



Jennifer A. Florida
Recorder of Deeds &
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City of Saint Louis
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November 13, 2014

Dr. Ishmael Ikpeama
Internal Audit Supervisor
Internal Audit Section, Comptroller's Office
1520 Market, Suite 3005
St. Louis, MO 63103

Dear Dr. Ikpeama:

I appreciate the opportunity to improve the quality and accountability of Recorder of Deeds services. Your office has played a very important role in assisting our office in achieving that goal by conducting an internal audit of the Recorder's Preservation Fund, Technology and Archival Account. The Recorder's Preservation Fund, Technology and Archival Account has been the subject of great scrutiny since the former recorder violated the State Constitution by using the fund to pay her great nephew; the penalty was her forfeiture of office.

I agree with your conclusion of the facts, regarding the report performed by the Missouri State Auditor for the City of St. Louis Recorder of Deeds (2010-16, issued January 2010): Special Funds Bank Account Controls and Procedures. The fund was not maintained by City Treasurer as required by state law; and purchases from the fund were not in compliance with city procurement policies. Based on your review, this finding had not been resolved and is repeated in your report.

The Recorder's Preservation Fund has been maintained by the Treasurer since August, 2014. The Recorder's office has and will comply with city procurement policies as of August of 2014.

- 1. Questioned Costs of \$ 130,274.08:** I agree with your conclusion that the Recorder's Preservation Fund known as the Technology and Archival Account for the time period analyzed, July 1, 2010- June 30, 2014, had expenditures that do not seem to be allowed per State Statute.
Action: The Recorder's Archives Department shall develop an annual budget for the Recorder's Preservation Fund, Technology and Archival Account that will be shared transparently in compliance with State Statute. The fund's expenditures will prioritize the stabilization, access and preservation of our records.
The Recorder of Deeds Office will follow State Statutes and work with legal counsel to determine the legality of these payments and any remedies to recoup these questioned costs.
- 2. Allegations of Nepotism:** The former Recorder of Deeds resigned on July 11, 2014 because of nepotism allegations involving the hiring of her great nephew. \$10,815 was paid out of the Technology and Archival Account to the great nephew (July 2010 – June 2014). \$170.00 was paid from the Technology and Archival account for the great nephew's parking.

Action: The Recorder of Deeds Office will follow your recommendation that this office follow the State Constitution and work with Legal Counsel to determine any other action that may be required or available regarding recouping the payments related to nepotism.

On July 23, 2014, St. Louis City Employee Code of Conduct was adopted as a part of the Recorder's Personnel Policy which includes nepotism and conflicts of interest, see attachment. I agree that by introducing this policy that it may prevent any future violations.

3. **Failure to Maintain Account with City Treasurer:** The Technology and Preservation Fund was maintained by the Recorder of Deeds in a bank account that was not kept by the Treasurer as required by Missouri State Statute 59.319.

Action: I have complied with Missouri State Statute 59.319 by turning the Recorder's Preservation Fund over to the Treasurer in August of 2014.

4. **Inadequate Bid and Procurement Process:** Recorder of Deeds did not follow a formal bid and procurement process. I agree that failure to implement and follow formal policies related to the bid and procurement process could and has resulted in impropriety and a lack of open competition.

Action: The Recorder's Office will comply with city procurement policies. All contracts will be bid, vetted and approved by City Counselor and the Comptroller. All necessary improvements to our facilities will be bid by Board of Public Service and document compliance. Technology Committee and bid process policy has been implemented.

5. **Lack of Segregation of Duties:** Former Chief Deputy signed checks made payable to herself for travel expense which appears to be not allowable per State Statute. She also approved the invoices. I agree that the duties were not adequately segregated.

Action: The Recorder's Preservation Fund is now maintained by the Treasurer. As of August 2014, with appropriate documentation, authorized by the Recorder, signed by the Treasurer's office, expenditures are now made. Duties shall be adequately segregated.

6. **Outstanding Checks:** Review of the Recorder of Deeds financial ledger and bank statements revealed five (5) payments totaling \$362.00 that had not cleared the bank and remain outstanding. The account was closed August 14, 2014 and the fund transferred to the Treasurer. Staff has no explanation for the outstanding checks.

Action: Recorder's Office will follow your recommendations to attempt to contact the customers or vendors affected and determine why checks have not been presented for payments. Checks shall be voided and replaced with new checks if liability still exists. We shall follow the State of Missouri Statutes pertaining to abandoned property.

Thank you for your assistance in this matter.

Sincerely,

Jennifer A. Florida

CC:

Comptroller Darlene Green
City Counselor Winston Calvert
Mary Ellen Ponder
Mayor Francis Slay
Ron P. Steinkamp, CPA