

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

OFFICE OF THE CITY MARSHAL
CITY OF ST. LOUIS, MISSOURI
YEAR ENDED JUNE 30, 1988

MARGARET KELLY, CPA



OFFICE OF THE CITY MARSHAL
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

Honorable Vincent C. Schoemehl Jr., Mayor
and
Benjamin M. Phillips, City Marshal
City of St. Louis, Missouri 63103

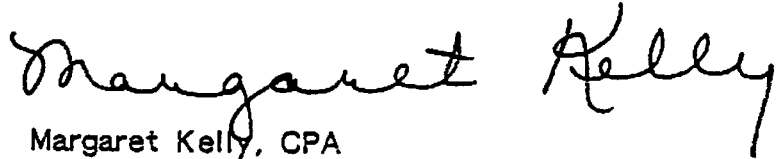
The State Auditor was petitioned under Section 29.230, RSMo 1986, to perform an audit of the city of St. Louis, Missouri. Accordingly, we have conducted a review of the Office of the City Marshal, city of St. Louis. Our review included, but was not limited to, the city's fiscal year ended June 30, 1988. The purposes of our review were to:

1. Study and evaluate the City Marshal'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 City Marshal's financial reporting system.
5. Perform procedures deemed necessary to evaluate petitioner's concerns.

Our review 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 City Marshal's financial records, payroll procedures and documents, expenditures, contractual agreements, and other pertinent procedures and documents; interviewed personnel of the Office of the City Marshal; and compiled the information in the appendices from the records and reports of the City Marshal. 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 auditing procedures applied by us in our audit.

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

A handwritten signature in cursive script that reads "Margaret Kelly". The signature is written in dark ink and is positioned above the printed name and title.

Margaret Kelly, CPA
State Auditor

April 25, 1989

HISTORY AND ORGANIZATION

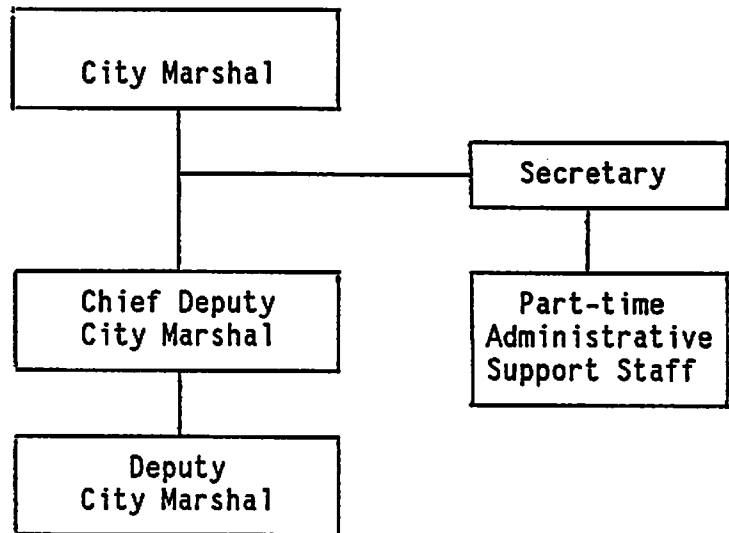
**OFFICE OF THE CITY MARSHAL
CITY OF ST. LOUIS, MISSOURI
HISTORY AND ORGANIZATION**

The Office of the City Marshal is responsible for providing security to the city courts, the Traffic Violations Bureau, and the City Counselor's office located in Kiel Auditorium. As provided for in the Missouri statutes, the City Marshal's office is also responsible for serving subpoenas and summons.

Charles T. Wilson Jr. served as the City Marshal for the city of St. Louis, from August 1, 1988, to June 29, 1989. Effective June 30, 1989, Benjamin M. Phillips was commissioned by Mayor Vincent C. Schoemehl, Jr., as City Marshal. At June 30, 1988, the Chief Deputy City Marshal was Terry Metcalfe.

At June 30, 1988, the Office of the City Marshal employed thirteen full-time employees.

OFFICE OF THE CITY MARSHAL
CITY OF ST. LOUIS, MISSOURI
ORGANIZATION CHART
JUNE 30, 1988



MANAGEMENT ADVISORY REPORT

OFFICE OF CITY MARSHAL
CITY OF ST. LOUIS, MISSOURI
SUMMARY OF FINDINGS

1. Payroll and Personnel Policies and Procedures (page 9)

- A. Overtime and compensatory time was incorrectly computed in some instances.
- B. Adequate leave records for the City Marshal are not maintained.

2. Expenditure Policies and Procedures (pages 9-10)

The City Marshal's manual expenditure ledger does not contain all payroll expenditures. Further, the ledger is not reconciled to the Comptroller's expenditure reports.

3. Cash Receipts Policies and Procedures (pages 10-11)

- A. The individual who receives cash also maintains the receipt records.
- B. Cash collected is not turned over to the Traffic Violations Bureau on a timely basis.
- C. Prenumbered receipt slips are not issued for all monies received.

4. Confiscated Weapons (pages 11-12)

- A. Inventory records are not maintained for weapons confiscated from individuals.
- B. The release of confiscated weapons to the St. Louis Police Department is not properly documented.

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

As part of our review of the Office of the City Marshal, city of St. Louis, for the year ended June 30, 1988, 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 review we identified certain management practices which we believe could be improved. Our review 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 review for the purposes stated above included, but was not limited to the period covered by the financial statements for the year ended June 30, 1988.

1. Payroll and Personnel Policies and Procedures

Our review of the payroll and personnel policies revealed the following:

- A. During our review, we noted overtime and compensatory time earned was computed incorrectly in some cases. Employees were credited seventy-five minutes for thirty minutes of overtime worked. This is in violation of the city's personnel policy allowing time and one-half for overtime worked. Further, such errors result in excessive overtime costs. Procedures and administrative controls should be in place which prohibit this from reoccurring.
- B. Adequate leave records for the City Marshal are not maintained. According to the Department of Personnel Administrative Regulation No. 115, all biweekly employees working at least half time, including employees in "excepted" positions, can earn up to 16 hours of bonus pay or compensatory time for perfect attendance during the incentive period. Excepted positions include department heads who are appointed by the Mayor. However, the regulation stipulates records must have been maintained documenting sick leave usage. We noted City Marshal Phillips received \$264 of bonus pay without maintaining such records. This is a violation of the regulation. The City Marshal should maintain adequate leave records to ensure compliance with the city's personnel policies.

WE RECOMMEND:

- A. Overtime and compensatory time be paid at the appropriate rates.
- B. The City Marshal maintain adequate sick leave records.

AUDITEE'S RESPONSE

- A. A periodic supervisory review of payroll records by the Chief Deputy Marshal and City Marshal has been instituted.
- B. Previously, a request for vacation or sick leave by the City Marshal was submitted in writing to the Mayor's office. In addition to a letter to the Mayor's office, a daily record of leave used by the City Marshal is now being maintained by the payroll clerk.

2. Expenditure Policies and Procedures

The City Marshal's office processes all payments for goods and services, including personal services, through the Comptroller's office. The Comptroller's office issues to the City Marshal monthly reports of the month's and year-to-date charges against appropriations.

The manual expenditures ledger is maintained by the same individual who prepares the requisitions and vouchers for payment. In addition, the manual ledger does not contain certain information relating to payroll expenditures, such as social security, medical insurance, and life insurance expenditures. This ledger is not reconciled to the Comptroller's expenditure reports by someone independent of the expenditure function. To ensure all amounts charged against appropriations represent bona-fide City Marshal expenditures, it is essential the manual ledger contain complete expenditure information and be reconciled monthly to the Comptroller's reports by someone independent of the expenditure function.

WE RECOMMEND the City Marshal maintain a complete manual expenditure ledger. Charges and balances should be reconciled monthly with the Comptroller's reports by someone independent of the expenditure function.

AUDITEE'S RESPONSE

A complete manual expenditure ledger is now being maintained. The function of monthly reconciling charges and balances with the Comptroller's report has been segregated from the expenditure function.

3. Cash Receipts Policies and Procedures

The City Marshal's office collects cash for property or professional bonds in final judgment. Final judgment status indicates the bond originally posted is forfeited due to the individual's failure to make a court appearance on the scheduled court date. Therefore, the amount of the bond, usually \$500, and court costs is due from the individual. This money is then remitted to the Traffic Violations Bureau (TVB) for deposit with the City Treasurer. The TVB is responsible for collecting monies for the city courts. Our review of the cash receipts' procedures and controls revealed the following weaknesses:

- A. The individual who receives cash also maintains the receipt records in the case files. This lack of segregation of duties increases the risk of theft or errors going undetected. To obtain assurance all revenues are properly recorded and deposited, the cash handling and record-keeping functions should be independently assigned.
- B. Cash collected is not turned over to the TVB on a timely basis. In three of fifteen or 20 percent of the cases we reviewed, payments were submitted to the TVB between seven days and two weeks after the City Marshal's office had received the payment. In one instance, the untimely transfer of a payment to the TVB resulted in \$66 of lost revenue to the city. The City Counselor, who handles delinquent accounts for the City Marshal's office, had referred the account to a collection agency because they had not received prompt notice of a payment. The \$66 was the collection agency's retainer fee.

Keeping cash on hand increases the risk of lost or misused funds. This risk is compounded by the lack of a proper segregation of duties as discussed in A. Nothing came to our attention during our review to prohibit the City Marshal from directly depositing the

monies they collected with the City Treasurer. This would reduce the time lag between receipt and deposit with the City Treasurer by eliminating TVB's involvement. Further, the risk of lost or misused funds would be reduced. To comply with the City Charter, Article XV, Section 24, which requires daily deposits, the City Marshal's office should deposit cash received with the City Treasurer on a daily basis.

- C. Prenumbered receipt slips are not issued for all monies received. To ensure all receipts are accounted for, receipt slips should be prenumbered. These receipt slips should be independently accounted for and reconciled to individual entries in the receipt log.

WE RECOMMEND:

- A. The responsibilities of recording and receiving cash be independently assigned.
- B. Monies received be deposited with the City Treasurer on a daily basis.
- C. The City Marshal issue prenumbered receipt slips and independently account for and reconcile all receipt slips to individual entries in the receipt log.

AUDITEE'S RESPONSE

- A. The responsibilities of recording and receiving cash have been segregated.
- B. The City Marshal's office is studying the feasibility of setting up an account with the City Treasurer for direct deposit. Deposits will be made on a daily basis.
- C. Receipts are now prenumbered and a receipt log is being maintained. The receipts are being reconciled to individual entries in the receipt log.

4. Confiscated Weapons

The City Marshal's responsibility of providing security to the city courts includes the duty of confiscating all weapons from individuals entering Kiel Auditorium during business hours. Illegal weapons, which result in an arrest, are immediately turned over to the St. Louis Police Department. Other unclaimed weapons are kept in a locked desk drawer for up to three weeks. If they remain unclaimed, they are turned over to the St. Louis Police Department for disposal. During our review of the City Marshal's procedures for controlling these weapons, we noted the following weaknesses:

- A. Inventory records are not maintained for items confiscated from individuals. When weapons are confiscated, they are tagged only if the owner wishes to leave his/her name. The weapons are then taken to the City Marshal's office and locked in the desk drawer. No records are maintained. There is less assurance the items are properly accounted for or disposed of without inventory records of

the weapons. Further, should an individual wish to reclaim an item that was confiscated, there would be no record of the item or its disposition. To ensure all confiscated weapons are accounted for and properly disposed of, inventory records should be maintained.

- B. The release of confiscated items to the St. Louis Police Department is not properly documented. During our review, we noted there were no records to support the transfer of weapons to the police department. There is less assurance the items were properly disposed of as indicated by the lack of documentation. The City Marshal should document the release of weapons to the St. Louis Police Department. In addition, the City Marshal should request the police department to acknowledge receipt of the weapons.

WE RECOMMEND the City Marshal:

- A. Maintain inventory records of confiscated weapons.
- B. Document the release of weapons to the St. Louis Police Department. In addition, the City Marshal should request the police department to acknowledge receipt of the weapons.

AUDITEE'S RESPONSE

- A. A log is now maintained on all confiscated weapons and contraband.
- B. The release of weapons to the St. Louis Police Department is now being documented. Receipts issued by the Police Department on all confiscated weapons and contraband turned over by the City Marshal's office are kept on file.

APPENDICES

Appendix A

OFFICE OF THE CITY MARSHAL
CITY OF ST. LOUIS, MISSOURI
STATEMENT OF APPROPRIATIONS AND EXPENDITURES - GENERAL FUND
FOURTEEN MONTHS ENDED JUNE 30, 1988

(U N A U D I T E D)

	Appropriations	Expenditures	Appropriation Balance
PERSONAL SERVICE			
Salaries	\$ 250,455	245,898	4,557
Fringe benefits	37,039	36,261	778
Workers' compensation - disability	3,000	326	2,674
Overtime	575	555	20
Total Personal Service	291,069	283,040	8,029
EXPENSE AND EQUIPMENT			
Office supplies	1,500	1,095	405
Wearing apparel	2,200	1,474	726
Miscellaneous supplies	200	174	26
Postage	1,400	1,400	-0-
Membership dues	300	189	111
Allowance - car fare	100	-0-	100
Repairs to office and other operating equipment	500	67	433
Red Cross training	800	225	575
Total Expense and Equipment	7,000	4,624	2,376
Total General Fund	\$ 298,069	287,664	10,405

Appendix B

OFFICE OF THE CITY MARSHAL
CITY OF ST. LOUIS, MISSOURI
COMPARATIVE STATEMENT OF GENERAL FUND EXPENDITURES

(UNAUDITED)

	Year Ended				
	June 30,		April 30,		
	1988*	1987	1986	1985	1984
Salaries	\$ 245,898	194,733	195,085	183,969	186,926
Fringe benefits	36,260	41,354	39,090	39,941	23,718
Workers' compensation - disability	326	-0-	-0-	8,412	-0-
Overtime	555	2,994	5,166	2,476	11,252
Office supplies	1,095	932	945	836	733
Wearing apparel	1,474	1,407	267	514	392
Miscellaneous supplies	174	57	100	40	64
Postage	1,400	1,100	1,000	1,000	800
Membership dues	189	-0-	-0-	-0-	-0-
Allowances - car fare	-0-	-0-	205	255	1,242
Repairs to office and other operating equipment	67	35	339	163	217
Printing services	-0-	725	616	613	233
Red Cross training	225	127	-0-	-0-	-0-
Office services	-0-	113	149	85	85
Total	\$ 287,663	243,577	242,942	238,304	225,662

* Fourteen months ended June 30, 1988

* * * * *