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# CITIZENS SUMMARY

## Findings in the audit of St. Louis County

Background	<p>The former County Executive, Steve Stenger, was indicted on April 25, 2019, and pleaded guilty on May 3, 2019 to three federal counts of honest services bribery/mail fraud in a pay-to-play scheme involving county procurement operations. On August 9, 2019, he was sentenced to 46 months in prison and fined \$250,000.</p> <p>On May 10, 2019, Sheila Sweeney, the former Chief Executive Officer (CEO) of the St. Louis Economic Development Partnership (SLEDP) pleaded guilty in U.S. District Court to one count of misprision of a felony. On August 16, 2019, Sweeney was sentenced to probation and fined \$20,000.</p> <p>On May 7, 2019, the County Council unanimously approved a resolution requesting the State Auditor perform an independent review of county operations. The State Auditor accepted the request on May 15, 2019.</p>
Former County Executive Abused His Position	<p>Several significant weaknesses in the county's charter and ordinances allowed the former County Executive to abuse his position to manipulate the procurement and contract award processes of the county. The former County Executive held contracts indefinitely prior to execution, resulting in the delay of projects, and the loss of federal funding and contractors. The former County Executive manipulated procurement procedures and processes, which gave him more influence over county procurement decisions. Due to a lack of oversight from the SLEDP Board, the former County Executive used his position to set the compensation for the former SLEDP CEO.</p>
Inadequate County Council Oversight	<p>A lack of adequate oversight by the County Council helped allow the former County Executive to take actions not in the best interests of the county. The County Council passed ordinances allowing the county to enter into a significant lease without reviewing the lease agreement, cost analysis, appraisals, and other supporting documentation. The County Council does not review all non-merit employees appointed by the County Executive, allowing the County Executive to shift approximately \$1 million per year in personnel expenses for executive employees to other county departments. The County Council has not fully utilized the office of the County Auditor and requested audits of concerns brought to the attention of the Council, and has not ensured the County Auditor has the appropriate qualifications.</p>
Unauthorized Payments of SLEDP Funds	<p>The former SLEDP CEO abused her position by overseeing large bonuses for herself and other administrators that were not authorized or approved by the Board. In addition, the former Chief Financial Officer (CFO) abused her position to provide herself with paid time off (PTO) hours without proper authorization or documented approval. The former SLEDP CEO and former CFO oversaw bonus payments totaling \$348,000 to SLEDP employees in 2016 and 2017. The former CFO instructed staff to add an additional 320 hours to her PTO balance without proper authorization or documented approval, and rolled over 100 percent of PTO hours in 2016 and 2017 to future periods, contrary to SLEDP policy, without approval.</p>

SLEDP Board Oversight	The SLEDP Board provided limited oversight and monitoring of the former CEO and SLEDP organizational activities, and did not fulfill the function of the board to "fix the terms and conditions of such employment or contract for services," of the SLEDP CEO. The SLEDP paid bonuses to employees without sufficient Board oversight or approval. In addition, the SLEDP did not have procedures to evaluate and determine which employees earned bonuses and the amount of the bonus.
County Personnel Policies and Records	Policies and procedures regarding appointed employees need improvement. The county has poor controls in place for ensuring timesheets are signed and approved before appointed employees are paid. The county had not prepared job descriptions for 46 of the 60 appointed positions tested (77 percent) as of February 2020.
Best and Final Offers	The Procurement Division has not established a formal policy for the use of best and final offers.
SLEDP Procurement	SLEDP procurement procedures need improvement. Procurement documentation was not always retained and contracts may not have been adequately reviewed or evaluated prior to execution.

In the areas audited, the overall performance of this entity was **Poor**. \*

\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.



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## Recommendations in the audit of St. Louis County

Former County Executive Abused His Position	1.1	The County Council consider enacting legislation requiring the County Executive to timely make any objections to contract awards known to the Council and allowing the Council to execute contracts after a certain period of inaction by the County Executive.
	1.2	The County Council continue to ensure future evaluation committees are independent and free of potential conflicts of interest before awarding contracts.
	1.3	The SLEDP Board ensure the contracting process is competitive and transparent, and appraisals are obtained for all real estate transactions.
Inadequate County Council Oversight	The County Council:	
	2.1	Ensure lease agreements are sufficiently reviewed and the County Charter requirements are followed.
	2.2	Provide adequate oversight for all appointed positions and the compensation of non-merit employees. In addition, ensure all appointed positions working for the County Executive are included in the County Executive's budget to ensure transparency to the public.
Unauthorized Payments of SLEDP Funds	2.3	Review and update the requirements for the County Auditor position and staffing. Ensure the County Council is fully utilizing the County Auditor to identify and review ineffective or inefficient operations and ensure established policies are followed. In addition, clarify which standards, if any, the County Auditor is to follow.
	The SLEDP Board:	
	3.1	Pursue reimbursement for the unauthorized bonus payments paid.
SLEDP Board Oversight	3.2	Ensure personnel policies are applied equitably and any departure from policy is documented and approved by the appropriate level of authority. Also, the SLEDP should pursue reimbursement for improperly paid out compensation to the former CFO.
	The SLEDP Board:	
	4.1	Continue to ensure employment contracts are executed with the CEO and are in the best interest of the SLEDP. All terms and conditions should be formally approved by the Board and publicly documented in the Board minutes.
	4.2	Continue to follow current SLEDP policy regarding bonuses.

County Personnel Policies and Records	<p>The County Council:</p> <p>5.1 Develop and ensure compliance with formal written personnel policies for appointed employees including policies concerning increases in salary or pay rate. In addition, ensure personnel meet minimum qualifications for the position and adequately document a review of qualifications. Also, establish what the required contents of a personnel file are for appointed positions and ensure employment records are maintained and complete for all employees.</p> <p>5.2 Ensure timesheets are adequately prepared, and properly signed and approved.</p> <p>5.3 Prepare job descriptions for all positions.</p>
Best and Final Offers	The County Council establish formal policies and procedures for best and final offers.
SLEDP Procurement	The SLEDP should retain procurement documents in accordance with SLEDP policy and document a formal selection process to ensure all contracts are formally reviewed and evaluated in accordance with the established procurement policy. In addition, the SLEDP should ensure port authority contracts are advertised in compliance with state law.