



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

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DR. KENNETH M. STONE, CPA
Internal Audit Executive

December 15, 2009

Honorable James W. Murphy
Sheriff, City of St. Louis
1114 Market St., Suite 112
St. Louis, MO 63103-2717

RE: Revenue Review of Garnishments and Writs of Sequestration (Project #2009-26)

Dear Sheriff Murphy:

Enclosed is a report of our revenue review of the processing of garnishments and writs of sequestration by the Administrative Section of the Sheriff's Office for the period January 1, 2008 through April 30, 2009. The review objectives were to determine if:

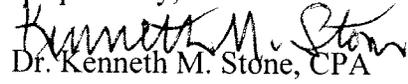
- All revenues are recorded and reported in a timely manner.
- Revenues are properly classified and adequately described.
- Policies and procedures for the revenue-related activities exist, if they are adequate, and properly applied on a consistent basis.
- Revenues collected were timely remitted to the proper authority(ies) (City Treasurer's Office, Municipal Courts, etc.).
- All other applicable legal guidelines (City ordinances, State Statutes, etc.) are being followed.

Fieldwork was completed on October 16, 2009. Management's responses to the observations and recommendations noted in the report were received on December 7, 2009 and have been incorporated into the report.

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 (314) 622-4723.

Respectfully,

A handwritten signature in black ink, appearing to read "Kenneth M. Stone". The signature is written in a cursive style with a large initial "K".

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Major Randolph Lynch, Administrative Section Commander



CITY OF ST. LOUIS

OFFICE OF THE SHERIFF

GARNISHMENTS AND WRITS OF SEQUESTRATION

REVENUE REVIEW

JANUARY 1, 2008 THROUGH APRIL 30, 2009

PROJECT # 2009-26

DATE ISSUED: DECEMBER 15, 2009

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
OFFICE OF THE SHERIFF
GARNISHMENTS AND WRITS OF SEQUESTRATION
REVENUE REVIEW
JANUARY 1, 2008 THROUGH APRIL 30, 2009**

EXECUTIVE SUMMARY

Purpose

We have completed a revenue review of garnishments and writs of sequestration for the period January 1, 2008 through April 30, 2009. The objectives of this review were to determine if:

- All revenues are recorded and reported in a timely manner.
- Revenues are properly classified and adequately described.
- Policies and procedures for the revenue-related activities exist, if they are adequate, and properly applied on a consistent basis.
- Revenues collected were timely remitted to the proper authority(ies) (City Treasurer's Office, Municipal Courts, etc.).
- All other applicable legal guidelines (City ordinances, State Statutes, etc.) are being followed.

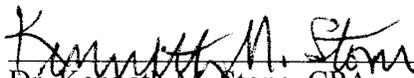
Conclusion

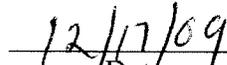
The opportunity exists to improve controls and the efficiency and effectiveness of processing garnishments and writs of sequestration. The following are the observations resulting from our review.

1. Opportunity To Update Written Policies And Procedures
2. Opportunity To Improve Recordkeeping Efficiency Through Automation (repeated from the December 12, 2005 Follow-up Review report on Garnishments and Writs of Sequestration)

Each of these observations is discussed in more details in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

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*.


Dr. Kenneth M. Stone, CPA
Internal Audit Executive


Date

**CITY OF ST. LOUIS
OFFICE OF THE SHERIFF
GARNISHMENTS AND WRITS OF SEQUESTRATION
REVENUE REVIEW
JANUARY 1, 2008 THROUGH APRIL 30, 2009**

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INTRODUCTION

Background

The Office of the Sheriff is responsible for performing service (delivery) within the City of St. Louis, of garnishment orders and writs of sequestration (garnishments against wages of public employees), to the employers or other parties holding assets belonging to the defendants subject to those court orders. The orders are received from the Circuit Court in the City or various courts outside of the City, and may result from judgments obtained in suits filed by companies, individuals, or governmental entities (e.g., for collection of delinquent taxes). They do not include orders for the collection of child support payments.

The service function on garnishments to private employers is performed by deputies in the Operations Section of the Sheriff's Office, while the office's Administrative Section serves writs of sequestration and performs supporting functions, such as:

- Initial receipt and recording of the court orders.
- Preparation and distribution of the copies to be served by the outside service deputies.
- Receipt, recording, deposit, and reporting of the fees charged for service.
- Maintaining a computerized tracking system on the status of orders received for service, and permanent files on service performed in prior periods

Purpose:

The objectives of this review were to determine if:

- All revenues are recorded and reported in a timely manner.
- Revenues are properly classified and adequately described.
- Policies and procedures for the revenue-related activities exist, if they are adequate, and properly applied on a consistent basis.
- Revenues collected were timely remitted to the proper authority(ies) (City Treasurer's Office, Municipal Courts, etc.).
- All other applicable legal guidelines (City ordinances, State Statutes, etc.) are being followed.

INTRODUCTION

Scope and Methodology

We confined our review to evaluating business operations of the Administrative Section during the period January 1, 2008 through April 30, 2009. Our procedures included interviews of management and staff, reviews of policies and procedures, and reviews of applicable laws and regulations. We performed limited tests of controls, followed up on prior observations, and performed other procedures considered necessary.

Exit Conference

The management of the Sheriff's Office was offered the opportunity to have an exit conference; however, they declined.

Management's Responses

Management's responses to the observations and recommendations noted in this report were received from the Sheriff's Office on December 7, 2009. The responses have been incorporated into this report.

OBSERVATIONS

Status of Prior Observations

There was one unresolved observation from the December 12, 2005 Follow-up Review report on Garnishments and Writs of Sequestration:

- Opportunity To Improve Recordkeeping Efficiency Through Automation

The recommendation has not yet been implemented, and we have repeated the observation in this report. (See Observation # 2)

Summary of Current Observations

The opportunity exists to improve controls and the efficiency and effectiveness of processing garnishments and writs of sequestration. The following are the observations resulting from our review.

1. Opportunity To Update Written Policies And Procedures
2. Opportunity To Improve Recordkeeping Efficiency Through Automation (repeated)

Each of these observations is discussed in more detail in the *Detailed Observations, Recommendations and Management's Response* section of this report.

OBSERVATIONS

1. Opportunity To Update Written Policies and Procedures

Accurate, up-to-date written policies and procedures assist in ensuring that procedures and job functions are:

- Effectively communicated to and understood by staff.
- Approved by management.
- Consistently performed.
- In accordance with management goals and objectives.

Conversely, if current written procedures are not maintained, important functions could be inconsistently performed, and not performed in accordance with management's intentions.

Accurate written policies and procedures also provide a basis for training and cross training of new and current employees and provide a basis for the development of performance standards and measures.

The Sheriff's Office management stated that a number of functions and reports previously accomplished using manual records had been automated through the use of the Justice Information System (JIS). Those changes, however, had not yet been incorporated into the office's Policies and Procedures Manual. The management indicated the automation of the office's recordkeeping was still ongoing, so there could be additional changes to the current procedures. In response to a follow-up inquiry, relevant Circuit Court Information Systems staff indicated no significant new changes affecting garnishments and writs procedures were in progress or planned.

Recommendation

It is recommended the Sheriff's Office update its Policies and Procedures Manual to accurately reflect all significant activities in processing garnishments and writs of sequestration. This should include all changes implemented as a result of automating records and tasks previously performed in a manual records format.

Management's Responses

Written procedures for the Garnishments and Writs section will be updated and incorporated into the manual for that section.

OBSERVATIONS

2. Opportunity To Improve Recordkeeping Efficiency Through Automation (repeated)

As noted in Observation #1 above, some of the functions and reports previously accomplished using manual records have been automated. There is, however, additional opportunity to improve recordkeeping efficiency for the processing of garnishment orders and writs of sequestration.

The Sheriff's Office continues to maintain a manual Cash Receipts Ledger. Maintaining the manual ledger is labor-intensive and not efficient. The functions of summarizing and classifying daily cash receipts for revenue reporting and monthly reconciliation to the City's General Ledger should be automated. Conversion to an automated ledger would greatly increase the efficiency of those functions and allow the Cashier additional time to perform other important functions.

Automation of the cash receipt entries would also:

- Improve opportunities for early detection and correction of recording and posting errors.
- Provide a consistent and easily legible recordkeeping format to simplify subsequent reconciliations and supervisory reviews required for internal control.

If complete automation of the ledger is not currently feasible, microcomputer application programs could be employed in the interim to maintain cash receipt records.

Recommendation:

We recommend the Sheriff's Office management request to have the Circuit Court Information Systems Department automate the Sheriff's Office's cash receipt records to the fullest extent currently possible. There are several personal computer based software packages available that would be appropriate for recording, classifying, and summarizing daily cash receipts.

Management's Responses

Automation of the current system will be explored and if possible automated providing existing software will allow this function. As with many other departments budget cuts have made the acquisition of additional software more difficult. Courts Information department will be contacted in order to possibly achieve this recommendation. It should be noted many functions of that department have already been automated.