed on immediate receipt. Checks, bearing restrictive endorsement will be logged in by respective desks and given to the cashier for deposit.
- D. After the supply of the existing gun permit forms and receipts have been depleted the Sheriff will obtain prenumbered permits and corresponding receipts. This procedure will allow the City Auditor to trace monies received into the cashier's accounts.
- E. The Sheriff will obtain prenumbered receipts in executions involving evictions, as soon as the existing supply of receipts has been depleted. No eviction will be undertaken without the custodial deputy receiving the statutory fee for completing evictions.
- F. The Sheriff will obtain prenumbered receipts with respect to court levy collections as soon as present receipts have been depleted. These receipts will identify the amount due, collected, case number, and style of case. These will form a permanent record of information transcribed upon the court execution and will be assembled for all collections made under the statutory term of the execution itself.

#### **7. Personnel Records and Procedures**

As a separate elective office, the Sheriff is not subject to the city's civil service personnel policies. The Sheriff has, however, established personnel policies addressing compensated leave, timekeeping, and other administrative issues. Our review of these policies brought to our attention the following concerns:

- A. All Sheriff's office personnel are required to record time worked on a daily basis. The sheets used for recording the amount of time worked are used as a basis for computing the biweekly payroll. Our review of this process indicated that supervisors are not signing the time sheets to document a review for completeness and accuracy. As a result, assurance that computed payroll amounts accurately reflect actual hours worked is diminished.

Independent supervisory review and approval of time sheets increases the assurance that wages paid are based on actual hours worked.

- B. Sheriff's office employees are not required to document vacation and sick leave taken in a uniform manner. Leave taken is verbally authorized by each employee's supervisor and recorded on the supervisor's personal calendar. Copies of each calendar day are then forwarded to the leave record custodian for updating the cumulative leave records. Employees are not periodically informed of their leave used or their respective balances. This process provides little assurance that records of vacation leave and sick leave properly reflect leave time authorized and taken.

Formal leave request forms, requiring supervisory approval, would provide adequate support for leave taken. This documentation would provide additional assurance that all leave time earned and taken was properly recorded and authorized.

- C. There is no written policy addressing sick leave benefits provided. According to the Sheriff, each employee is granted twelve sick days per year, with a maximum accrual of thirty days. According to office personnel, there are no guidelines addressing the use of sick leave. Granted sick leave may be used at the employees discretion, irrespective of illness, providing a supervisor is notified.

Such an unwritten and ambiguous policy provides little assurance that all employees are aware of benefits provided and are adhering to the verbal guidelines. This weakness results in an increased risk that sick leave time will not be uniformly granted or used for its intended purpose. Additionally, when authorized on a per incident basis, without firm guidelines, the Sheriff's potential liability for discriminatory action is escalated.

A written policy addressing sick leave granted, the method of accrual, maximum accrual levels, and the circumstances in which sick leave will be authorized, would provide better assurance that all employees are cognizant of benefits provided and the purpose for which they have been granted.

**WE RECOMMEND the Sheriff:**

- A. Prepare payroll checks only on the basis of an independently approved time record.
- B. Require all vacation and sick leave taken to be supported by a formal leave request form.
- C. Establish and follow a written policy addressing sick leave benefits provided and the purpose for which sick leave can be used.

**AUDITEE'S RESPONSE**

- A. Time records for deputy sheriffs are maintained in the following manner: Deputies are required to keep a daily sign-in and sign-out sheet. These sheets are reviewed by the supervisor and submitted to the payroll clerk supervisor. From these supervised time sheets the payroll records are prepared.

B&C. The Sheriff provides a form whereby each deputy requests a given period for vacation. Sick leave is established at the discretion of the Sheriff. It is the Sheriff's position that all deputies are employees at will.

8. Sheriff's Attorney

Section 57.540, RSMo 1986, allows the sheriff of the city of St. Louis to employ an attorney at law to aid and advise him in the discharge of his duties and to represent him in court. For services provided, the attorney receives annual compensation of approximately \$6,000.

The Sheriff does not have a formal, written agreement with this attorney. According to office officials, the attorney has verbally agreed to provide ten hours of service during each pay period. However, the attorney is not subject to established office personnel policies and, therefore, is not required to document actual hours worked or specific services provided. As a result, the Sheriff has no verifiable means for evaluating whether services rendered by the attorney are commensurate with the compensation provided. Further, since the attorney has no clearly defined job description, outlining services to be provided and responsibilities to be fulfilled, the Sheriff has no basis for evaluating the quality of legal services provided.

Section 432.070, RSMo 1986, requires that a contract entered into by a city be in writing and specifically address agreement details and compensation. In addition, a properly written agreement is necessary to ensure that involved parties are cognizant of their respective duties and responsibilities.

WE RECOMMEND the Sheriff outline expected duties and responsibilities of his appointed attorney in a properly executed and written agreement.

AUDITEE'S RESPONSE

The Sheriff's attorney mentioned in Section 57.540, RSMo 1986, is used in support as needed. The Sheriff will formalize the financial arrangement to assure that services are rendered at prevailing professional rates of charge.

9. Writs of Sequestration

The Sheriff's office is responsible for processing writs of sequestration (garnishment of wages) executed against employees of the city of St. Louis and the St. Louis Board of Education. The Sheriff's office procedures for wage garnishment, as documented below, result in excessive paper work, time, and effort:

- . For each pay period in which wages are to be garnished, a regular payroll check for the employee is prepared by the city's payroll system and is sent directly to the Sheriff's office.
- . The garnished amount is computed.

- The employee's check is deposited in the Sheriff's bank account and a Sheriff's check is prepared for the balance due the employee.
- The Sheriff retains the collected amount until the end of the execution period. The amount collected is then distributed to the employee's creditor.

These processing procedures result in excessive paper work and time. Further, since several people handle the checks prior to distribution to the employee, the risk for loss or misuse of negotiable instruments is greatly enhanced. During the year ended April 30, 1987, approximately \$115,000 was deducted from city employee checks relating to wage garnishments. Section 525.310, RSMo 1986, which addresses wage garnishments of governmental employees, states that the court may exercise its discretion in appointing an authorized individual to execute wage garnishments. Through an appropriate legal agreement, it would appear that the Comptroller's office could be authorized to execute writs of sequestration. Garnishment withholdings could be automated in conjunction with other payroll deductions and transferred to a Sheriff's holding account. Upon fulfillment of the judgment amount, the Sheriff could request payment to creditors. This procedure would expedite the garnishment process while strengthening physical controls over negotiable instruments.

All reasonable efforts should be made to streamline operations while complying with the orders of the courts.

**WE RECOMMEND** the Sheriff evaluate the efficiency of the current procedure for processing writs of sequestration and research the legality and feasibility of the courts authorizing the Comptroller's office to be the executioner of the writs of sequestration.

### **AUDITEE'S RESPONSE**

Since the inception of the audit, court rules have been changed and writs of sequestration have been redesignated as writs of execution. As soon as the new procedure regularizes itself the Sheriff will evaluate the possibility of using the comptroller's assistance in the processing of the writ of execution as it applies to city employees.

### **10. Extradition of Fugitives**

The Sheriff does not claim state reimbursement for the necessary and reasonable expenses connected with the extradition of fugitives. According to Section 548.221, RSMo 1986, the governor may appoint an agent to deliver to the county in which an offense was committed, a person charged with a crime or with escaping confinement or breaking bail, probation, or parole terms. Further, Section 548.243, RSMo 1986, states that persons arrested in any other state may waive extradition and consent to return to the state of Missouri. For the return of such persons, the Sheriff of the county in which the offense was committed may appoint an authorized agent. All necessary and reasonable expenses incurred as a result of extradition cases are reimbursable to the Sheriff by the state.

According to the Sheriff, state reimbursement is not claimed because neighboring counties do not make such claims. In addition, the Sheriff indicated that the aforementioned statute references had been misinterpreted by the State Auditor and, further, if state reimbursement was allowable, responsibilities for submitting claims rested not with the Sheriff's office but with the Comptroller's office. Our discussions with the Governor's office, the reimbursement approval authority, revealed that actual costs associated with extradition are recoverable by the city through the state reimbursement process.

It appears that the Sheriff's failure to claim state reimbursement for extradition expenses resulted in a loss of approximately \$2,800 in hotel and plane fare expenses for the year ended April 30, 1987. The Sheriff's office incurred additional costs relating to meals. The city's established travel policy reimburses meal expenses on a per diem basis. To qualify for state reimbursement, however, meal expenses associated with extradition must be claimed at the actual amount. The \$2,800 forfeited reimbursement, as a result of indeterminable meal costs, represents a minimum estimate.

The Sheriff's office should take advantage of all opportunities to reduce costs by capitalizing on all reimbursement options.

WE RECOMMEND the Sheriff claim state reimbursement for allowable expenses incurred in connection with the extradition of fugitives as allowed by Sections 548.221 and 548.243, RSMo 1986. Records maintained in conjunction with this should include documentation of actual meal expenses incurred.

#### AUDITEE'S RESPONSE

The Sheriff's office now has forms which will be used in claiming state reimbursement for allowable expense incurred in connection with the extradition of fugitives as provided by Sections 548.221 and 548.243, RSMo 1986.

#### 11. Accounting for Seized Property

The Sheriff's office is required to retain property seized from criminal offenders until the court settles the related case. The Sheriff's system to account for seized property provides an inadequate level of accountability over property items received and stored.

Currently, as items are received, a designated custodian prepares a prenumbered voucher which documents all pertinent information relating to the property item, such as case number, property description, and plaintiff and defendant name. Concurrently, the property item is physically tagged with information similarly recorded on the voucher document. The voucher is then filed alphabetically by defendant name and the item is placed in a secured storage area. Until a court order authorizes the release of the property, the items remain in storage, with one individual being primarily responsible for custodial and record-keeping duties. The current filing system organizes voucher documents by defendant name. To ensure all property items received were properly recorded and all property items released have been authorized the numerical sequence of the prenumbered

voucher should be accounted for. As a result of this weakness, we could not be reasonably assured that items in storage represented all property items charged to the Sheriff's custody.

By expanding the current filing system, accountability over assets held in custody could be improved. The prenumbered vouchers could serve as a basis for a cross-referencing system. All prenumbered vouchers could be independently accounted for and those associated with items not yet released could be independently agreed to the number of items in storage. Those items released under court approval should be documented in the cross-reference system by acknowledgment of the receiving party.

It is essential that full accountability over assets held in trust be provided for and the accuracy of such accountable records be periodically verified by an independent party.

WE RECOMMEND the Sheriff improve accountability over seized property items by establishing a cross-referencing system, by voucher number. Items in storage should be periodically inventoried by an independent party.

#### AUDITEE'S RESPONSE

The Sheriff, through his deputies, has been considering a control system for the accountability of seized property. This involves discussions with representatives of the regional justice of information system as to a suitable program. As funds become available these discussions will continue.

#### 12. Sale of Weapons

Approximately every three years, the Circuit Court authorizes the Sheriff to conduct a sale of weapons seized by the city police department as evidence in criminal proceedings. Proceeds from the weapons sale in October 1986, totaled approximately \$11,000.

Controls over sale proceeds do not provide an adequate audit trail and, further, one individual is primarily responsible for all aspects relating to the weapons sale. These weaknesses provide no assurance that all sales receipts have been recorded and properly deposited with the City Treasurer. Receipt slips are prepared for each weapon sold. However, receipt slips are not prenumbered and there is no independent reconciliation of cash receipts and issued receipts. To adequately account for all cash receipts, prenumbered receipt slips should be issued for all monies received, and procedures should be established to independently account for the numerical sequence of receipt slips.

WE RECOMMEND the Sheriff consider issuing prenumbered weapon sale receipts slips and appointing an individual independent of all sale responsibilities to reconcile sale proceeds to issued receipts.

#### AUDITEE'S RESPONSE

As current supplies of receipts are depleted the Sheriff will issue prenumbered receipts on the sale of weapons as authorized by the Circuit Court. The sales will be monitored by a person different from the individual conducting the sale.



**13. Monthly Fee Turnovers**

Fees collected by the Sheriff are not paid over to the city treasury in compliance with statutory provisions. Section 57.490, RSMo 1986, states that all fees earned by the sheriff shall be paid into the city treasury on or before the tenth day of the next succeeding calendar month. Our review of the Sheriff's revenue turnover to the city revealed that in only one instance during the period May 1986 to April 1987, was the remittance made in compliance with established time frames. The remaining eleven months had time lags between the due date and actual turnover date ranging from four to thirty-five days.

In addition to statutory noncompliance, the Sheriff's bank account is noninterest-bearing and, therefore, untimely revenue turnovers result in lost interest earnings to the city.

**WE RECOMMEND** the Sheriff implement procedures which ensure turnovers of monthly fee collections are made in compliance with Section 57.490, RSMo 1986.

**AUDITEE'S RESPONSE**

The Sheriff now turns over all Sheriff's fees to the City Treasurer monthly by the tenth of the next succeeding calendar month. As of the present time, all Sheriff's bank accounts are interest-bearing accounts.

**14. Distribution of Excess Tax Sale Proceeds**

As explained in Management Advisory Report No. 1., if a balance remains following the distribution of delinquent tax sale proceeds and has not been claimed within two years of the sale date, the amount is distributed to the taxing authorities. Our review of the Sheriff's procedures relating to the excess sale proceeds revealed that because of clerical oversight, the Sheriff failed to remit \$5,738 in unclaimed excess sale proceeds to the Collector of Revenue for taxing authority distribution. Section 92.840, RSMo 1986, states that any funds remaining unclaimed two years from the real estate sale should be distributed to the appropriate taxing authorities.

**WE RECOMMEND** \$5,738 in unclaimed excess sale proceeds due to the various taxing authorities be properly transmitted.

**AUDITEE'S RESPONSE**

The amount mentioned as unclaimed proceeds has been remitted to the Collector of Revenue.

## APPENDICES

Appendix A

OFFICE OF SHERIFF  
CITY OF ST. LOUIS, MISSOURI  
STATEMENT OF ESTIMATED AND COLLECTED REVENUES  
YEAR ENDED APRIL 30, 1987

(U N A U D I T E D)

	Estimated Revenues	Collected Revenues	Collected Revenues Over (Under) Estimated Revenues
Garnishment fees	\$ 100,000	112,412	12,412
Condemned property sales	25,000	26,616	1,616
Transportation of prisoners	25,000	26,338	1,338
Miscellaneous court fees	55,000	62,198	7,198
Sheriff's fees	100,000	43,447	(56,553)
Criminal court fees	7,950	7,967	17
Miscellaneous permits	7,000	6,543	(457)
Xerox copies	50	124	74
	<u>\$ 320,000</u>	<u>285,645</u>	<u>(34,355)</u>

Appendix B

OFFICE OF SHERIFF  
CITY OF ST. LOUIS, MISSOURI  
STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
YEAR ENDED APRIL 30, 1987

(U N A U D I T E D)

	Appropriations	Expenditures	Appropriation Balance
PERSONAL SERVICES			
Salaries	\$ 3,160,703	3,158,231	2,472
Fringe benefits	662,572	648,828	13,744
Workers' compensation	200	-0-	200
Total Personal Services	3,823,475	3,807,059	16,416
EXPENSE AND EQUIPMENT			
Office and operating supplies	15,800	14,067	1,733
Wearing apparel	42,773	16,164	26,609
Equipment purchases and repair	105,700	78,368	27,332
Operating expenses	94,100	89,154	4,946
Transportation of prisoners	10,000	7,292	2,708
Building repairs	2,100	-0-	2,100
REJIS court information system	20,742	15,637	5,105
Deputy training	10,000	9,125	875
Prior year encumbrances	48,173	48,173	-0-
Total Expense and Equipment	349,388	277,980	71,408
Total Office of Sheriff	\$ 4,172,863	4,085,039	87,824

## Appendix C

OFFICE OF SHERIFF  
CITY OF ST. LOUIS, MISSOURI  
COMPARATIVE STATEMENT OF ADMINISTRATIVE EXPENDITURES

(UNAUDITED)

Year Ended April 30,

	1987	1986	1985	1984	1983
Salaries	\$ 3,158,231	3,019,433	2,882,948	2,623,739	2,184,168
Fringe benefits	648,828	576,931	616,549	329,833	145,657
Office supplies	3,662	3,884	3,573	3,802	4,223
Printed supplies	7,915	8,885	7,671	3,661	2,196
Wearing apparel	6,283	29,763	23,623	24,943	11,914
Miscellaneous supplies	1,232	991	557	490	1,989
Office equipment	2,169	-0-	-0-	3,081	344
Communication equipment	-0-	-0-	240	9,677	906
Security equipment	576	-0-	43,872	4,417	-0-
Postage	25,000	21,000	15,000	13,000	10,000
Telephone and communications	-0-	944	928	1,300	80
Office services	3,549	1,976	1,710	1,061	6,582
Allowance - personal cars	56,604	55,296	54,384	45,131	49,575
Vehicle repairs	-0-	-0-	-0-	995	962
Building repairs	-0-	-0-	1,650	-0-	-0-
Office equipment repairs	1,895	2,775	2,031	2,960	2,903
Equipment rental	1,888	2,787	2,789	6,460	49,277
Prisoner transportation	7,292	5,934	8,047	16,035	18,501
Travel expenses	2,114	1,660	1,238	1,224	915
REJIS court information service	15,637	16,665	16,088	41,519	-0-
ESD equipment service	24,005	48,806	33,567	25,799	-0-
Prior year encumbrance	48,173	-0-	-0-	-0-	-0-
Deputy training	9,125	5,844	-0-	12,441	2,031
Total	\$ 4,024,178 *	3,803,574	3,716,465	3,171,568	2,492,223

\* This amount does not reflect encumbrances and commitments totaling \$60,861.

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