



**AUDIT OF THE  
ST. CHARLES COUNTY SHERIFF'S DEPARTMENT'S  
EQUITABLE SHARING PROGRAM ACTIVITIES  
O'FALLON, MISSOURI**

U.S. Department of Justice  
Office of the Inspector General  
Audit Division

Audit Report GR-50-12-004  
April 2012

# **AUDIT OF THE ST. CHARLES COUNTY SHERIFF'S DEPARTMENT'S EQUITABLE SHARING PROGRAM ACTIVITIES O'FALLON, MISSOURI**

## **EXECUTIVE SUMMARY**

The U.S. Department of Justice (DOJ), Office of the Inspector General, Audit Division, has completed an audit of the use of DOJ equitable sharing revenues by the St. Charles County, Missouri, Sheriff's Department (Sheriff's Department). Equitable sharing revenues represent a share of the proceeds from the forfeiture of assets seized in the course of certain criminal investigations.<sup>1</sup> During the period of January 1, 2010, through December 31, 2010, the St. Charles County Sheriff's Department was awarded \$1,671,647 in DOJ equitable sharing revenues to support law enforcement operations.

The objectives of the audit were to assess whether equitably shared cash and property received by the St. Charles County Sheriff's Department were accounted for properly and used for allowable purposes as defined by the applicable regulations and guidelines. We found that the Sheriff's Department complied with equitable sharing guidelines with respect to accounting for equitable sharing revenues and adhering to supplanting requirements. However, we identified deficiencies in the Sheriff's Department's completion of its Equitable Sharing Agreement and Certification form, the maintenance of its DAG-71 log, and its use of equitable sharing funds.<sup>2</sup> Specifically, we found:

- The Sheriff's Department miscalculated and misreported interest earned on equitable sharing funds on its fiscal year (FY) 2010 Equitable Sharing Agreement and Certification form. Additionally, the Sheriff's Department misreported a uniform allowance as overtime pay on the form.

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<sup>1</sup> The DOJ asset forfeiture program has three primary goals: (1) to punish and deter criminal activity by depriving criminals of property used or acquired through illegal activities; (2) to enhance cooperation among foreign, federal, state, and local law enforcement agencies through equitable sharing of assets recovered through this program; and, as a by-product, (3) to produce revenues to enhance forfeitures and strengthen law enforcement.

<sup>2</sup> The Form DAG-71, Application for Transfer of Federally Forfeited Property (DAG-71), is the DOJ form submitted by a state or local agency to the federal seizing agency to request a share of seized assets. The state or local agency is required to maintain a log of its DAG-71s in accordance with equitable sharing guidelines.

## DRAFT AUDIT REPORT – LIMITED OFFICIAL USE

- The DAG-71 log did not have a consecutive numbering system, and the file did not reconcile each DAG-71 with the amount and date the receipts were received, as required by equitable sharing guidelines.
- The Sheriff's Department used equitable sharing funds for additional uniform allowances totaling \$52,500, and these expenditures were not adequately supported.
- Equitable sharing funds were used to provide Sheriff's Department employees with an unallowable retroactive uniform allowance of \$141,100.

In total, we identified \$141,000 in unallowable costs and \$52,500 in unsupported costs related to the St. Charles County Sheriff's Department's management of equitable sharing funds. Our report contains five recommendations to address the weaknesses we identified. Our findings are discussed in detail in the Findings and Recommendations section of the report. The audit objectives, scope, and methodology appear in Appendix I.

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## **INTRODUCTION**

The U.S. Department of Justice (DOJ), Office of the Inspector General, Audit Division, has completed an audit of the use of DOJ equitable sharing revenues by the St. Charles County, Missouri, Sheriff's Department (Sheriff's Department). The audit covered the Sheriff's Department's fiscal year (FY) 2010, beginning on January 1, 2010, and ending on December 31, 2010. During that period, the Sheriff's Department received DOJ equitable sharing revenues totaling \$1,671,647 to support law enforcement operations.

The objectives of the audit were to assess whether equitably shared cash and property received by the requesting agency were accounted for properly and used for allowable purposes as defined by the applicable regulations and guidelines.

### **Background**

The primary mission of the DOJ Asset Forfeiture Equitable Sharing Program is to employ asset forfeiture powers in a manner that enhances public safety and security. This is accomplished by removing the proceeds of crime and other assets relied upon by criminals and their associates to perpetuate their criminal activity against our society. Asset forfeiture has the power to disrupt or dismantle criminal organizations that would continue to function if we only convicted and incarcerated specific individuals.

Another purpose of the DOJ Asset Forfeiture Program is to deter crime by depriving criminals of the profit and proceeds from illegal activities. A secondary purpose of the program is to enhance cooperation among federal, state, and local law enforcement agencies by sharing federal forfeiture proceeds through the DOJ equitable sharing program. State and local law enforcement agencies may receive equitable sharing revenues by participating directly with DOJ agencies in joint investigations leading to the seizure or forfeiture of property. The amount shared with the state and local law enforcement agencies in joint investigations is based on the degree of the agencies' direct participation in the case. The U.S. Department of the Treasury administers its own Asset Forfeiture Program. Our audit was limited to equitable sharing revenues received through the DOJ equitable sharing program.

Although several DOJ agencies are involved in various aspects of the seizure, forfeiture, and disposition of equitable sharing revenues, the DOJ Criminal Division, Asset Forfeiture and Money Laundering Section (AFMLS), is responsible for issuing policy statements, implementing

governing legislation, and monitoring the use of DOJ equitable sharing funds. Generally, the use of equitable sharing revenues by state and local recipient agencies is limited to law enforcement purposes. However, under certain circumstances, up to 15 percent of equitable sharing revenues may be used for the costs associated with drug abuse treatment, drug and crime prevention education, housing and job skills programs, or other nonprofit community-based programs or activities. This provision requires that all expenditures be made by the law enforcement agency and does not allow for the transfer of cash.

### **St. Charles County Sheriff's Department**

St. Charles County, Missouri, which is located in the eastern part of the state in the St. Louis metropolitan area, had an approximate population of 360,485 in 2010. The Sheriff's Department is part of the St. Charles County government and is located in O'Fallon, Missouri, the largest municipality in St. Charles County. The Sheriff's Department's law enforcement budget was \$17,826,023 in FY 2010.

The St. Charles County Finance Department administers and coordinates financial services for all St. Charles County government offices, including the Sheriff's Department. The Sheriff's Department submits all expenditure requests greater than \$500 to the County for approval. Depending on the requested amount, the St. Charles County government has several layers of approval. Even though the County approves all expenditures, the Sheriff is still in charge of approving all expenditures that are paid from equitable sharing funds. Both the County Executive and the Sheriff sign the Equitable Sharing Agreement and Certification form.

### **OIG Audit Approach**

We tested compliance with what we considered to be the most important conditions of the DOJ equitable sharing program. Unless otherwise stated, we applied the Guide to Equitable Sharing for State and Local Law Enforcement Agencies, dated April 2009 (Equitable Sharing Guide), as our primary criteria. The Equitable Sharing Guide identifies the accounting procedures and requirements for tracking equitably shared monies and tangible property, establishes reporting and audit requirements, and defines the permissible uses of equitably shared resources.

To conduct the audit, we tested the Sheriff's Department's compliance with the following three aspects of the DOJ equitable sharing program:

- **Accounting for equitably shared resources** to determine whether standard accounting procedures were used to track equitable sharing assets.
- **Annual Equitable Sharing Agreements and Certification Forms** to determine if these documents were complete and accurate.
- **Use of equitably shared resources** to determine if equitable sharing funds were spent for permissible uses.

See the Appendix I for more information on our objectives, scope and methodology.

## **FINDINGS AND RECOMMENDATIONS**

We found that the St. Charles County Sheriff's Department improperly used equitable sharing funds to award its employees a total of \$197,500 in uniform allowance. Additionally, the Sheriff's Department misreported on its FY 2010 Equitable Sharing Certification and Agreement form: (1) the uniform allowance as overtime pay, and (2) the interest it earned on equitable sharing funds in FY 2010. The Sheriff's Department also failed to maintain its DAG-71 log in accordance with equitable sharing guidelines.

### **Equitable Sharing Agreement and Certification Report**

The AFMLS requires that any state or local law enforcement agency that receives forfeited cash, property, or proceeds as a result of a federal forfeiture submit an Equitable Sharing Agreement and Certification Report (Certification Report). The submission of this form is a prerequisite to the approval of any equitable sharing request. Noncompliance may result in the denial of the agency's sharing request.

The Certification Report must be submitted every year within 60 days after the end of the agency's fiscal year regardless of whether funds were received or maintained during the fiscal year. It must be signed by the head of the law enforcement agency and a designated official of the local governing body. By signing the report, the signatories agree to be bound by the statutes and guidelines that regulate the equitable sharing program and certify that the law enforcement agency will comply with these guidelines and statutes.

We tested compliance with the Certification Report requirements to determine if the required report for FY 2010 was submitted timely, accurately, completely, and was signed by the appropriate officials. To assess the accuracy of the Certification Report, we reconciled the total receipts and expenditures reported in FY 2010 to the St. Charles County general ledger and other documents used by St. Charles County Sheriff's Department personnel to prepare the report. We determined that the report for FY 2010 was completed, signed, and submitted in a timely manner. However, we identified two errors on the FY 2010 report. Specifically, the amount of interest income reported on the report was incorrect, and a uniform allowance was incorrectly reported on the report as an overtime expense.

According to the fiscal manager, in 2008 St. Charles County adopted a new accounting system that it has been gradually phasing in. The fiscal manager stated that he did not know how to calculate the interest income within the new accounting system. Instead, he derived the interest earned by adding the FY 2010 equitable sharing fund receipts to the equitable sharing fund beginning balance and then subtracting the FY 2010 expenditures. He then subtracted this amount from the FY 2010 year-end balance and surmised that the difference must be due to interest income earned for the year.

When we reviewed the accounting records, we found that the fiscal manager had incorrectly calculated and misreported the interest earned on equitable sharing funds. We pointed out this error to the fiscal manager, and he agreed with our finding. He stated that he has since learned how to correctly calculate the interest earned using the new accounting software.

According to equitable sharing guidelines, both the Sheriff and the County Executive need to sign the Certification Report. After the fiscal manager prepares the report, he submits it to the St. Charles County Finance Department for review. Despite this second layer of review, the Finance Department failed to notice that the interest earned listed on the report was incorrect and that the uniform allowance was improperly reported as overtime expense. We recommend that the St. Charles County Sheriff's Department submit a corrected Certification Report for FY 2010 to remedy these inaccuracies.

### **Accounting for Equitable Sharing Receipts**

The Guide to Equitable Sharing for State and Local Law Enforcement Agencies, dated April 2009 (Equitable Sharing Guide), requires that all participating state and local law enforcement agencies implement standard accounting procedures to track equitably shared revenues and property. Additionally, DOJ equitable sharing funds must be accounted for separately from any other funds. We reviewed the Sheriff's Department's procedures for reconciling equitable sharing requests against sharing receipts, reconciled the agency's accounting records to DOJ records of equitable sharing funds shared with the agency, and reviewed equitable sharing receipts to determine if the funds were properly accounted for and deposited.

We determined that during FY 2010 the Sheriff's Department had 71 receipts of equitable sharing funds totaling \$1,671,647. We reviewed all 71 receipts, and we found that the Sheriff's Department accurately accounted for all equitably shared revenues received during FY 2010.

## **DAG-71s**

According to the Equitable Sharing Guide, the agency that submits the DAG-71 forms should maintain a log and copies of all DAG-71s.<sup>3</sup> A consecutive numbering system should be used for control purposes, and the log should contain the date and the amount received. We found that the Sheriff's Department had not numbered the entries in its DAG-71 log nor had it reconciled its equitable sharing requests with its receipts. When we brought these issues with the log to the attention of the St. Charles County Counselor – who maintains the DAG-71 log – she said that going forward she would reconcile the log and follow the required procedures for maintaining the log. We recommend that the St. Charles County Sheriff's Department establish procedures to ensure that the DAG-71 log is maintained as required.

## **Use of Equitable Sharing Funds**

Generally, the Equitable Sharing Guide requires that the use of equitable sharing funds received by state and local agencies be limited to law enforcement purposes. During FY 2010, the St. Charles County Sheriff's Department expended \$1,661,241 in DOJ equitable sharing funds. We judgmentally selected and tested 17 transactions, totaling \$1,116,063, to determine if the expenditures of DOJ equitable sharing funds were allowable and supported by adequate documentation. We determined that all but one of the expenditures were allowable, adequately supported, and in accordance with the guidelines.

The Sheriff's Department listed on its Certification Report an overtime expense of \$197,500. When we questioned St. Charles County officials regarding this expense, they said that they had incorrectly recorded this amount as overtime on the Certification Report. Instead, the County awarded the Sheriff's Department a one-time increase in uniform allowance of \$288,100 and offset part of the uniform allowance by \$197,500 with equitable sharing funds.

According to the County Executive, in 2010 County officials determined that the uniform allowance given to the Sheriff's Department's law enforcement personnel was not sufficient. The Assistant Director of Finance explained that County officials interviewed deputies, concluded that the deputies spent more on uniforms than the normal \$630 yearly allotment,

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<sup>3</sup> The Form DAG-71, Application for Transfer of Federally Forfeited Property (DAG-71), is the DOJ form submitted by a state or local agency to the federal seizing agency to request a share of seized assets.

and agreed to give them a one-time increase. Additionally, the County officials and the Sheriff agreed to offset part of the increase with equitable sharing funds.

After conducting several interviews, the County decided to provide every Sheriff's Department law enforcement officer a one-time increase of \$350 as well as an additional retroactive payment of \$100 to each officer for every year of service. For some officers the retroactive pay went back as far as 1973. The total retroactive allowance amount for FY 2010 was \$141,100. The County calculated the total uniform allowance compensation for that year to be \$288,100, and the St. Charles Sheriff's Department used \$197,500 in equitable sharing funds toward this expense.

**ST. CHARLES COUNTY UNIFORM ALLOWANCE  
FISCAL YEAR 2010**

| <b>EXPENDITURE</b>  | <b>TOTAL EXPENDITURES</b> | <b>EXPENDITURES PAID FROM THE GENERAL FUND</b> | <b>EXPENDITURES PAID FROM EQUITABLE SHARING FUNDS</b> |
|---|---------------------------|--|---|
| Unsupported Normal Yearly Uniform Allowance                   | \$94,500                  | \$90,600                                       | \$3,900   |
| Unsupported Total One-Time Augmentation of \$350 per employee | 52,500                    |  | 52,500  |
| Unallowable Total Retroactive Uniform Allowance               | 141,100                   |  | 141,100   |
| <b>Total Uniform Allowance</b>                                | <b>\$288,100</b>          | <b>\$90,600</b>                                | <b>\$197,500</b>                                      |

Source: OIG analysis of St. Charles County Sheriff's Department records

The payment of a uniform allowance is a common practice for law enforcement agencies. To determine if the uniform allowance provided by the Sheriff's Department was similar to that provided by other agencies, we contacted six Midwestern counties of similar size to determine the amount given for uniform allowance. We found that the counties we contacted provided uniform allowances ranging from no allowance to \$1,500 annually. The counties' uniform allowance policies varied as well. Some counties provided their officers the money directly and did not require receipts; other counties had their officers submit receipts for reimbursement of uniform expenses. Only one county in our sample did not provide any uniform allowance.

We contacted AFMLS officials to discuss the uniform allowance issue. During discussions, AFMLS officials expressed concern over the practice of

providing money directly to officers without requiring receipts for amounts expended. They opined that a standard yearly uniform allowance expense was permissible as long as the County received receipts for the items purchased. AFMLS officials further stated they believed the one-time \$350 per employee augmentation would be permissible as long as the employees provided receipts for uniform-related purchases using the additional funds. However, AFMLS officials said that they believed the \$100 a year retroactive pay per employee totaling \$141,000 was an impermissible use of equitable sharing funds.

Overall, in FY 2010 the Sheriff's Department used \$3,900 in equitable sharing funds to help pay its normal yearly uniform allowance, \$52,500 in equitable sharing funds to augment each of its law enforcement employees' uniform allowances by \$350, and \$141,100 in equitable sharing funds to provide a retroactive uniform allowance to these employees. Based on our analysis and discussion with AFMLS officials, we believe the County needs to remedy a total of \$56,400 in unsupported costs and \$141,000 in unallowable costs related to its FY 2010 uniform allowance.

### **Supplanting**

Pursuant to the Equitable Sharing Guide, equitable sharing revenues must be used to increase or supplement the resources of the receiving state or local law enforcement agency. Equitably shared funds shall not be used to replace or supplant the resources of the recipient. To test whether equitable sharing funds were used to supplement rather than supplant local funding, we interviewed local officials and reviewed the agency's local budgets for FYs 2008, 2009, 2010, and 2011.

Based on the results of our review, we did not find any indication that St. Charles County was using equitable sharing funds to supplant local funding. Local funding for the St. Charles County Sheriff's Department increased and decreased along with County expenses during this period.

### **Views of Responsible Officials**

We discussed the results of our review with St. Charles County Sheriff's Department officials throughout the audit and at a formal exit conference. Their input on specific issues has been included in the appropriate sections of the report.

## **Recommendations**

We recommend that the Assistant Attorney General, Criminal Division:

1. Direct the St. Charles County Sheriff's Department to file a corrected Equitable Sharing Agreement and Certification Report for FY 2010 that reflects the correct interest income, overtime expense, and uniform allowance.
2. Ensure that the St. Charles County Sheriff's Department accurately records and reports interest income.
3. Require that the St. Charles County Sheriff's Department properly maintains and reconciles the DAG-71 log.
4. Require the St. Charles County Sheriff's Department to remedy the \$56,400 in unsupported costs related to uniform allowance expenses.
5. Require the St. Charles County Sheriff's Department to remedy the \$141,000 in unallowable costs related to retroactive uniform allowance payments.

## OBJECTIVES, SCOPE, AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of the audit were to assess whether equitably shared cash and property received by the requesting agency were accounted for properly and used for allowable purposes as defined by the applicable regulations and guidelines. We tested compliance with the conditions of the DOJ equitable sharing program. We reviewed laws, regulations, and guidelines governing the accounting for and use of DOJ equitable sharing receipts, including:

- Guide to Equitable Sharing for State and Local Law Enforcement Agencies, dated April 2009;
- OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, revised June 2003.

Unless otherwise stated in our report, the criteria we audit against are contained in these documents.

### Scope and Methodology

Our audit concentrated on, but was not limited to, equitable sharing receipts received by the St. Charles County Sheriff's Department from January 1, 2010, through December 31, 2010. We performed audit work mainly at the St. Charles County Sheriff's Department office located in O'Fallon, Missouri. We interviewed St. Charles County Sheriff's Department officials and examined records of federal asset forfeiture revenues and expenditures of DOJ equitable sharing funds by the St. Charles County Sheriff's Department.

During FY 2010, there were 71 receipts totaling \$1,671,647, and we tested all of them. During FY 2010, there were disbursements totaling \$1,661,241. We selected 17 disbursements, totaling \$1,116,063, for testing. A judgmental sampling design was applied to obtain broad exposure to numerous facets of the disbursements reviewed, such as dollar amounts

and cost categories. This non-statistical sample design does not allow projection of the test results to all disbursements.

We relied on computer-generated data contained in the DOJ Consolidated Asset Tracking System (CATS) for determining equitably shared revenues and property awarded to the St. Charles County Sheriff's Department during the audit period. We did not establish the reliability of the data contained in the CATS system as a whole. However, when the data used is viewed in context with other available evidence, we believe the opinions, conclusions, and recommendations included in this report are valid.

In planning and performing our audit, we considered internal controls established and used by the St. Charles County Sheriff's Department and the St. Charles County government over DOJ equitable sharing receipts to accomplish our audit objectives. We did not assess the reliability of the St. Charles County government's financial management system or internal controls of that system or otherwise assess internal controls and compliance with laws and regulations for the St. Charles County government as a whole.

Our audit included an evaluation of the FY 2010 St. Charles County Single Audit. The Single Audit Report was prepared under the provisions of Office of Management and Budget Circular A-133. We reviewed the independent auditor's assessment, which disclosed no control weaknesses or significant noncompliance issues related specifically to the St. Charles County Sheriff's Department.

In addition to the Single Audit, we also examined the audits conducted by the St. Charles County Auditor, who is responsible for conducting random audits of all departments within the County and reports directly to the County Council. The St. Charles County Auditor conducted three audits of specific units within the Sheriff's department from 2009 to 2011. We determined that none of the findings directly affected the Equitable Sharing Program.

## SCHEDULE OF DOLLAR-RELATED FINDINGS

| <u>QUESTIONED COSTS</u>                    | <u>AMOUNT</u>    | <u>PAGE</u> |
|--|------------------|-------------|
| Unallowable Retroactive Uniform Allowance  | \$141,100        | 7           |
| Unsupported Uniform Allowance Augmentation | 52,500           | 7           |
| Unsupported Normal Uniform Allowance       | 3,900            | 7           |
| <b>Total Questioned Costs</b>              | <b>\$197,500</b> |             |
| <b>TOTAL DOLLAR-RELATED FINDINGS</b>       | <b>\$197,500</b> |             |

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**Questioned Costs** are expenditures that do not comply with legal, regulatory, or contractual requirements, or are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Questioned costs may be remedied by offset, waiver, recovery of funds, or the provision of supporting documentation.

**AUDITEE RESPONSE**

*An Honor to Serve  
A Duty to Protect*



*Sheriff  
Thomas Neer*

**ST. CHARLES COUNTY SHERIFF'S DEPARTMENT  
101 SHERIFF DIERKER COURT  
OFALLON, MISSOURI 63366  
636-949-0809 - 800-822-8017**

March 15, 2012

Carol S. Taraszka  
Regional Audit Manager  
U. S. Department of Justice  
Office of the Inspector General  
Chicago Regional Audit Office  
500 W. Madison St., Ste. 1121  
Chicago, Illinois 60661

Dear Ms. Taraszka:

In reference to the report on the Audit of the St. Charles County Sheriff's Department Equitable Sharing Program Activities I offer the following response.

The St. Charles County Sheriff's Department has been a participant in the Equitable Sharing Program for more than 20 years. For many years we derived limited funds from the program until our highway interdiction team was formed in 2004. Also we have had Deputies assigned to the DEA Task Force in St. Louis since 1997 which makes us eligible for asset sharing on DEA cases.

We have been diligent in keeping detailed and accurate records of receipts and expenditures in what we refer to as our Drug Enforcement Account. I have personally been responsible for these expenditures for the 7 years I have been the Sheriff and for 7 years prior to this as the Administrative Services Commander. Although there are several entities of County Government directly involved in receiving and dispersing these funds I am well aware the accountability falls on the Office of the Sheriff. Although we strive to comply with the Guide to Equitable Sharing for State and Local Law Enforcement Agencies, the recent audit indicates deficient areas. I will provide an explanation for each noted area to the best of my ability. I want to make one point adamantly clear. At no time

during our participation in this program have we ever submitted any information or reports intended to deceive the Department of Justice or falsely report any expenditure. This program has provided equipment, training and services which would not have been possible without it. We are well aware of the consequences for failure to comply with the guidelines.

A. Maintaining DAG-71 log

The Office of the County Counselor maintains the DAG-71 forms as legal documents after the Counselor affixes her signature to the form. I was not aware her office had not been informed of the requirements set forth in the Guidelines page 26, section IX A. 4. This matter was discussed with the Counselor during our audit and required procedures were initiated immediately. We are now in compliance with this deficiency.

B. Calculating/Reporting Interest on Shared Funds.

St. Charles County implemented new financial software in 2009. When finalizing the 2010 Annual Certification report, we decided to reconcile the report to the new Munis accounting software so both reports reflected identical information. The difference in the two reports was \$23,021.71. After ensuring that the revenues and expenses were reported correctly for 2010, we believed the difference was due to prior year's interest that had not been reported. (Seizure revenues are tracked and checked by DOJ and expenses are detailed out so we didn't think it was either of these two.) The issue is the annual certification report due before all prior year revenue and expenditures are finalized. Our assumption was that some interest was reported to a prior year after the certification report was processed and the interest was not picked up the following year.

To insure the proper balance for the certification, each year I will review all the numbers in a meeting with finance as late in the month of February as possible. I request AFMLS allow us to enter a onetime interest adjustment of \$23,021.71 to be recorded in 2010 receipts. Also revised interest of \$40,102.22 will be reported on the 2011 certification based on the same reversing entries as explained above.

C. Uniform Allowance

The Use of asset forfeiture funds for uniform allowance was not the original intent for these questioned funds. When the Countywide budget for FY 2010 was being prepared in late 2009, we engaged in discussions relevant to the

Sheriff's Department budget. As a part of that budget process I designated approximately \$197,000 from the department asset forfeiture fund for Sheriff's Department overtime pursuant to Equitable Sharing Guide page 19, section 2. a. (2). This was the entry on our Equitable Sharing Agreement and Certification report for FY 2010 submitted in February 2011.

When the County Finance Department and others completed the 2010 budget they allocated these funds designated for Sheriff's Department overtime to the clothing allowance and retained overtime funding for the Sheriff's Dept. in the County General Fund. When the ESAG report was completed and submitted for my signature there was no reference to clothing allowance. Regardless of intent the fact remains these funds were entered in the County accounting records as clothing allowance which was brought to my attention during your recent audit. No related or similar transactions occurred prior to or since the 2010 budget year.

#### Uniform Purchases

One point of discussion relevant to the uniform allowance was the lack of receipts from Deputies. Prior to 1988 our agency used a "line of credit" with a local vendor for uniforms and associated equipment. Each Deputy was allowed to make specific purchases up to the dollar limit and the vendor invoiced the County. Since 1988 Deputies have been issued \$630.00 annually for uniform purchase and maintenance (cleaning). The County does not require receipts due to the bookkeeping nightmare associated with such practice. The clothing allowance is taxed and included in the February payroll annually.

I apologize for any misappropriation of funds if that is your final determination. As previously stated, we work diligently to comply with and properly interpret the provisions of the Guide to Equitable Sharing. Please contact me for any additional information you may require.

Respectfully,



Sheriff Tom Neer



## OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND ACTIONS NECESSARY TO RESOLVE THE REPORT

The Department of Justice Office of the Inspector General (OIG) provided a draft of this audit report to the Criminal Division and the St. Charles County Sheriff's Department. We incorporated the St. Charles County Sheriff's Department's response as Appendix III of this final report. However, the audit recommendations are unresolved because the Criminal Division declined to provide comments on the draft report. The following provides the OIG analysis of the St. Charles County Sheriff's Department's response and a summary of actions necessary to resolve each report recommendation.

### **Recommendation Number**

1. **Unresolved.** In response to our recommendation to file a corrected Equitable Sharing Agreement and Certification Report for FY 2010 that reflects the correct interest income, overtime expense, and uniform allowance, the St. Charles County Sheriff's Department explained that a miscommunication between the Sheriff's Department and the County Finance Department had caused some expenditures to be misclassified on its FY 2010 Certification Report.

This recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action planned to address the recommendation.

2. **Unresolved.** The St. Charles County Sheriff's Department concurred with our recommendation to ensure it accurately records and reports interest income. The St. Charles County Sheriff's Department stated that in the future, the Sheriff will review the numbers as late in the month of February as possible to ensure accurate reporting.

However, this recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action planned to address the recommendation.

3. **Unresolved.** The St. Charles County Sheriff's Department concurred with our recommendation to properly maintain and reconcile its DAG-71 log. The St. Charles County Sheriff's Department stated that proper procedures have now been implemented to correct this deficiency.

However, this recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action planned to address the recommendation.

4. **Unresolved.** The St. Charles County Sheriff's Department did not concur with our recommendation to remedy the \$56,400 in unsupported costs related to uniform allowance expenses. In its response, St. Charles County Sheriff's Department stated that it does not require receipts from officers due to the "bookkeeping nightmare" that would ensue if receipts were required.

This recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action planned to address the recommendation.

5. **Unresolved.** In its response to the draft report, the St. Charles County Sheriff's Department did not address our recommendation to remedy the \$141,000 in unallowable costs related to retroactive uniform allowance payments.

This recommendation is unresolved because the Criminal Division did not respond to the draft report. This recommendation can be resolved once the OIG and the Criminal Division reach agreement on corrective action planned to address the recommendation.