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MISSOURI STATE AUDITOR

City of Webster Groves
Investigative Summary

Summary of Significant Complaint(s) reported:
The Missouri State Auditor's Office received concerns related to the City of Webster Groves Finance Department. Citizens raised questions about Finance Department leadership qualifications, purchasing-card spending, and compliance with payroll and personnel policies.

Background:
The City of Webster Groves is in St. Louis County and was incorporated in 1896. The city operates under a charter. The population of the city was 24,010 in 2020, according to the U.S. Census Bureau. Reported concerns involved employees who are no longer with the city, including the City Manager who resigned in April 2026, the Assistant City Manager/Finance Director who resigned in November 2024, an accountant, and the Deputy City Manager. The accountant and the Deputy City Manager were terminated due to performance issues in December 2024 and April 2025, respectively.

The city maintains 44 purchasing cards issued to various employees. City policy requires employees to record purchasing card transactions on a purchasing log and submit the log along with purchase receipt slips or invoices that correspond with the purchases to the department manager or delegated manager for approval. Accounts Payable personnel are also supposed to review all purchasing card statements, receipts and invoices, and transaction logs to ensure purchasing card procedures are properly followed. Any dispute of charges or any taxes paid unnecessarily are to be disputed or corrected by the purchasing card holder.

Methodology:
Documents reviewed included an employee background report from a private investigation firm, purchasing-card statements and agreements, payroll documents, and the City Charter.

Complaint Review:
Purchasing Card Oversight
Significant deficiencies in the city's oversight of employee credit card use allowed improper and personal credit card charges by the Assistant City Manager/Finance Director and an accountant to go undetected. The Accounts Payable Department's review of purchasing card statements did not ensure purchasing card procedures were properly followed. In addition, city officials did not enforce city policy related to payment of sales tax and use of credit cards while traveling and did not ensure all purchases were necessary city business.

City personnel did not ensure the Assistant City Manager/Finance Director submitted supporting documentation for credit card charges and, as a result, the City Manager did not review the Assistant City Manager/Finance Director's January through August credit card purchases until September and did not review the October 2024 documentation until January 2025. The Assistant City Manager/Finance Director did not prepare purchasing card logs required by policy until the end of September for the months of January through August. These delays allowed improper and personal charges to continue undetected for an extended period. The Assistant City Manager/Finance Director made 61 credit card purchases, totaling at least $3,522, from January through October 2024 that he labeled "Inadvertent Personal Charge" on monthly transaction logs. Improper and personal transactions included American Airlines, Airbnb, grocery stores, local restaurants, and gas stations. The Assistant City Manager/Finance Director submitted repayment to the city in September and October 2024 for the full amount. The Assistant City Manager/Finance Director also used the purchasing card to buy meals while traveling when policy requires employees to request a per diem. City officials indicated they realized the failure to submit purchasing logs during preparation for the annual audit and implemented new policies that require the holder of the purchasing card to turn in the purchase log and receipts by the 15th of each month or the purchasing card holder's supervisor is notified and eventually the access to the card is removed if the cardholder does not submit documentation.

In addition, from May to December 2024, an accountant used a city purchasing card for personal transactions, totaling $884, including oil for a personal vehicle, unapproved rideshare services to and from work, a purchase at a cannabis store, vending machine purchases, and charges at adult entertainment establishments. The accountant only repaid $781, leaving $103 due to the city. While the accountant's transaction logs were reviewed and approved timely, the review was not sufficient to detect the improper transactions that were only questioned months later.

Our review also identified purchases that were not properly reported or may not be prudent and necessary. For example, we noted the Deputy City Manager made purchases of a personal office refrigerator and Apple AirTags, which may not be prudent uses of public funds. The city retained the refrigerator and AirTags after the employee's departure. Our review also found instances in which sales tax was improperly paid on purchases. In addition, the city allowed the accountant to claim $191 that was reported as "mileage" because he was required to collect cash at the city recreation center. His supervisor also approved charging one roundtrip rideshare, totaling $57, due to the need to have help in the office. A review of the supporting receipts indicates the "mileage" was generally quarts of oil and prepaid gas. The city has a policy which allows actual mileage reimbursement and does not provide for such an arrangement. City officials indicated the accountant preferred this type of reimbursement, so it was allowed. However, no other personnel were allowed this and use of the credit card beyond what was allowed by policy contributed to the other improper transactions going undetected. To ensure equitable treatment of all city personnel, established city policies should be followed.

A more timely and consistent review of the purchasing card statements and supporting documents would reduce the risk of improper and personal charges and tax payments on charges. Also, the city should ensure all purchasing card and reimbursement policies are followed.

<u>Personnel Qualifications and Payroll and Leave Compliance</u>

Our review found no issues with personnel qualifications reviewed. As noted in the Background Section, many of the personnel included in the previously discussed concerns are no longer with the city. Our review of reported payroll concerns noted some benefits were paid contrary to city policy and the city did not always have documentation to support the exceptions. For example, the city paid the Assistant City Manager/Finance Director for sick leave after his resignation date, in violation of city personnel policy. City officials indicated they believed he extended his resignation date but did not have any documentation to support this. Additionally, the city paid the accountant until December 27, 13 days after his termination. The city considered the time to be an administrative absence; however, policy only allows this type of leave for exempt employees with at least one year of service. The accountant was not employed for a year, and the city did not document the reason for the exception to this requirement. The city should ensure all payroll and leave policies are followed prior to approving leave.

Conclusion:

Significant weaknesses existed in the city's oversight of purchasing card activity and the city lacked documentation to support exceptions to personnel and payroll policies. Multiple employees were able to use city credit cards for personal, unreasonable, and unnecessary charges without detection due to untimely and insufficient review. City officials indicated the city implemented new procedures in response to the issues including terminating card access if employees do not submit supporting documentation timely. Additionally, certain leave payments were inconsistent with city policy. We will issue a closure letter indicating no further investigation will be pursued but recommend the city continue to strengthen purchasing card oversight and ensure timely review of monthly statements; enforce purchasing card policies, including prohibitions on personal use and paying sales tax; and ensure policies governing office meals, food purchases, other discretionary spending, and personnel policies are followed.