



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



*Internal Audit Section*

**DARLENE GREEN**  
Comptroller

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Internal Audit Executive

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June 28, 2010

Gene Stubblefield, Commissioner  
Division of Corrections  
Medium Security Institution  
St. Louis City Justice Center  
200 South Tucker Boulevard  
St. Louis, MO 63102

RE: Payroll Distribution of CJC and MSI (Project #2010-45).

Dear Mr. Stubblefield:

The Internal Audit Section of the Comptroller's Office has conducted a payroll distribution review of CJC and MSI for pay periods ending March 13, 2010 and March 27, 2010 respectively.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

Dr. Kenneth M. Stone, CPA  
Internal Audit Executive

Enclosure

cc: Honorable Darlene Green, Comptroller



# CITY OF ST. LOUIS

**ST LOUIS CITY JUSTICE CENTER (CJC) #633  
MEDIUM SECURITY INSTITUTION (MSI) #632**

**PAYROLL DISTRIBUTION REVIEW  
FOR PAY PERIOD ENDING MARCH 13, 2010  
AND MARCH 27, 2010 RESPECTIVELY**

**PROJECT #2010-45**

**DATE ISSUED: JUNE 28, 2010**

**Prepared By:  
The Internal Audit Section**



## OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**ST LOUIS CITY JUSTICE CENTER  
MEDIUM SECURITY INSTITUTION  
PAYROLL DISTRIBUTION REVIEW  
FOR PAY PERIOD ENDING MARCH 13, 2010 AND MARCH 27, 2010**

**TABLE OF CONTENTS**

| <b><u>Description</u></b>  | <b><u>Page(s)</u></b> |
|--|-----------------------|
| <b>INTRODUCTION</b>  |                       |
| Background   | 1                     |
| Purpose  | 1                     |
| Scope and Methodology  | 1                     |
| Exit Conference  | 1                     |
| Management's Responses   | 2                     |
| <b>OBSERVATIONS</b>  | 3                     |
| Status of Prior Observations   | 3                     |
| Summary of Current Observations  | 3                     |
| <b>DETAILED OBSERVATIONS, RECOMMENDATIONS<br/>AND MANAGEMENT'S RESPONSES</b> | 4-6                   |

## **INTRODUCTION**

### **Background**

The mission of the St. Louis City Justice Center (CJC) is to serve and protect the citizens of St. Louis by providing for the care, custody, and control of legally incarcerated residents in the least restrictive setting conducive to a safe, clean environment for staff and visitors. CJC provides for the basic human needs of the residents population and creates an environment in which positive behavioral change may occur.

The mission of the Medium Security Institution (MSI) is to enhance public safety throughout the community. The division enhances public safety by conducting investigations, supervising offenders, and establishing servings as alternatives to incarceration.

### **Purpose**

The objectives of this review were to determine if:

- Employees were paid for actual hours worked
- Only eligible employees received wages
- Accruals and use of paid leave were accurate
- The reliability and integrity of time sheets and operational information are accurate
- CJC and MSI effectively and efficiently manages its operational risks to ensure the safeguarding of assets

### **Scope and Methodology**

The payroll distribution review was confined to evaluating actual hours worked, wages received by eligible employees, accuracy of vacation leave, sick leave use, accruals, and the reliability of time sheets. The procedures included inquiries of management and staff, the United States Air Force management and reviews for compliance with applicable laws, regulations, and policies. Fieldwork was completed on April 21, 2010.

### **Exit Conference**

An exit conference was conducted at CJC on June 10, 2010. CJC was represented at the exit conference by Patrick Schommer, Deputy Superintendent of Administration of the Department of Corrections and by James Chrans, Detention Center Superintendent of MSI.

The Internal Audit Section (IAS) was represented by Dr. Kenneth M. Stone, CPA, Internal Audit Executive of the Internal Audit Section, Dr. Ishmael Ikpeama, Internal Audit Supervisor and Chance Key, MBA, Auditor-In-Charge.

## **Management's Responses**

Management's responses to the observations and recommendations noted in this report were received from the CJC's office on June 21, 2010. The responses have been incorporated into this report.

## **OBSERVATIONS**

### **Status of Prior Observations**

There were no prior observations relating to payroll distribution reviews.

### **Summary of Current Observations**

The opportunity exists for the division to improve its operations and internal controls over its payroll activities. The following observations were noted:

1. Opportunity for MSI to comply with the City of St. Louis policies and procedures on fraud prevention, deterrence, and detection (Questioned Costs \$6,725).
2. Opportunity for MSI and CJC to eliminate negative sick leave balances (Questioned Costs \$1,505).

**DETAILED OBSERVATIONS, RECOMMENDATIONS  
AND MANAGEMENT'S RESPONSES**

**1. Opportunity For MSI To Comply With The City Of St. Louis Fraud Prevention, Deterrence And Detection Policies And Procedures (Questioned Costs \$6,725).**

An employee of the Medium Security Institution (MSI) used fraudulent documents to receive military pay, vacation and sick leave pay. The Auditor-In-Charge reviewed thirty-six (36) out of thirty-six memos and determined:

- Memos were not authorized and approved by the United States Air Force management. The memos were not authentic as represented.
- A letter dated April 19, 2010 states, the personnel in question “has no affiliation with either the Reserve or Guard at the present time.”
- The employee received \$5,380 in military pay; \$288 in sick leave pay; and \$1,057 in vacation pay.

City of St Louis Fraud Prevention, Deterrence and Detection Policies and Procedures, Appendix A, states, “City employees are responsible for competence and appropriate ethical behavior.”

The employee at MSI used fraudulent military memos to receive military pay, sick leave and vacation leave pay. MSI management did not review and verify the authorization, approval and the authenticity of the memos presented by the employee before payroll checks were issued.

It was determined that from July 20, 2008 to March 27, 2010, the financial loss to the City of St. Louis is \$6,725. This consists of:

- \$5,380 in received military pay
- \$288 in received sick pay
- \$1,057 in received vacation pay

**Recommendations**

It is recommended that:

- MSI recoup the \$6,725 owed by the employee to the City of St. Louis.
- CJC and MSI management should design and implement systems and procedures (reviews, monitoring, and verification) to prevent, detect fraud and ensure a culture that promotes honesty and ethical behavior.

**Management's Response**

*Department of Personnel Administrative Regulation 138 which covers the Uniformed Services Employment and Reemployment Rights Act (USERRA) contains provisions under section III, Notification and Compensation item B, that requires an employee to give advance notice, either written or verbal, of a pending service obligation.*

*There is no requirement that the employee provide written notification or requirement of documentation to be submitted in order to claim 120 hours of military leave within the federal fiscal year.*

*So that there is no infringement on the employees rights under USERRA, The Division of Corrections will seek verification of an employee's service obligation to be conducted by the respective facility Detention Center Superintendent. The Detention Center Superintendent will contact the respective military authority to verify the validity of the employees notification of a pending service obligation.*

*The Detention Center Superintendent will document contact with the respective military authority and seek source documents from the military and verify service obligation dates for active duty for training and service deployments as part of the verification process, and retain such information in the employees personnel file.*

*The Detention Center Superintendents will closely follow Department of Personnel Administrative Regulation 138 regarding the Uniformed Services Employment and Reemployment Rights Act (USERRA) and ensure compliance.*

## **2. Opportunity For MSI And CJC To Eliminate Negative Sick Leave Balances (Total Questioned Cost, \$1,557)**

It was determined that eleven (11) employees of CJC had negative sick leave balances of 116.30 hours or \$1,505. One employee of MSI had negative sick leave balances of 3 hours or \$52.

Good management practices require that employees may not accrue negative sick leave days' balances. Accrued negative vacation or sick leave days or hours are financial loss to the City of St. Louis because the employees had not earned the hours for which they are paid.

There was no management review and monitoring of sick leave balances before approval.

The total financial loss to the City of St. Louis (General Revenue Account) is \$1,557.

### **Recommendations**

It is recommended that:

- CJC and MSI eliminate negative sick leave balances. Management should ensure employees have sufficient leave hours before requests are approved.
- CJC and MSI should recoup through payroll deduction the \$1,557 paid and owed by the employees.

### **Management's Response**

*Although technical problems and system crashes with payroll computer software has thwarted our ability to maintain complete and accurate sick leave balances on record, the division has since converted the software to an up-to-date version that has greater capability and reliability. To date, there is one employee remaining whose sick leave balance is under correction and will be complete in the near future.*

*The new software has enhanced the division's ability to keep and maintain off time adjustments as they occur without system crashes and time lost due to re-entering data fields. The new payroll software is currently supported through personnel from the airport.*

*Prior to approval of off-time adjustments, managers will confirm positive sick leave balances with payroll personnel.*