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Missouri State Auditor

**City of Miller Police Department
Disbursements and Seized Property**

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CITIZENS SUMMARY

Findings in the audit of the City of Miller Police Department Disbursements and Seized Property

Background

The former Police Chief, Joshua Bruce, was employed by the City of Miller from July 5, 2011, until he was placed on administrative leave on March 29, 2017, and subsequently terminated on May 4, 2017, for preparing and approving false timesheets showing time worked by his brother when he was not on duty, failing to prepare fuel records, submitting unsupported mileage reimbursements, making unauthorized purchases on credit cards, and using city funds to purchase surplus property for personal use. On August 31, 2011, the city, at the request of the former Police Chief, hired his brother, Randall Bruce, as a Lieutenant. He was also terminated on May 4, 2017, due to false timesheets. Former Police Chief Bruce was charged with multiple criminal counts of receiving stolen property (felony and misdemeanor) in July and August 2017, and former Lieutenant Bruce was charged with a felony criminal count of receiving stolen property in August 2017. Both of these criminal cases are ongoing. The Missouri State Highway Patrol (MSHP) conducted an investigation, and the Prosecuting Attorneys in Lawrence and Christian County filed the related charges. The State Auditor's Office (SAO) was petitioned to audit the city and began an audit on March 1, 2018, at which time we were informed of the MSHP investigation and criminal charges.

Improper Payroll Payments

The audit identified estimated improper payroll checks totaling \$24,623 issued to the former Lieutenant but negotiated by the former Police Chief during the period August 2014 through March 2017. The city's payroll records showed significant and unexplained increases in the amounts paid to and hours worked by the former Lieutenant. In addition, the city could not provide timesheets to support 12 payments made to the former Lieutenant totaling \$5,606, the former Police Chief falsely prepared 55 timesheets for his brother, and the former Police Chief improperly negotiated at least 64 of the total 67 payroll checks made payable to the former Lieutenant. The audit also identified \$1,758 in improper overtime payments to the former Police Chief related to highway safety grants. Former Police Chief Bruce and the former City Clerk also did not maintain and submit all required records for the highway safety grants and as a result, the city owes \$1,779 in grant funding back to the Missouri Department of Transportation's (MoDOT) Highway Safety and Traffic Division, and timesheets maintained by the city and hours claimed per grant documents showed several discrepancies.

Mileage Reimbursements, Fuel Purchases, and City Vehicle Use

Unsupported and excessive mileage reimbursements totaling \$12,795 were paid to the former Police Chief; at least \$3,598 of fuel purchases made using city's credit cards assigned to the former Police Chief are questionable; and the city did not report the value of personal (commuting) mileage to the Internal Revenue Service (IRS) as required.

Credit Card Purchases and Missing Assets

The former Police Chief used city credit cards to purchase personal items/services (\$1,859) and numerous meals that were likely not related to city business (\$362). The Board and former City Clerk did not perform adequate reviews of credit card statements, invoices, and other supporting documentation, and as a result, questionable purchases made by the former Police Chief went undetected for several years. The city lacks adequate

controls and procedures over police department property items, and does not properly track receipt and use of state and federal surplus property items. Several city assets, including state and federal surplus property items, are missing.

Donations and Seized Property Cash donations received by the former Police Chief and seized property are missing, and controls and procedures over donations and seized property need improvement. Cash donations collected by the former Police Chief totaling \$1,445 are missing. Various seized property items, including firearms and cash, are missing and the MSHP located some of these items at the former Police Chief's residence after his termination.

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.

City of Miller Police Department Disbursements and Seized Property

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NICOLE GALLOWAY, CPA

Missouri State Auditor

To the Honorable Mayor
and
Members of the Board of Aldermen
City of Miller, Missouri

We have audited the City of Miller Police Department Disbursements and Seized Property. During our audit of certain operations of the City of Miller in fulfillment of our duties under Section 29.230, RSMo, we were made aware of improprieties with some disbursements and seized property and determined additional work was necessary to review transactions of the police department. The scope of our audit included, but was not necessarily limited to, the period from January 1, 2014, through March 31, 2017. The objectives of our audit were to:

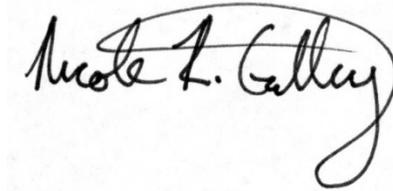
1. Evaluate the city's internal controls over significant management and financial functions as they relate to the police department.
2. Evaluate the city's compliance with certain legal provisions as they relate to the police department.
3. Determine the amount of improper payments and questionable disbursements, and the extent of missing assets and seized property.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the city, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our 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 such a basis.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) improper payments totaling \$26,381, questionable disbursements totaling at least \$18,614, missing donations of \$1,445, and numerous missing assets and seized property items. The accompanying Management Advisory Report presents our findings arising from our audit of the City of Miller Police Department Disbursements and Seized Property.

An additional report, Report No. 2019-035, *City of Miller*, was issued in May 2019.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

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City of Miller Police Department Disbursements and Seized Property

Introduction

Background

The former Police Chief, Joshua Bruce, began employment with the City of Miller (in Lawrence County) on July 5, 2011. He was placed on administrative leave on March 29, 2017, and was subsequently terminated by the city on May 4, 2017, for preparing and approving false timesheets showing time worked by his brother when he was not on duty, failing to prepare fuel records, submitting unsupported mileage reimbursements, making unauthorized purchases on credit cards, and using city funds to purchase surplus property for personal use. On August 31, 2011, the city, at the request of the former Police Chief, hired his brother, Randall Bruce, as a Lieutenant. He was also terminated on May 4, 2017, due to false timesheets. Former Lieutenant Bruce served as the City of Clever (in Christian County) Police Chief during the period he was employed by the City of Miller. The Clever City Clerk indicated Randall Bruce was a salaried employee and expected to work a minimum of 40 hours per work week (Monday through Friday).

Former Police Chief Bruce was charged with multiple criminal counts of receiving stolen property (felony and misdemeanor) in July and August 2017, and former Lieutenant Bruce was charged with a felony criminal count of receiving stolen property in August 2017. Both of these criminal cases are ongoing. The Missouri State Highway Patrol (MSHP) conducted an investigation, and the Prosecuting Attorneys in Lawrence and Christian County filed the related charges. Former Police Chief Bruce refused to cooperate with the MSHP investigation or be interviewed. The State Auditor's Office (SAO) was petitioned to audit the city and began an audit on March 1, 2018, at which time we were informed of the MSHP investigation and criminal charges. Audit work by the SAO confirmed the former Police Chief and his brother, former City of Miller Lieutenant/former City of Clever Police Chief, had misappropriated city monies, assets, and seized property, and identified additional monies improperly paid to the former Police Chief.

The MSHP indicated in a probable cause statement dated August 21, 2017, that during his time of employment with the city the former Police Chief stole approximately \$27,481 in payroll, donation money, and equipment from the city. The probable cause statement also identified numerous firearms missing from evidence or stolen by the former Police Chief, some of which were located at the former Police Chief's residence.

The MSHP provided the SAO various records obtained through the agency's investigation including city records, investigative reports, interviews, and a time records analysis prepared by the Mid-States Organized Crime Information Center (MOCIC).



City of Miller Police Department Disbursements and Seized Property Introduction

The MOCIC used Lawrence County computer aided dispatch (CAD) records,¹ City of Clever dispatch records,² and personal cell phone tower activity³ to prepare the analysis. The time record analysis prepared by MOCIC pertained to the period August 1, 2016, through March 28, 2017. The MSHP also provided personal bank account records for a joint bank account held by the Bruce brothers for the period December 18, 2015, through May 17, 2017. The MSHP executed search warrants at the former Police Chief's residence on July 27, 2017, and August 18, 2017.

The lack of segregation of duties and adequate controls, and the absence of proper oversight, as discussed in the City of Miller, report No. 2019-035, issued in May 2019, resulted in the unsupported and improper payroll payments; overpayments; unsupported mileage reimbursements; questionable disbursements, and missing assets, donations, and seized property going undetected for a significant period of time.

¹ The City of Miller contracts with Lawrence County for dispatch services; therefore, these records were used to determine if the former City of Miller Lieutenant/former City of Clever Police Chief was working in the City of Miller during times reported on his timesheet.

² The City of Clever maintains its own dispatch services; therefore, these records were used to determine if the former City of Miller Lieutenant/former City of Clever Police Chief was working in Clever instead of Miller during the hours reported on his timesheet. The former City of Miller Lieutenant/former City of Clever Police Chief reported the start and end time of each shift worked with dispatch.

³ Personal cell phone activity from towers in Miller and Clever were used to determine if the former City of Miller Lieutenant/former City of Clever Police Chief was working in the Clever or Miller area during the hours reported on his timesheet.

City of Miller Police Department Disbursements and Seized Property Management Advisory Report

State Auditor's Findings

1. Improper Payroll Payments

The audit identified estimated improper payroll checks totaling \$24,623 issued to the former Lieutenant, Randall Bruce, but negotiated by the former Police Chief, Joshua Bruce, during the period August 2014 through March 2017.

The audit also identified \$1,758 in improper overtime payments to the former Police Chief related to highway safety grants. Some grant records were not maintained or submitted for grant funds received, and as a result, the city is being required to repay funds to the granting agency.

The Missouri State Highway Patrol (MSHP) investigation determined the former Police Chief stole \$24,801 in payroll by forging numerous time records for his brother, the former Lieutenant from August 2011 through March 2017. Our review of city payroll records and the related payments made to the former Police Chief and former Lieutenant, and the time records analysis provided by the MSHP identified the following concerns, which further confirmed improper payroll payments occurred.

1.1 Improper payments and timesheets

The city's payroll records showed significant and unexplained increases in the amounts paid to and hours worked by the former Lieutenant. The city could not provide timesheets for some payroll checks issued to the former Lieutenant. The former Police Chief also improperly prepared timesheets for his brother, the former Lieutenant, and some of the timesheets prepared were not accurate. The related payroll checks issued to the former Lieutenant were also improperly negotiated by the former Police Chief.

Significant increases in reported hours

City personnel indicated the former Police Chief's brother was hired on August 31, 2011, to work limited hours on an as needed basis with no set schedule or hours established, while also serving as the City of Clever Police Chief on a full-time basis. City payroll records showed significant increases in the amounts paid to and hours worked by the former Lieutenant for the years ended December 31, 2014, 2015, and 2016, and in the first 3 months of 2017 in comparison to the years ended December 31, 2012, and 2013.

	(1)	Year Ended December 31,					(2)
	2011	2012	2013	2014	2015	2016	2017
Gross wages	\$ 2,957	1,179	1,107	3,420	9,531	13,230	3,600
Hours reported as worked	329	131	123	380	1,059	1,400	381
Pay periods worked/Total pay periods available	8/8	8/24	5/24	13/24	24/24	24/24	6/6

(1) August 31 through December 31, 2011

(2) January 1 through March 31, 2017

The average number of hours reported as worked per pay period by the former Lieutenant was consistent in 2012 and 2013, but began to significantly increase in August 2014 and continued to increase through March 31, 2017.



City of Miller Police Department Disbursements and Seized Property
Management Advisory Report - State Auditor's Findings

The former Lieutenant's pay rate was \$9.00 per hour during 2011 through 2015 and \$9.45 per hour during 2016 and 2017.

The former Lieutenant only worked during 8 of 24 pay periods during 2012, 5 of 24 pay periods during 2013, and 4 of the first 14 pay periods of 2014. During the first 14 pay periods of 2014, the former Lieutenant's timesheets reported he only worked 52 hours; however, during 9 of 10 of the remaining pay periods (August through December) his timesheets showed he worked 328 total hours. Timesheets indicate the former Lieutenant worked every pay period during 2015, 2016, and 2017, until his termination, unlike earlier years where pay periods with reported hours were sporadic. An explanation of the significant increase in hours worked was not documented by the former Lieutenant, former Police Chief, or other city officials. Particularly for 2015, 2016, and 2017, reported hours seemed high considering the former Lieutenant's time obligations for the City of Clever. Also, former city personnel and police officers indicated the former Lieutenant rarely had a physical presence in the City of Miller.

The former Lieutenant indicated in a MSHP interview that he did not prepare or sign any of his timesheets, did not work the number of hours reported to the city, and was aware his W-2 forms were incorrect (more wages than he expected based on work performed). He also stated he did not notify anyone of the apparent problems and filed the W-2 forms, without questioning, with his personal income tax returns because he did not want to raise any red flags with the Internal Revenue Service (IRS).

Unsupported payments

The city could not provide timesheets to support 12 payments made to former Lieutenant Bruce totaling \$5,606 for the following pay periods.

Pay Period	Hours Worked (1)	Check Date	Check Number	Gross Payroll Amount	Check Amount
09/16/14 through 09/30/14	80	09/30/14	3862	\$ 720	633
01/16/15 through 01/31/15	48	01/29/15	4109	432	395
05/01/15 through 05/15/15	24	05/14/15	4336	216	199
05/16/15 through 05/31/15	31	05/29/15	4361	279	258
07/01/15 through 07/15/15	32	07/14/15	4461	288	265
10/01/15 through 10/15/15	62	10/15/15	4654	558	506
12/01/15 through 12/15/15	41	12/14/15	4785	369	339
12/15/15 through 12/31/15	54	12/30/15	4811	486	443
04/01/16 through 04/15/16	67	04/14/16	5069	633	569
04/16/16 through 04/30/16	48	04/29/16	5089	454	414
05/01/16 through 05/15/16	61	05/12/16	5131	576	522
01/01/17 through 01/15/17	63	01/12/17	5710	595	547
Total	611			\$ 5,606	5,090

(1) Hours worked were calculated based on hourly rate and gross pay.



City of Miller Police Department Disbursements and Seized Property
Management Advisory Report - State Auditor's Findings

The former City Clerk indicated for the undocumented payroll payments, the former Police Chief would verbally provide or indicate the number of hours worked on a slip of paper, and that some of these notes were thrown away after payment. Due to the lack of documentation, the propriety of these payments cannot be evaluated or determined, and these payments are included in the improper payroll estimate.

Falsified timesheets

According to former city personnel, the former Police Chief prepared 55 semi-monthly timesheets for his brother, the Lieutenant, and submitted them to the former City Clerk for payment during the time period January 1, 2014, through March 29, 2017.⁴ The former Lieutenant did not review or sign these timesheets and was paid \$24,175 (gross pay) during these pay periods (see Supporting Documentation for Falsified Timesheets). Of these 55 timesheets, 53 were not signed and 2 timesheets were initialed "RB" (Randall Bruce) in the former Police Chief's scripted handwriting. The former Lieutenant indicated in a MSHP interview, that he did not prepare or sign any of these timesheets submitted to the City Clerk for payment.

Time record analysis

The time record analysis prepared by Mid-States Organized Crime Information Center (MOCIC) for the period of August 1, 2016, through March 28, 2017, showed significant discrepancies in dates and times claimed to have been worked for the City of Miller by the former Lieutenant. We used the time record analysis information obtained from dispatch and cell phone tower records to determine how much of the time claimed to have been worked during this period was supported. Only 64.5 (8 percent) of the 857 hours reported as worked during this time period were corroborated, 721.5 hours (84 percent) were improperly reported, and the remaining 71 hours of work (8 percent) could not be determined.

Conflicting schedules

We also compared the hours reported as worked on the former Lieutenant's timesheets to the dates and times of City of Clever City Council meetings (where he was employed as Police Chief) and noted problems with hours reported as worked. For example, the City of Clever Council meeting minutes indicated the former Lieutenant was present at Council meetings held on October 18, 2016, December 20, 2016, January 17 and 24, 2017, February 21, 2017, and March 21, 2017, and that each meeting started at 6:30 p.m. However, the former Lieutenant's City of Miller timesheets indicated he worked from 4 p.m. until 12 a.m. on October 18, 2016; from 6 p.m. until 12 a.m. on December 20, 2016; from 5 p.m. until 12 a.m. on January 17, 2017; from 6 p.m. until 12 a.m. on January 24, 2017; from 4 p.m. until 12 a.m. on February 21, 2017; and from 6 p.m. to 10 p.m. on March 21, 2017. Considering the time of the council meetings in Clever, it was not possible for the former Lieutenant to have worked all of these hours in Miller.

⁴ No payments were made to the former Lieutenant during 11 pay periods in 2014; therefore, no timesheets were needed for these pay periods.



City of Miller Police Department Disbursements and Seized Property
Management Advisory Report - State Auditor's Findings

Inaccurate timesheets

The timesheets prepared for the former Lieutenant were not always accurate. The total hours reported as worked did not always agree to the start and end times of work recorded on the timesheets. For example, the former Lieutenant's timesheet indicated he worked from 3 p.m. until 10 p.m. (7 hours) on Sunday, August 21, 2016; however, the total hours reported as worked on the timesheet was 10 hours. As a result, the former Lieutenant was incorrectly paid for 10 hours rather than 7 hours (overpayment of 3 hours).

Improperly negotiated checks

The former Police Chief improperly negotiated at least 64 of the total 67 payroll checks made payable to the former Lieutenant during the period January 1, 2014, through March 31, 2017. Of these 67 checks, 37 checks were endorsed "RB" with the additional endorsement of "Joshua Bruce" applied with both endorsements written in former Police Chief's scripted handwriting, 19 checks were endorsed "RB" in the former Police Chief's scripted handwriting, 6 checks were endorsed "Joshua Bruce" in the former Police Chief's scripted handwriting, and 2 checks were signed "Randall Bruce" with the additional endorsement of "Joshua Bruce" in the former Police Chief's scripted handwriting. Because images of the remaining 3 checks could not be obtained from the bank, we could not evaluate those endorsements. Many of these checks were deposited into a joint bank account maintained by the Bruce brothers. The former Lieutenant indicated in a MSHP interview that the former Police Chief gave him his City of Miller paychecks when he was first employed, but eventually the former Police Chief deposited these payroll checks into their joint account. The former Lieutenant also indicated in the interview that he did not endorse most paychecks issued to him by the City of Miller.

Estimated improper payments

Based on our detailed review of city payroll records and related procedures for the period January through March 2017, the MSHP investigative report documents and interviews, the MOCIC time analysis results, and discussions with former city personnel, it is likely a significant portion of the former Lieutenant's compensation was improper. We estimated improper payroll payments for the period August 1, 2014, through March 31, 2017 (the time period for which we noted significant increases in amounts paid and hours worked), using hours reported as worked for the City of Miller (from timesheets, handwritten notations of hours worked from the former Police Chief, and/or former City Clerk's handwritten notations of hours worked based on verbal instructions from the former Police Chief; however, some of the notes were thrown away after payment). We estimated the total improper payments using the 84 percent rate (improperly reported hours worked) determined in the MOCIC detailed time analysis previously discussed.



City of Miller Police Department Disbursements and Seized Property
Management Advisory Report - State Auditor's Findings

	August 1 through December 31,	Year Ended December 31,			January 1 through March 31,	Total
	2014	2015	2016	2017		
Gross wages	\$ 2,952	9,531	13,230	3,600	\$ 29,313	
Percentage applied	84%	84%	84%	84%	84%	
Estimated improper payments	\$ 2,480	8,006	11,113	3,024	\$ 24,623	

The lack of sufficient reviews or oversight over the payroll process and transactions allowed these improper payments to occur and go undetected for a significant period.

In addition to the estimated \$24,623 in improper payroll, the remainder of the report discusses other problems we identified regarding the former Police Chief, including improper overtime payments, excess mileage reimbursements, questionable fuel use and meal purchases, and improper handling of city assets and seized property.

1.2 Highway safety overtime grants

Former Police Chief Bruce and the former City Clerk did not maintain and submit all required records for 3 highway safety grants and as a result, the city owes \$1,779 in grant funding back to the Missouri Department of Transportation's (MoDOT) Highway Safety and Traffic Division. In addition, the former Police Chief improperly requested and was paid \$1,758 by the city for overtime related to these grants.

Four grants provided funding for overtime incurred during a driving while intoxicated (DWI) enforcement campaign from August 19, 2016, through September 5, 2016 (\$579); a child passenger safety week campaign from September 18, 2016, through September 24, 2016 (\$500); a holiday DWI enforcement campaign from December 15, 2016, through January 1, 2017 (\$600); and a St. Patrick's Day DWI enforcement campaign from March 16, 2017, through March 19, 2017 (\$600). The grant agreements required the city to provide timesheets, salary and payment verification, and an Overtime Enforcement Manpower report form with reimbursement requests. Other records were also required to be retained by the city including timesheets, dispatch records, and a report of traffic stops and activities performed during the grant hours. However, city officials submitted incomplete and inaccurate records, and did not maintain other required records.

In January 2018, a MoDOT investigator contacted former Police Chief Nay (Nay was promoted to Police Chief after former Police Chief Bruce's termination) and requested copies of payroll records showing grant time worked, dispatch records, traffic stop records, and records of other law enforcement activities completed during the hours worked on the grants; however, no records were provided to the MoDOT at that time.



City of Miller Police Department Disbursements and Seized Property Management Advisory Report - State Auditor's Findings

On September 27, 2018, the MoDOT notified the city that an audit of the police department's traffic overtime grants identified the city had failed to maintain and submit accurate records to support the reimbursement of overtime hours worked by the police officers for 3 of the 4 grants, and that repayment of all funds received for these grants must occur. After receiving this notification, city officials compiled some records (timesheets, paystubs, and checks) to submit to the MoDOT for review. The additional submitted information did not satisfactorily meet grant requirements and the city received an invoice dated January 11, 2019, requesting repayment of \$1,779.

Our review of timesheets maintained by the city and hours claimed per grant documents submitted to MoDOT by the former Police Chief for reimbursement showed the following discrepancies.

Per Grant Claim Form			Per Employee Timesheet		
Date Worked	Officer	Hours Worked	Date Worked	Officer	Hours Worked
			08/27/16	Welker	3.5
08/28/16	Welker	8.0	08/28/16	Welker	4.5
08/29/16	Nay	7.0	09/03/16	Nay	3.0
			09/01/16	Bruce	4.0
			09/02/16	Bruce	4.0
09/04/16	Bruce	13.0	09/03/16	Bruce	5.5
09/21/16	Welker	6.0	09/21/16 (1)	Welker	6.0
12/28/16	Peck	2.5	01/01/17	Peck	2.5
12/29/16	Nay	4.0	12/31/16	Nay	4.0
12/30/16	Bruce	10.5	(2)		
12/31/16	Bruce	10.5	(3)		

(1) The date recorded on the timesheet by Officer Welker was marked through and altered to this date in the former Police Chief's scripted handwriting.

(2) The former Police Chief's timesheet indicated he did not work on this day.

(3) The former Police Chief's timesheet indicated he worked 16 hours on this day, but did not indicate that any of the hours related to this grant, as other timesheets indicated.

The table shows that many of the discrepancies pertained to the former Police Chief. Also, the reimbursement claim form submitted for the holiday DWI enforcement campaign from December 15, 2016, through January 1, 2017, for \$600 was improperly signed, "Lt. R Bruce" in Joshua Bruce's scripted handwriting.

In addition to inaccurately reporting time worked on grant reimbursement requests, the former Police Chief improperly requested and was paid \$1,758 by the city for overtime related to these grants, even though he was not entitled to receive overtime compensation. The grant agreements do not allow for reimbursement of hours that do not constitute overtime by local policy.



City of Miller Police Department Disbursements and Seized Property
Management Advisory Report - State Auditor's Findings

The following chart shows the checks issued to former Police Chief Bruce for work related to the highway safety grants.

Check Date	Check Number	Gross Amount of Check	Grant Hours Claimed
09/19/16	5416	\$ 371	13.5 hours worked from 09/01 to 09/03/16
09/29/16	5429	357	13 hours worked on 09/18, 09/20, 09/21/16
12/30/16	5663	508	21 hours worked on 12/30 and 12/31/16
03/31/17	5885	522	19 hours worked on 3/16 and 3/18/17
	Total	\$ 1,758	

Failure to retain adequate documentation of grant disbursements limits the city's ability to prove compliance with grant agreement terms and conditions. To ensure the propriety of all city disbursements, the Board should review and approve all grant disbursements prior to payment and claim forms prior to submission.

Recommendations

The Board of Aldermen:

- 1.1 Continue to work with law enforcement officials regarding criminal prosecution of improper payments issued to the former Lieutenant and negotiated by the former Police Chief, and take the necessary actions to obtain restitution.
- 1.2 Develop procedures to ensure requirements are met for any future grants obtained and work with MoDOT to resolve the grant repayment request. In addition, the Board should continue to work with law enforcement officials regarding criminal prosecution of the improper overtime payments issued to the former Police Chief, and take the necessary actions to obtain restitution.

Auditee's Response

- 1.1 *We will continue to work with law enforcement officials regarding criminal prosecution and take the necessary actions to obtain restitution.*
- 1.2 *In the future, before any grant payments are sought, the City Clerk, Mayor, and the Board of Aldermen will develop procedures to review all information to ensure proper and accurate information is submitted and all grant requirements are met. Our city attorney has been in correspondence with MoDOT to come to a resolution of this matter, and any repayments will be made upon resolution with MoDOT. We will continue to work with law enforcement officials regarding criminal prosecution and take the necessary actions to obtain restitution.*



2. Mileage Reimbursements, Fuel Purchases, and City Vehicle Use

Unsupported and excessive mileage reimbursements totaling \$12,795 were paid to the former Police Chief; at least \$3,598 of fuel purchases made using city's credit cards assigned to the former Police Chief are questionable; and the city did not report the value of personal (commuting) mileage to the IRS as required.

The following table presents mileage reimbursements to and fuel purchases by the former Police Chief and bulk fuel purchases for the police department from July 1, 2014, through March 29, 2017. This information was obtained from city records.

	Year Ended June 30,		Period July 1,
	2015	2016	2016, through March 29, 2017
Mileage reimbursements to former Police Chief	\$ 6,139	4,981	1,675
Credit card fuel purchases by former Police Chief	1,496	2,247	802
Police department bulk fuel purchases	3,214	2,157	3,184
Total	\$10,849	9,385	5,661

The former Police Chief lived in the City of Clever and typically used a city-owned patrol vehicle to commute to and from work. Former city officials indicated that sometimes he would drive a personal vehicle. Mileage from his home to the police department was 69 miles round trip, and mileage logs were not maintained for city or personal vehicles. Personal property tax records for 2014, 2015, 2016, and 2017 tax years, obtained from the Lawrence County Collector, indicate the former Police Chief owned a diesel truck and another truck that used unleaded fuel.

Former city employees indicated in interviews with the MSHP that the former Police Chief used city bulk fuel tanks and city credit cards to fuel up both city-owned and personal vehicles, and that he also requested reimbursements for miles driven in his personal vehicle. Former city officials indicated city employees were expected to obtain fuel for city-owned vehicles from the bulk fuel tanks and only use the city credit card to purchase fuel when traveling out of the area, and that the former Police Chief used 3 credit cards to make purchases. The police department did not maintain bulk fuel usage logs and the city reimbursed the former Police Chief for mileage at 36 cents per mile.

Unsupported and excessive mileage reimbursements

Unsupported and excessive mileage reimbursements totaling \$12,795 were paid to the former Police Chief during the period of July 1, 2014, through March 29, 2017. Adequate supporting documentation of mileage reimbursements paid to the former Police Chief was not maintained, and in some instances no documentation was maintained.

The former Police Chief reported a total number of miles requested for reimbursement on his semi-monthly timesheets with no details regarding date



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of travel, daily miles driven, destination, or the business purpose. There was no separate reporting of mileage incurred. Some timesheets did not report any miles claimed and some timesheets were not maintained, yet the former Police Chief was reimbursed for mileage for the corresponding time periods. The former City Clerk indicated for the undocumented mileage reimbursements the former Police Chief would verbally provide or indicate the number of miles requested for reimbursement and the former City Clerk would note this on a slip of paper, some of which were thrown away after payment.

Considering the lack of supporting documentation, the Chief's frequent use of a city-owned vehicle rather than his personal vehicle(s), local fuel purchases charged to the city's credit card contrary to city practice, and the use of bulk fuel to fuel personal vehicles, we concluded that all miles claimed for reimbursement by the former Police Chief were improper. Also, based on the number of miles claimed, the average miles per workday the former Police Chief would have driven ranged from 39 (lowest number of miles claimed) to 684 (highest number of miles claimed). This is not reasonable considering city limits cover only about 7/10 of one square mile.



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The following table shows the mileage reimbursements paid to the former Police Chief.

Check Date	Check Number	Miles Claimed	Amount of Mileage Reimbursement
07/15/14	3706	6,842 (1)	\$ 2,463
07/24/14	3713	3,465 (1)	1,247
08/13/14	3750	1,118 (1)	402
08/20/14	3780	1,539 (1)	554
09/10/14	3818	1,285 (1)	463
10/24/14	3910	730 (1)	263
12/29/14	4033	891 (1)	321
05/14/15	4344	1,184 (1)	426
08/12/15	4506	1,453	523
08/25/15	4535	385	139
09/10/15	4567	1,103	397
10/09/15	4649	1,045 (1)	376
11/10/15	4699	1,389	500
11/24/15	4733	1,245	448
02/11/16	4899	1,545 (1)	556
02/25/16	4929	761	274
03/10/16	4965	1,258 (1)	453
04/12/16	5038	928	334
05/11/16	5108	891	321
06/27/16	5214	1,833	660
08/09/16	5328	1,349	486
09/19/16	5417	1,948	701
01/30/17	5725	586 (1)	211
03/08/17	5819	769 (1)	277
Totals		35,542	\$ 12,795

(1) Mileage was not reported on timesheets for checks issued in 2014 and 2017, and timesheets were not retained for checks dated 05/14/15, 10/09/15, 02/11/16, and 03/10/16; however, we calculated the number of miles claimed for these pay periods using the amount paid and the mileage reimbursement rate of 36 cents.

To ensure reimbursement requests are reasonable and represent valid disbursements, the city should require use of a reimbursement form to document mileage incurred.

Questionable fuel purchases

Some fuel charges on the city's credit cards used by the former Police Chief are questionable. During the period July 1, 2014, through March 29, 2017, the former Police Chief purchased \$1,253 of fuel from gas stations in Clever, \$394 of fuel from gas stations in Miller, and \$1,951 of fuel from gas stations



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in neighboring areas⁵ within 50 miles of the City of Miller using the city's credit card (purchases totaled \$3,598). In addition, \$1,265 of these purchases occurred on weekends and \$574 were for diesel fuel, with almost all of these purchases occurring in neighboring areas. Given that the former Police Chief was expected to only use the city's credit card to purchase fuel when traveling out of the area, these local fuel purchases totaling \$3,598 are questionable. The former Police Chief also documented on some of the weekend fuel invoices that the purpose of the fuel was to take evidence to the lab; however, the MSHP lab is not open on weekends. Also, city officials indicated the only police vehicles that used diesel fuel were 2 Humvees obtained through a federal surplus property program that were not taken outside city limits, and should have only been fueled at the city's bulk tanks. Therefore, the diesel fuel charges are questionable and likely for the former Police Chief's personal diesel vehicle. Because of the lack of bulk fuel logs, further analysis of bulk fuel use was not completed.

Personal use of city vehicle

The city did not report the value of personal (commuting) mileage for the former Police Chief's personal use of a city vehicle on his W-2 forms as required by the IRS and the city did not follow the city code. As previously noted, the former Police Chief frequently used a city vehicle to commute between his home in Clever and the City of Miller, and he used city bulk fuel tanks and city credit cards to purchase fuel. However, vehicle logs were not maintained to distinguish between personal commuting and city business related mileage, and personal mileage was not reported on W-2 forms. Based on mileage from his home to the police department (69 miles round trip), we estimated the former Police Chief could have accumulated approximately 17,250 in annual commuting miles (50 weeks of the year). In addition, allowing city employees to take their vehicles home (outside of city limits), results in additional and unnecessary costs to the city. In addition, city code 100.240 states "city-owned vehicles shall not be used for other than official city business...."

IRS regulations do not consider commuting of police department employees in clearly marked public safety vehicles a taxable benefit when specific criteria are met; however it is not clear the vehicle usage of the former Police Chief always met this criteria. The IRS reporting guidelines indicate personal commuting mileage is a reportable fringe benefit. Because procedures have not been established to ensure the IRS regulations are followed, the city may be subject to penalties and/or fines for failure to report all taxable benefits. Mileage logs should be maintained that clearly distinguish between official or city business and commuting use, and taxable benefits should be reported on the employees' W-2 forms.

⁵ Neighboring areas including Republic, Springfield, Mt. Vernon, Aurora, Marionville, Nixa, Billings, Sarcoxie, and Ozark, Missouri.



Recommendation

The Board of Aldermen continue to work with law enforcement officials regarding criminal prosecution of unsupported and excessive mileage reimbursements issued to the former Police Chief, questionable fuel purchases, and take the necessary actions to obtain restitution. In addition, the Board should comply with IRS guidelines for reporting fringe benefits and ensure mileage logs clearly distinguish between official or city business and commuting use.

Auditee's Response

We will continue to work with law enforcement officials regarding criminal prosecution and take the necessary actions to obtain restitution. We have implemented a new detailed mileage form to be submitted monthly. The issue of "commuting mileage" has been discussed prior to the release of this audit, and there will be no compensation for this type of mileage. In the police department's Standard Operating Procedures (SOPs), we added that a patrol log must be filled out with starting time and mileage, as well as ending time and mileage. These logs will be turned in at the end of the employee's work week, so they can be reviewed with timecards and paychecks. If a personal vehicle is used to go to training, a copy of the training registration, and certificate of completion, if available, or training materials will be attached to the mileage reimbursement request. In regards to the negligence of reporting to the IRS on forms W-2, we will also have the city attorney look into this matter and advise us on what action to take, if any. The Board is in the process of approving police department SOPs, and there is a section that addresses the purchasing of fuel. The fuel must be purchased at a local gas station, and receipts must be turned in or the purchaser will be held liable for the cost.

3. Credit Card Purchases and Missing Assets

The former Police Chief used city credit cards to purchase personal items/services (\$1,859) and numerous meals that were likely not related to city business (\$362). In addition, supporting documentation was not retained for numerous other city credit card purchases made by the former Police Chief, and other meals purchased using the city credit cards looked excessive and lacked adequate supporting documentation. The MSHP located numerous city assets at the former Police Chief's residence after his termination, and several other city assets are missing.

3.1 Personal and unsupported purchases and questionable meals

The Board and former City Clerk did not perform adequate reviews of credit card statements, invoices, and other supporting documentation, and as a result, questionable purchases made by the former Police Chief went undetected for several years.



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Personal purchases

The following personal purchases were made by the former Police Chief from February 1, 2014, through March 29, 2017.

Date of Purchase	Item/Service Purchased	Amount
02/08/14	Fuel purchased in Kansas City, Kansas (1)	\$ 64
02/08/14	Shooting range fees in Olathe, Kansas (1)	102
02/08/14	Shooting range fees in Olathe, Kansas (1)	81
02/09/14	Charge to hotel in Kansas City, Missouri (1)	32
04/17/15	Paslode framing nailer (2), nails	319
08/02/15	Lumber, trim, Cardinals key chain, misc. items	90
08/09/15	2 Vacuums, paper towels, toilet paper	279
08/09/15	Paint, plastic sheeting, light bulbs	56
08/17/15	Building supplies	62
08/30/15	6 - 5 gallon buckets, duct and industrial tape	31
12/13/15	Premium retractable hose and coupler	70
12/13/15	24 inch Quickie squeegee	26
12/26/15	Bosch indoor laser distance measurer, 14 piece bit set	111
01/07/16	Swiffer sweeper, refills, household cleaning supplies	55
02/21/16	15 - 8 foot landscaping timbers	52
03/06/16	2 boxes of spike nails	41
04/27/16	6 quarts of oil, 200 count of shop towels	42
05/03/16	Custom lights, accessories for personal truck	310
12/30/16	Apple iTunes	6
01/20/17	Apple iTunes	30
Total		\$ 1,859

(1) The former City Clerk indicated to the MSHP that the Board of Aldermen did not authorize the former Police Chief to travel to Olathe, Kansas.

(2) Item found at the former Police Chief's home by the MSHP.

Each of these disbursements was determined to be a personal purchase based on our review of available documentation and/or discussions with city personnel.



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Unsupported purchases

Supporting documentation was not submitted or retained for numerous other credit card purchases made by the former Police Chief throughout the period of January 1, 2014, through March 29, 2017. For example, the following disbursements made by the former Police Chief for the period January 1 through May 31, 2016, did not have supporting documentation.

Date	Vendor	Amount
01/16/16	O'Reilly Automotive	\$ 22
01/28/16	Rick's Tire Shop	57
02/11/16	Walmart	14
02/19/16	Frog's Detailed Specialties	30
03/03/16	Southern Uniform and Equipment	174
03/07/16	Lowe's	30
03/11/16	Walmart	399
03/11/16	Walmart	58
03/11/16	SQ M&D Tactical	280
03/14/16	Lowe's	99
03/15/16	Old School Auto Parts	15
03/28/16	Walmart	163
04/11/16	Amazon Marketplace	100
05/03/16	Amazon Marketplace	100
05/03/16	Amazon Marketplace	34
05/06/16	Amazon Marketplace	68
05/09/16	Amazon Marketplace	151
Total		\$ 1,794

No other city departments made purchases from Amazon Marketplace during the period of our review. Without supporting documentation, we could not evaluate whether these purchases were for personal or city purposes. In addition, without adequate supporting documentation and proper approval, city officials cannot evaluate the purpose of these purchases.



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Improper and questionable
meals

The former Police Chief frequently used a city credit card to purchase meals that did not appear proper and/or to benefit the city. Many of the meals were purchased in areas between his home and the city or in other neighboring areas as follows.

Date	Vendor	Location	Amount
08/12/14	Subway	Mt. Vernon	\$ 31
07/27/15	McDonald's	Mt. Vernon	10
07/27/15	McDonald's	Mt. Vernon	4
08/10/15	McDonald's	Mt. Vernon	14
10/20/15	Qdoba	Springfield	17
10/21/15	Firehouse Subs	Springfield	21
02/26/16	Bootleggers Restaurant	Aurora	22
03/26/16	Taco Bell	Mt. Vernon	17
04/07/16	McDonald's	Marshfield	14
05/07/16	The Burger Shack	Miller	19
10/03/16	McDonald's	Mt. Vernon	57
01/04/17	McDonald's	Monett	6
01/04/17	McDonald's	Monett	16
01/04/17	McDonald's	Monett	7
01/16/17	Buffalo Wild Wings	Branson	53
01/26/17	Bamboo House	Lamar	22
01/27/17	Tractors BBQ	Lamar	32
Total			\$ 362

The city does not have a formal written policy regarding meal reimbursements, but city officials indicated the city's practice is for employees to use city credit cards only for meals when overnight travel is required. Therefore, the meals purchased from local areas were likely personal. In addition, we did not see any instances of other police officers receiving reimbursement for meals within local areas.



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Also, adequate documentation including the business purpose of meals and the persons in attendance was not always maintained, and some of the itemized invoices showed multiple meals being purchased. As a result, some meals purchased looked excessive and/or questionable.

Date	Vendor	Location	Amount
08/07/14	Lutz's Famous BBQ (1)	Jefferson City	\$ 28
11/17/14	Chili's (2)	Jefferson City	26
11/18/14	Chili's (2)	Jefferson City	30
11/19/14	Arris' Pizza (3)	Jefferson City	27
07/12/15	Chili's (1)	Osage Beach	40
07/14/15	Bandana's BBQ (2)	Osage Beach	22
07/14/15	Applebee's (4)	Osage Beach	44
07/14/15	Buffalo Wild Wings (1)	Lake of the Ozarks	34
07/15/15	Zen Asian Restaurant (3)	Osage Beach	25
07/16/15	El Charco Azul (3)	Osage Beach	21
04/07/16	Prison Brews (5)	Jefferson City	44
07/22/16	Lutz's Famous BBQ (1)	Jefferson City	53
08/19/16	Lutz's Famous BBQ (1)	Jefferson City	32
08/26/16	Lutz's Famous BBQ (5)	Jefferson City	65
03/27/17	Sub Shop (6)	Columbia	20
03/27/17	Texas Roadhouse (6)	Columbia	31
03/28/17	G & D Pizzeria (6)	Columbia	28
Total			\$ 570

(1) Multiple meals purchased and no indication of purpose or attendees.

(2) One meal and appetizer and no indication of purpose or attendees.

(3) No itemized invoice or indication of purpose or attendees.

(4) Multiple meals purchased and no indication of attendees. Purpose was documented as training.

(5) No supporting documentation.

(6) No itemized invoice or indication of attendees. Purpose was documented as training.

Also, the city does not have a formal policy regarding documentation required for meal reimbursements. The lack of a formal written policy and detailed supporting documentation, including the purpose and list of individuals attending, makes it difficult for city officials to ensure the propriety of payments made for meal expenses.

3.2 Missing assets

The city lacks adequate controls and procedures over police department property items, and does not properly track receipt and use of state and federal surplus property items. Some police department assets and state and/or federal surplus property items were located at the former Police Chief's residence by the MSHP after the former Police Chief's termination, and the city cannot account for some assets.



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Surplus property and 1033/LESO Program

The city obtained state and federal surplus property items from the Missouri State Agency for Surplus Property (SASP) and federal Defense Logistics Agency (DLA) 1033 Program⁶ through the state Department of Public Safety (DPS). The SASP distributes state and federal surplus property to eligible entities for a nominal service charge. The 1033/LESO Program makes excess military property available to state and local law enforcement agencies through the DPS at no cost.

The former Police Chief purchased some items from the SASP that are missing. In addition, some items obtained by the City of Miller through the 1033/LESO Program are also missing.

Surplus property items located at the former Police Chief's residence after his termination included a Panasonic Toughbook laptop computer purchased by the city on November 24, 2015, for \$250, and a Whirlpool Duet steam dryer purchased by the city on November 25, 2014, for \$50. In addition, a Dell D630 laptop computer transferred from DPS through the 1033/LESO Program to the City of Clever on April 12, 2012, was also located at the former Police Chief's residence. City officials indicated they were unaware these items were being used by the former Police Chief at his home and not for city business.

The DLA conducted a 1033/LESO Program inventory with the MSHP at the city on July 19, 2017, and determined 7 reflex sights were missing. Other items likely received through the SASP and 1033/LESO Program were also located at the former Police Chief's residence, such as a cold weather tent set, night vision case, and knee pads. Because these items were not tagged and did not have other identifying information, their source could not be definitely determined; however, items of this nature were included on the lists of items obtained by the city from these programs.

In addition, the city purchased/received an excessive amount of equipment and supplies from these programs given the city employed only the former Police Chief and 6 part-time police officers (including former Lieutenant Bruce) at the time the items were obtained. For example, the city received 15 large field packs, 11 rifleman sets, 18 regular field packs, and numerous computers and monitors. Many of the items obtained are missing such as assault packs, field packs, computers, monitors, clothing, rifleman sets, and tools. In addition, the city has no procedures in place to monitor SASP purchases or items transferred through the 1033/LESO Program. The Board approved checks issued to the SASP, but did not review and approve surplus property invoices or account for the items purchased.

⁶ Renamed the Law Enforcement Support Office (LESO) Program in 2016.



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Items purchased from the SASP should be used for city purposes and not converted to personal use. According to state and federal regulations, surplus property acquired through the state must be used by the authorized public agency making the purchase for promoting public services for the residents of the political subdivision. In addition, Federal Management Regulation 41 CFR Section 102-37.450 requires that federal surplus property be used only for its approved purpose, placed in use within 1 year, and used for at least 1 year by the eligible donee. 1033/LESO Program policies require all acquired property be deployed for law enforcement use only.

To ensure the validity and propriety of surplus property purchases and compliance with state and federal regulations, and to decrease the risk of theft or misuse of city assets occurring without detection, procedures should be established to monitor and account for surplus items obtained.

City assets

The Police Department did not maintain records or perform periodic inventories of weapons used by the department. Also, city officials failed to ensure city assets in the possession of the former Police Chief were returned at the time of his termination, including a Glock 19 pistol and a pressure washer, located at the former Police Chief's residence by the MSHP after his termination. The city purchased the pistol for \$525 on November 18, 2015. Former city employees indicated to the MSHP that the former Police Chief took a city-owned pressure washer home with him, and the former Police Chief indicated to the MSHP at the time of a search warrant service that the pressure washer located at his residence belonged to the city.

In addition, the former Police Chief circumvented the city's normal disbursement process and purchased a Springfield-Armory MIA semi-automatic rifle from an area tactical vendor on July 7, 2016, for \$1,685 with cash. The former Police Chief provided a letter to the vendor stating the purchase was being made for use by the Miller Police Department. The vendor indicated the letter was provided as documentation because background checks are not required for gun purchases made by police departments for official use by qualified officers. This vendor invoice showed the customer as the City of Miller and included another rifle, a Rock River AR-15, costing \$1,100, also paid for with cash. However, a letter was not provided showing this rifle was a city purchase. City officials indicated they did not authorize the purchase of either rifle and did not know the source of the cash funds used to make these purchases. The MIA rifle was located at the former Police Chief's residence after his termination; however, the Rock River AR-15 is missing. Former city officials indicated additional city assets are missing such as printers, monitors, ballistic vests, and an electric drill.

Failure to properly account for city assets and establish termination procedures that require and document the return of city assets increases the potential for loss and theft to occur. In addition, to ensure all purchases are legitimate and properly approved for payment, disbursements should be



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processed through the city's normal disbursement process in compliance with city code 135.090 that states, "All supplies and contractual service, except as otherwise provided in this chapter, when estimated cost thereof shall exceed one thousand dollars (\$1,000.00), shall be purchased by formal, written contract from the lowest responsible bidder, after due notice inviting proposals...."

Recommendations

The Board of Aldermen:

- 3.1 Continue to work with law enforcement officials regarding criminal prosecution of personal, unsupported, and excessive purchases and take the necessary actions to obtain restitution. In addition, the Board should establish and maintain appropriate policies and procedures regarding meal expenses.
- 3.2 Continue to work with law enforcement officials regarding criminal prosecution of missing city assets. The Board should also establish controls and procedures to monitor and account for city assets, and ensure compliance with applicable surplus property regulations.

Auditee's Response

- 3.1 *We will continue to work with law enforcement officials regarding criminal prosecution and take the necessary actions to obtain restitution. In the summer of 2018, after these concerns were identified, the Board passed an ordinance that addresses meal expenses.*
- 3.2 *We will continue to work with law enforcement officials regarding criminal prosecution and take the necessary actions to obtain restitution. We currently use a spreadsheet provided by the 1033/LESO Program to inventory items we receive. We will create a spreadsheet to track items previously received by each department. This will make it easier to add and delete inventory, and document a disposal date for inventory no longer in use. Each department head will conduct the inventory for his/her department, and present it to the Mayor. This is something the Mayor will oversee each year moving forward, with the inventory going to the Board for review. We have also implemented a spreadsheet to track "duty equipment" issued to Police Department employees that will document dates items are checked out and returned.*

4. Donations and Seized Property

Cash donations received by the former Police Chief and seized property are missing. Controls and procedures over donations and seized property need improvement.

4.1 Donations

Cash donations collected by the former Police Chief totaling \$1,445 are missing. A citizen indicated in a written statement provided to the MSHP that



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he donated \$2,000 (cash) for the purchase of body cameras and \$2,400 (cash) for the purchase of tasers to the city, and he gave the donations to the former Police Chief.

However, city records show the former Police Chief only transmitted \$1,800 to the city for deposit in December 2016, therefore it is likely \$200 of that donation is missing. The former Police Chief purchased body cameras on November 26, 2016, for \$1,820, the vendor billed the city \$1,820 on April 7, 2017, and the city subsequently paid this bill on April 26, 2017.

City records show that the former Police Chief did not transmit any of the \$2,400 cash donation to the city for deposit. The former Police Chief instead issued a personal check on March 10, 2017, for \$1,155 to pay for 3 tasers. The city cannot account for the \$2,400 donation or the 3 tasers. The invoice for the 3 tasers was addressed to the City of Miller.

In addition, receipt slips were not issued and other records of donations received were not maintained by the former Police Chief or the city. To ensure donated monies are handled in the manner intended by the donor, receipt slips should be issued, and a record of all donations received and how the monies are spent should be maintained.

4.2 Seized property

Various seized property items, including firearms and cash, are missing and the MSHP located some of these items at the former Police Chief's residence after his termination. The city lacks controls and procedures over seized property. The former Police Chief did not maintain a comprehensive listing of all seized property, did not conduct periodic inventories of seized property, and access to seized property was not adequately restricted.

The City of Miller police department seized 11 firearms in January 2007. During the inventory conducted by the new Police Chief, new evidence officer, and the MSHP shortly after the former Police Chief was placed on administrative leave these firearms could not be located. Two of the seized firearms, a Browning 2000 20-gauge shot gun and a Savage Model 99 rifle were located at the former Police Chief's residence by the MSHP. The former Police Chief sold one of the seized firearms, a Mossberg 12-gauge pump action shotgun, to an individual for \$150 on January 19, 2012, and transmitted the monies to the city for deposit. However, a court order authorizing the disposal of this shotgun was not obtained as required. The former Police Chief traded one of the firearms, a Glock Model 30 pistol, to a local vendor for a \$320 credit on the personal purchase of a Cold Defender 9 millimeter gun on December 4, 2011. On December 30, 2011, the former Police Chief bought that firearm back from the vendor. The remaining 7 firearms, including 2 Remington Model 700 rifles, a Ruger Model 10/22 rifle, a Husqvarna Vapenfabriks 22 rifle, a Ruger Mini 14 semi-automatic rifle, a Ruger MKII Pistol, and a Smith and Wesson Model 19 pistol are still missing. In addition,



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\$8,000 in cash seized during a traffic stop in July 2016 could not be accounted for during the inventory and has not been located.

Despite the problems identified, the city has not taken steps to improve controls and adopt policies and procedures for the handling of seized property items and cash. Such policies and procedures should require that complete and accurate logs of seized property are maintained, periodic physical inventories of seized property are conducted and results compared to records, and access to seized property is adequately restricted.

Considering the often sensitive nature of seized property, adequate internal controls are essential and would significantly reduce the risk of loss, theft, or misuse of the property.

Recommendations

The Board of Aldermen:

- 4.1 Continue to work with law enforcement officials regarding criminal prosecution of the missing donations and take necessary actions to obtain restitution. In addition, the Board should ensure receipt slips or other records of donations received are maintained.
- 4.2 Continue to work with law enforcement officials regarding criminal prosecution of the missing seized property and take necessary actions to obtain restitution. In addition, the Board should also ensure seized property records are accurate and complete, a periodic inventory is taken and reconciled to the property records, and access to all seized property is adequately restricted.

Auditee's Response

- 4.1 *We will continue to work with law enforcement officials regarding criminal prosecution and take the necessary actions to obtain restitution. We have added an addendum to our employee handbook that no employee shall accept donations of any kind, on behalf of the city. The employee is to direct the donor to City Hall, where the City Clerk will give the donor a receipt that documents the purpose of the donation. The purpose of the donation will also be recorded in the city's accounting system.*
- 4.2 *We will continue to work with law enforcement officials regarding criminal prosecution and take the necessary actions to obtain restitution. Our previous Police Chief Neely implemented an evidence/property form to use when property/evidence is seized. We have also moved the police department to City Hall, which will help deter any future officers from misconduct. There was an evidence room built and in the room are lockers dedicated by "types of evidence." The room remains locked at all times, access is restricted, and proper chain of custody procedures are followed. We will consider adding inventory procedures for seized property/evidence currently on hand to the Police Department SOPs.*

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Supporting Documentation for Falsified Timesheets

Check Details

Check Date	Check Number	Gross Pay Amount	Check Amount	Pay Period
03/21/14	3401	\$ 135.00	124.67	03/01/2014 through 03/15/2014
05/29/14	3537	216.00	199.48	05/16/2014 through 05/31/2014
06/12/14	3569	45.00	41.56	06/01/2014 through 06/15/2014
06/30/14	3668	72.00	66.50	06/16/2014 through 06/30/2014
08/15/14	3772	126.00	116.36	08/01/2014 through 08/15/2014
08/28/14	3797	279.00	256.65	08/16/2014 through 08/31/2014
09/15/14	3842	306.00	281.59	09/01/2014 through 09/15/2014
10/15/14	3900	450.00	410.57	10/01/2014 through 10/15/2014
11/13/14	3960	216.00	199.48	11/01/2014 through 11/15/2014
11/26/14	3981	270.00	249.34	11/16/2014 through 11/30/2014
12/15/14	4024	189.00	174.54	12/01/2014 through 12/15/2014
12/31/14	4046	396.00	362.71	12/16/2014 through 12/31/2014
Total 2014		\$ 2,700.00	2,483.45	
01/15/15	4084	288.00	264.96	01/01/2015 through 01/15/2015
02/12/15	4143	279.00	257.65	02/01/2015 through 02/15/2015
02/26/15	4170	396.00	362.71	02/16/2015 through 02/28/2015
03/13/15	4207	306.00	281.59	03/01/2015 through 03/15/2015
03/30/15	4230	198.00	182.85	03/16/2015 through 03/31/2015
04/15/15	4277	270.00	249.34	04/01/2015 through 04/15/2015
04/30/15	4299	441.00	403.27	04/16/2015 through 04/30/2015
06/15/15	4396	288.00	264.96	06/01/2015 through 06/15/2015
06/29/15	4422	378.00	347.08	06/16/2015 through 06/30/2015
07/31/15	4486	612.00	551.19	07/16/2015 through 07/31/2015
08/13/15	4525	360.00	330.46	08/01/2015 through 08/15/2015
08/31/15	4547	522.00	474.07	08/16/2015 through 08/31/2015
09/14/15	4594	549.00	498.00	09/01/2015 through 09/15/2015
09/30/15	4615	585.00	529.25	09/16/2015 through 09/30/2015
10/30/15	4678	603.00	543.87	10/16/2015 through 10/31/2015
11/13/15	4717	450.00	410.57	11/01/2015 through 11/15/2015
11/30/15	4747	378.00	347.08	11/16/2015 through 11/30/2015
Total 2015		\$ 6,903.00	6,298.90	



City of Miller Police Department Disbursements and Seized Property
Supporting Documentation for Falsified Timesheets

Check Details

Check Date	Check Number	Gross Pay Amount	Check Amount	Pay Period
01/14/16	4858	387.45	354.81	01/01/2016 through 01/15/2016
01/28/16	4882	500.85	456.54	01/16/2016 through 01/31/2016
02/11/16	4920 (2)	689.85	612.08	02/01/2016 through 02/15/2016
02/29/16	4941 (2)	661.50	590.90	02/16/2016 through 02/29/2016
03/14/16	4992 (2)	954.45	816.43	03/01/2016 through 03/15/2016
03/30/16	5013 (2)	661.50	590.90	03/16/2016 through 03/31/2016
05/31/16	5153 (2)	529.20	480.72	05/16/2016 through 05/31/2016 (1)
06/14/16	5199 (2)	557.55	505.90	06/01/2016 through 06/15/2016
06/29/16	5227 (2)	576.45	522.35	06/16/2016 through 06/30/2016 (1)
07/14/16	5278 (2)	680.40	605.35	07/01/2016 through 07/15/2016
07/29/16	5303 (2)	765.45	669.89	07/16/2016 through 07/31/2016
08/15/16	5348 (2)	368.55	338.36	08/01/2016 through 08/15/2016
08/30/16	5374 (2)	463.05	422.63	08/16/2016 through 08/31/2016
09/14/16	5411 (2)	529.20	480.72	09/01/2016 through 09/15/2016
09/29/16	5423 (2)	236.25	218.17	09/16/2016 through 09/30/2016
10/13/16	5491 (2)	245.70	226.91	10/01/2016 through 10/15/2016
10/31/16	5518 (2)	434.70	397.45	10/16/2016 through 10/31/2016
11/14/16	5561 (2)	718.20	644.23	11/01/2016 through 11/15/2016
11/29/16	5586 (2)	500.85	461.54	11/16/2016 through 11/30/2016
12/14/16	5625 (2)	538.65	495.44	12/01/2016 through 12/15/2016
12/30/16	5662 (2)	567.00	521.62	12/16/2016 through 12/31/2016
Total 2016		\$ 11,566.80	10,412.94	
01/30/17	5737 (2)	642.60	588.44	01/16/2017 through 01/31/2017
02/15/17	5777 (2)	633.15	580.71	02/01/2017 through 02/15/2017
02/27/17	5802 (2)	652.05	597.16	02/16/2017 through 02/28/2017
03/15/17	5839 (2)	623.70	572.00	03/01/2017 through 03/15/2017
03/31/17	5864 (2)	453.60	418.89	03/16/2017 through 03/31/2017
Total 2017		\$ 3,005.10	2,757.20	
Total (2014 through 2017)		\$ 24,174.90	21,952.49	

- (1) These two timesheets were signed "R.B." in the former Police Chief Joshua Bruce's scripted handwriting. The remaining timesheets were not signed.
- (2) These checks were deposited into the joint bank account of former Police Chief Joshua Bruce and former Lieutenant Randall Bruce during the period December 18, 2015, through April 4, 2017. Other checks may have been deposited into the joint account prior to December 18, 2015; however, bank records were not available for our review.