

CITY OF PHILADELPHIA PENNSYLVANIA

OFFICE OF THE CONTROLLER

Promoting honest, efficient, and fully accountable government

**AGREED-UPON PROCEDURES REVIEW OF THE
MEMORANDUM OF UNDERSTANDING
BETWEEN THE MAYOR AND
SHERIFF OF PHILADELPHIA**

JUNE 2014



City Controller
ALAN BUTKOVITZ



CITY OF PHILADELPHIA

OFFICE OF THE CONTROLLER
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ALAN BUTKOVITZ
City Controller

GERALD V. MICCIULLA
Deputy City Controller

June 27, 2014

Honorable Jewell Williams, Sheriff
Office of the Sheriff
100 South Broad Street – 5th Floor
Philadelphia, PA 19110

Dear Sheriff Williams:

The Office of the Controller commissioned and oversaw an agreed upon procedures review, conducted by the independent accounting firm of David A. Lopez and Company, LLC, to determine whether the Office of the Sheriff had reformed controls over its financial operations in accordance with the Memorandum of Understanding between the Mayor and Sheriff. This review was conducted pursuant to Section 6-400 (d) of the Home Rule Charter, and the results of the independent accountant's review are summarized in the executive summary attached to this report.

We discussed the findings and recommendations with your staff at an exit conference and have incorporated their responses within Section II of the report. We believe the recommendations in the attached report, if implemented, will promote accountability and transparency in performing assigned functions and improve controls over financial operations.

We would like to express our thanks to you and your staff for the courtesy and cooperation displayed during the conduct of our work.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Alan Butkovitz", written over a horizontal line.

ALAN BUTKOVITZ
City Controller

cc: Honorable Michael A. Nutter, Mayor
Honorable Darrell L. Clarke, President
and Honorable Members of City Council
Members of the Mayor's Cabinet



AGREED-UPON PROCEDURES REVIEW OF THE MEMORANDUM OF UNDERSTANDING BETWEEN THE MAYOR AND SHERIFF OF PHILADELPHIA

EXECUTIVE SUMMARY

Why the Controller's Office Conducted the Review

Pursuant to Section 6-400 (d) of the Philadelphia Home Rule Charter, the Office of the Controller commissioned and oversaw an agreed-upon procedures review, conducted by the independent accounting firm of David A. Lopez and Company, LLC, to determine whether the Office of the Sheriff (Sheriff's Office) had reformed controls over its financial operations in accordance with the Memorandum of Understanding (MOU) between the Mayor and Sheriff. The review examined Sheriff's Office activity during the MOU term of March 2, 2012 through June 30, 2013.

What the Controller's Office Found

The review found that the Sheriff's Office apparently failed to enact many of the promised reforms of the MOU. This condition appeared to result from the city administration's failure to adequately fund the requirements of the MOU and monitor whether the Sheriff's Office complied with it. Consequently, the Sheriff's custodial accounts, which reportedly totaled \$38 million at June 30, 2013, remained highly susceptible to misuse. Examples of the Sheriff's apparent non-compliance with the MOU included:

- In many instances, no evidence was provided to document that the Sheriff's Office was following the city's required procurement and contracting guidelines.
- The Sheriff's Office was still circumventing the city's standard payment authorization process by continuing to pay contractors directly out of its custodial accounts.
- The Sheriff's Office had not yet established and implemented accounting procedures to ensure the accurate recording of fee revenue and activity from Sheriff's sales. In fact, Sheriff's Office personnel stated that the agency's accounting system in place during the review was inadequate.
- The process for the City Treasurer to establish the Sheriff's bank accounts had not yet been completed.
- Fees established by the Sheriff's Office did not appear to cover all costs associated with Sheriff's sales.

What the Controller's Office Recommends

The Sheriff's Office should (1) follow applicable city guidelines in procuring goods and services; (2) refrain from paying contractors out of custodial accounts and instead ensure contractor payments go through the city's payment authorization process; (3) continue to work with the city's Finance Office in all accounting matters, as well as with the City Treasurer in establishing new bank accounts; and (4) re-evaluate fees to determine how they can be revised to fully cover Sheriff's sale costs and continue to seek City Council approval. Also, the city administration should provide sufficient funding to the Sheriff's operations and appoint an independent oversight authority to design and implement controls to ensure the Sheriff's complete compliance with the MOU.

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SECTION I

BACKGROUND INFORMATION

Powers and Duties of the Sheriff's Office

The Office of the Sheriff (Sheriff's Office) was created by Article 9, Section 4 of the Pennsylvania Constitution and established as a part of the Philadelphia city-county government through the adoption of the Home Rule Charter of 1951. The Sheriff is the highest elected law enforcement official of the City of Philadelphia (city).

The powers and duties of the Sheriff's Office include the following:

- Transporting and escorting prisoners to and from Philadelphia courtrooms.
- Providing courtroom security for Municipal and Common Pleas Courts.
- Serving and executing writs and warrants and enforcing injunctions.
- Conducting real and personal property sales, as well as collecting and disbursing fees and funds related to such activities.

Controller Expressed Concerns Over Sheriff's Management of Custodial Funds and Called for Forensic Audit

In an audit report of the Sheriff's Office issued on October 26, 2010, the City Controller expressed concerns about the potential for errors or irregularities with respect to millions of dollars in custodial funds being held by the Sheriff's Office, in particular the funds related to Sheriff's sales of real property. Given the failure of the Sheriff Office to provide requested accounting records coupled with poor control procedures, the City Controller concluded that these custodial funds were at a high risk for fraud and a forensic audit team should be hired to further investigate.

Controller's Forensic Investigation Uncovered Significant Improprieties

The City Controller retained an independent accounting firm to conduct the forensic audit of the Sheriff's Office custodial accounts, and to identify and quantify any abnormal financial activity. The City Controller's forensic investigation began at the end of February 2011, and the report of its findings was released on November 16, 2011.

The forensic investigation uncovered various significant improprieties in the Sheriff's Office management of custodial funds. Chief amongst these findings were the following questionable activities noted with respect to two related companies, who received over \$206 million from the Sheriff's Office during the period of 2005 through 2010:

- There were close familial relationships between the owner of both companies and top management of the Sheriff's Real Estate Division, who were responsible for conducting Sheriff's sales and processing and authorizing disbursements for them.

- The investigation found two near-identical signed letter agreements with one of the companies for advertising services, which differed with regard to compensation terms. Based upon the forensic audit's review of both contracts, the Sheriff's Office was either overbilled \$11.6 million or \$7.4 million, including billings for items not authorized by either letter agreement.
- Approximately \$115 million of the \$206 million the Sheriff's Office paid the companies involved settlement services where one of the companies was supposed to distribute "pass-through" monies owed to third parties. For ten sampled properties where the Sheriff's Office remitted these "pass-through" monies to the company, the investigation found no evidence that the funds were ever disbursed to the third party except for a partial payment on one property. Also, the Sheriff's Office had no contract with the company for these settlement services so they did not negotiate the right to audit the company's books to ensure proper distribution of "pass through" monies.

The questionable activities described above largely resulted because the Sheriff's Office completely bypassed the standard city contracting and financial processes. The Sheriff's Office did not follow Philadelphia Code Chapter 17-1400 guidelines for professional services contracts which require a formal, open, and competitive process when awarding contracts; mandatory disclosures from the contractors regarding political contributions and interactions with city employees; and review of all contracts by the Law Department to protect the city's legal interests. Also, the Sheriff's Office paid these companies from its custodial funds instead of going through the normal City payment process, which requires reviews by the Office of the Director of Finance (Finance Office) and Office of the Controller (Controller's Office) to ensure payments to contractors are adequately supported and in compliance with contract terms.

Sheriff Promised Reforms with Memorandum of Understanding

The City Controller referred the findings of the forensic investigation to the United States Attorney in November 2011. Consequently, there have been multiple federal investigations into Sheriff's Office operations resulting in criminal convictions of former Sheriff's Office employees and others involved in activities linked to the office. Ongoing federal investigation continues as of the date of this report.

To reform Sheriff's Office operations, on March 14, 2011 the Mayor and Sheriff entered into a Memorandum of Understanding (MOU) in which the Sheriff agreed to employ all financial and legal processes and rules of the city for the execution of Sheriff's sales and other duties of the Sheriff's Office. Also, on March 14, 2011, a second MOU was signed between the city and the First Judicial District to create an Advisory Board to propose rules to, process changes for, and oversee the technology assessment of the Sheriff's Office. The nine-member Advisory Board

was to include representatives from many stakeholder groups including consumers, lenders, and the legal community.

On March 2, 2012, the Mayor and Sheriff signed another MOU effective for the period of March 2, 2012 through June 30, 2013. Under this MOU, the Sheriff promised to enact various reforms, including:

- Utilize the financial, procurement, contracting, and legal processes of the city, including relevant sections of the Philadelphia Home Rule Charter (Charter) and the Finance Office's accounting directives.
- Follow the requirements of Section 8-200 of the Charter concerning the procurement of goods and services for which the Charter requires competitive sealed bidding.
- Comply with the requirements of Chapter 17-1400 of the Philadelphia Code for the procurement of professional services and other non-competitively bid contracts.
- Ensure that all Sheriff's Office contracts are in writing and contain the approval of the Law Department as to form and the approval of the Finance Office as to the availability of appropriated funds.
- Attempt to establish fees that will generate funds to support the direct and indirect costs of the Sheriff's sales, including personnel, advertising, rentals, contractors, technology support, and other costs.
- Record Sheriff's sale fees as special revenue funds, and monitor and record estimates of these fees and sale costs, including advertising, in the city's financial and accounting systems.
- Ensure that its bank accounts are established by the City Treasurer.
- Establish and follow accounting procedures that will track the fee revenue, escrow deposits, costs of sale, and the distribution of delinquent taxes, water and gas bills, mortgage debt, and monies owed to former property owners.

Controller Commissioned a Review to Determine Whether Sheriff Instituted Promised Reforms

To determine whether the Sheriff's Office had instituted the promised reforms of the MOU, the Controller's Office commissioned and oversaw an agreed-upon procedures review conducted by the independent accounting firm of David A. Lopez and Company, LLC. A set of agreed-upon procedures was developed and performed to ascertain the extent to which the Sheriff's Office complied with the MOU during its term of March 2, 2012 through June 30, 2013. The findings and recommendations from this review are presented in Section II of this report. We have included the independent accountant's report on applying agreed-upon procedures in Section III of this report.

SECTION II

FINDINGS AND RECOMMENDATIONS

SHERIFF’S APPARENT FAILURE TO ENACT PROMISED REFORMS CONTINUED TO PLACE CUSTODIAL ACCOUNTS AT RISK FOR MISUSE

The agreed-upon procedures review found that, during the term of the Memorandum of Understanding (MOU), the Office of the Sheriff (Sheriff’s Office) apparently failed to enact many of the promised reforms. Specifically, the Sheriff’s Office was unable to demonstrate its compliance with key provisions of the MOU, as follows:

- In many instances, no evidence was provided to document that the Sheriff’s Office was following the City of Philadelphia’s (city) required procurement and contracting guidelines.
- The Sheriff’s Office was still circumventing the city’s standard payment authorization process by continuing to pay contractors directly out of its custodial accounts.
- The Sheriff’s Office had not yet established and implemented accounting procedures to ensure the accurate recording of fee revenue and activity from Sheriff’s sales. In fact, Sheriff’s Office personnel stated that the agency’s accounting system in place during the review was inadequate.
- The process for the City Treasurer to establish the Sheriff’s bank accounts had not yet been completed.
- Fees established by the Sheriff’s Office did not appear to cover all costs associated with Sheriff’s sales.

The inability of the Sheriff’s Office to comply with the MOU appeared to result from the city administration’s failure to adequately fund the requirements of the MOU and monitor whether the Sheriff’s Office was taking the necessary steps to comply with it. Because of this lack of funding and independent oversight, the Sheriff’s Office continued bypassing the city’s financial and legal processes in executing Sheriff’s sales and other duties. Consequently, the Sheriff’s custodial accounts – which reportedly totaled \$38 million at June 30, 2013¹ – remained highly susceptible to misuse.

No Evidence That Sheriff Was Following City Procurement and Contracting Guidelines

During the term of the MOU, the Sheriff’s Office was unable to document their compliance with city procurement and contracting guidelines in many instances. Consequently, there was no assurance that goods and services were being obtained at a competitive price and the contractor selection process was unbiased.

¹ The amount represents the total of all custodial account bank balances as reported in the Sheriff’s Office June 30, 2013 certification of assets submitted to the Controller’s Office.

The Philadelphia Home Rule Charter (Charter) Section 8-200 prescribes the steps required to obtain goods and services using the competitive bidding process while the Philadelphia Code Chapter 17-1400 provides guidelines for the procurement of professional services and other non-competitively bid contracts. To determine whether the Sheriff's Office was complying with these regulations, David A. Lopez and Company, LLC (DL&C) requested from the Sheriff's Office a list of goods and services purchased and copies of contracts executed during the MOU term of March 2, 2012 through June 30, 2013. In addition, DL&C requested documentation of the procedures employed by the Sheriff's Office when procuring these goods and services.

In response to DL&C's request, the Sheriff's Office provided the following:

- Printouts from the city's purchasing and accounting systems listing purchases of goods and services totaling approximately \$126,000²
- Copies of 18 agreements with contractors which totaled approximately \$932,000³

The expenditure and contract information provided by the Sheriff's Office appeared to be significantly incomplete when compared to the expectation of what the Sheriff's Office would have expended during the 16 month term of the MOU. Per the Office of the Controller's (Controller's Office) review of expenditures processed through the city's accounting system, the Sheriff's Office spent approximately \$748,000 on purchases of goods and services during the MOU term. Also, the Sheriff's Office apparently omitted information on the largest cost associated with Sheriff's sales – advertising costs. In a summary schedule of the estimated annual cost of Sheriff's sales supplied by the Sheriff's Office, yearly advertising costs were projected at \$6,300,000. However, none of the expenditure data or contracts provided by the Sheriff's Office included advertising services.

Sheriff's Office management asserted that all purchases during the MOU period were made in accordance with Charter and Philadelphia Code requirements. However, DL&C observed that one of two vendor contracts asserted to have been executed in accordance with these requirements was not conformed or signed by the City Solicitor. Moreover, the Controller's Office noted that this same vendor contract, with an approximate cost of nearly \$64,000, along with a second one approximating \$531,000, were established in the city's accounting system for only one dollar each.

² For a detailed listing of these purchases, refer to Table 1 in the Independent Accountant's Report on Applying Agreed-Upon Procedures, which is located in Section III of this report.

³ For a detailed listing of these contracts, refer to Table 2 in the Independent Accountant's Report on Applying Agreed-Upon Procedures, which is located in Section III of this report.

At the exit conference, Sheriff management informed us that the reason the administration permitted this situation was because city management failed to provide sufficient funding for the contracts. As a result, Sheriff management paid for the contracts through the Sheriff's Office custodial funds.

As part of its work, DL&C also observed that sixteen of the eighteen agreements provided were one-page memorandum style contracts, none of which exceeded \$30,000 in amount. Sheriff's Office officials stated that a competitive bid process was only required for contracts exceeding \$30,000. However, guidelines⁴ of the Finance Office during the period under review required city agencies to use a Miscellaneous Purchase Order Document (MP) to contract with vendors for professional services not exceeding \$30,000. Rules governing the use of MPs require departments to solicit a minimum of three proposals from vendors to ensure that the vendor receiving the award was selected through a competitive process. The guidelines also state that, in the event the administrative cost of soliciting the proposals outweighs the benefit of the competitive process, a justification memo should be prepared and kept on file with the department. The Sheriff's Office did not provide DL&C with any documentation to demonstrate its compliance with MP guidelines. Also, a review of the city's accounting system by Controller's Office auditors found no MPs recorded for the Sheriff's 16 memorandum style agreements. At the exit conference, Sheriff management reiterated that no MPs were prepared due to insufficient budget appropriations granted to them by City Council and the administration.

While the MOU stipulated that all Sheriff's Office contracts would require approval as to form by the city's Law Department, the memorandum style contracts were one-page documents signed only by a Sheriff's representative and the contractor with no indication of Law Department approval. Additionally, during their review of the 16 memorandum style agreements, DL&C found one contract not signed by either party and another agreement lacking the signature of a Sheriff's representative.

Sheriff Was Still Circumventing the City's Standard Payment Authorization Process

A sampling of payments for 5 of the 16 memorandum style contracts revealed that the Sheriff's Office was still circumventing the city's standard payment authorization process. For one selected contract, Sheriff's Office personnel asserted that invoices were paid by a non-profit corporation. DL&C's review of payment documentation for the other four sampled contracts indicated that invoices were paid out of various Sheriff's Office custodial accounts instead of being processed through the city's accounting system. Therefore, the Sheriff's Office bypassed the required payment reviews conducted by the Finance Office and Controller's Office, which

⁴ The Finance Office's *Guidelines for Processing Miscellaneous Purchase Orders (MP Documents)* – Effective February 1, 2006 contains the rules governing MPs. The dollar threshold for determining which contracts fall under MP guidelines was increased from \$30,000 to \$32,000 effective August 1, 2013.

include verifying that payments are adequately supported and in compliance with contract terms. At the exit conference, Sheriff management again informed us that the lack of appropriations granted by City Council and the administration necessitated circumventing the city's process for authorizing payments.

Sheriff's Accounting System Was Inadequate

Under the MOU, the Sheriff's Office agreed to establish and follow accounting procedures to ensure the accurate recording of fee revenue, escrow deposits, costs of sale, and the distribution of delinquent taxes, water and gas bills, mortgage debt, and monies owed to former property owners. However, at the time of DL&C's review, the Sheriff's Office had not yet established such procedures. In fact, Sheriff's Office officials informed DL&C that the accounting system in place at the time of their review was inadequate because the previous system had belonged to a contractor and was lost when the firm was terminated in the spring of 2011. In addition, management indicated there were no experienced accountants on staff to maintain the books and records.

The Sheriff's Office has contracted with a consultant to develop a new system to manage Sheriff's sales and provide all accounting functions. As part of the system installation and testing process, the Sheriff's Office has engaged an independent accounting firm to work as the primary internal fiscal staff as well as the reviewer of the new computerized financial package. As of the end of DL&C's field work, the new system was still in development and had not been fully implemented. At the exit conference, we were informed that a new accounting system had since been implemented and is now fully functional.

Process for Establishing Sheriff Bank Accounts Had Not Been Completed

The MOU required that the City Treasurer establish bank accounts for the Sheriff's Office. However, the Sheriff's Office response to DL&C indicated that the seventeen bank accounts it held were inherited from previous Sheriff administrations, and management believed none of these accounts had been established by the City Treasurer.

Sheriff's Office management asserted that, one month after taking office in January 2012, the Sheriff sent a request for proposal to the City Treasurer to bid out the Sheriff's banking relationships; however, despite repeated requests, the City Treasurer did not act on the Sheriff's request. Management further explained that, in the spring of 2012, the City Treasurer performed a review of all city banking relationships, including the Sheriff's accounts. Management believed the City Treasurer's original intent was to bid the Sheriff's accounts as part of a package of city banking relationships. In March 2014, the Controller's Office contacted the City Treasurer, asking whether she had ever established bank accounts for the Sheriff's Office and

also requesting her comments on the Sheriff's Office assertion that she did not act upon the Sheriff's request for proposal. The City Treasurer never responded to our inquiries.

Sheriff's Office management indicated that there has been a long standing dispute over the City Treasurer's right to name banks on behalf of an independently elected official such as the Sheriff. Management asserted that it will accept the City Treasurer's advice in establishing new bank accounts, but the Sheriff will independently decide on the bank to be employed and the configuration of accounts.

At the exit conference, Sheriff management indicated that the City Treasurer had completed her review of city banking relationships and had recommended two banks, one of which they were already using. Management informed us they decided to retain the incumbent bank.

Sheriff's Fees Did Not Appear to Cover All Costs of Property Sales

Under the MOU, the Sheriff agreed it would "attempt to establish fees that will generate funds to support the direct and indirect costs of the Sheriff's sales, including personnel, advertising, rentals, contractors, technology support and other costs." The goal of this initiative was to ensure that the costs of Sheriff's sales were borne by the private sector that primarily benefits from these sales instead of taxpayers. Based upon fiscal year 2014 fee revenue projections and a schedule of the estimated annual cost of Sheriff's sales provided by the Sheriff's Office⁵, total costs of property sales were estimated to exceed fee revenue by \$335,000. Therefore, the Sheriff's established fees did not appear to cover all costs of property sales.

At the exit conference, management told us they had attempted to increase Sheriff fees, but City Council rejected their request.

City Administration's Oversight of Sheriff's Operations Appeared Inadequate

Given the Sheriff's failure to comply with many aspects of the MOU as detailed above, the city administration's oversight of the MOU appeared to be inadequate. To determine if the city administration had established an oversight process for the MOU, the Controller's Office asked the city's Finance Director – the principal officer responsible for the city's financial, accounting, and budgeting functions – whether any city agency or official had been appointed to monitor compliance with the MOU's requirements. However, the Finance Director never responded to this inquiry.

⁵ For these documents provided by the Sheriff's Office, refer to Exhibit F of the Independent Accountant's Report on Applying Agreed-Upon Procedures, which is located in Section III of this report.

The MOU required that the Sheriff's Office meet with the Advisory Committee, which had been established pursuant to the March 14, 2011 MOU between the city and First Judicial District, to review the steps taken and to be taken to improve and reform the operations of the Sheriff's Office. The Controller's Office asked the Finance Director whether this meeting ever occurred and requested any available meeting minutes. Again, we did not receive a response from the Finance Director.

Recommendations:

To best assure accountability and transparency in performing its functions and improve controls over fiscal operations, the Sheriff's Office must carry out the terms of the MOU by fully complying with the city's financial and legal processes and rules. Specifically, management should:

- Follow the applicable city guidelines when procuring goods and services whether it be the Charter's competitive bidding requirement, Philadelphia Code regulations for professional services and other non-competitively bid contracts, or MP guidelines. All contracts should be in writing and approved as to form by the city's Law Department [407013.2.01].
- Refrain from paying contractors directly from Sheriff custodial accounts and instead ensure that all contractor payments go through the city's standard payment authorization process [407013.2.02].
- In moving forward, continue to work with the city's Finance Office in all matters regarding accounting procedures to ensure the accurate recording of fee revenue, activity from Sheriff's sales, and all other monies collected by the Sheriff's Office [407013.2.03].
- Continue to work with the City Treasurer to establish any additional Sheriff bank accounts, all of which should have the City Treasurer as an authorized signer [407013.2.04].
- Re-evaluate fees to determine how they can be revised to fully cover the costs of Sheriff's sales and continue to seek City Council approval for any increases deemed necessary [407013.2.05].

In addition, we recommend that the city administration:

- Provide sufficient funding to the Sheriff's Office to enable it to carry out its mandated functions, including those associated with Sheriff Sales [407013.2.06]
- Designate someone independent of the Sheriff's Office with the responsibility for continued monitoring of the agency's operations. This oversight authority should design and implement appropriate monitoring controls to ensure that the Sheriff's Office completely enacts the MOU's promised reforms and complies with them on a consistent basis [407013.2.07].

SECTION III

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

**CITY OF PHILADELPHIA
OFFICE OF THE CONTROLLER**

**AGREED-UPON PROCEDURES
FOR THE PURPOSE OF REVIEWING THE
MEMORANDUM OF UNDERSTANDING BETWEEN
THE MAYOR OF PHILADELPHIA AND
THE SHERIFF OF PHILADELPHIA**

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Alan Butkovitz, Esquire, City Controller
Office of the Controller
1230 Municipal Services Building
1401 John F. Kennedy Boulevard
Philadelphia, Pennsylvania 19102-1679

We have performed the procedures enumerated below, which were agreed to by the **City of Philadelphia Office of the Controller** ("Controller's Office"), solely to assist you in determining the extent to which the City of Philadelphia Office of the Sheriff ("Sheriff's Office") has complied with the Memorandum of Understanding between the City of Philadelphia Mayor's Office ("Mayor's Office") and the Sheriff's Office for the 16-month period March 2, 2012 through June 30, 2013. Sheriff's Office management is responsible for ensuring the agency's compliance with the requirements of the Memorandum of Understanding.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Generally Accepted Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the Controller's Office. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report was requested and intended or for any other purpose.

The agreed-upon procedures engagement purpose, procedures, and associated findings are documented in the Introduction, Procedures, and Findings sections, respectively.

We were not engaged to, and did not conduct an examination, the objective of which would be to express an opinion on the Office of the Sheriff's compliance with the Memorandum of Understanding. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Controller's Office and the Sheriff's Office, and is not intended to be and should not be used by anyone other than these specified parties.

David A. Lopez & Co., LLC

David A. Lopez & Company, LLC
April 17, 2014

Introduction

The Sheriff of Philadelphia is an independent elected official under the Constitution of the Commonwealth of Pennsylvania, whose office is charged with the prompt and effective administration and delivery of duties critical to the functioning of the civil and criminal justice systems within the City of Philadelphia ("City") and the First Judicial District, including but not limited to the service of process and writs in civil actions, the conducting of mortgage foreclosure sales and other execution sales for civil debts, the transportation of prisoners to and from the courts in criminal proceedings, and providing judicial and courtroom security.

On March 2, 2012, the City's Mayor and Sheriff executed a Memorandum of Understanding ("MOU") (Exhibit A) that provides an agreement on the manner in which the Sheriff's Office will work together with certain City agencies to ensure the expeditious provision of all services by the Sheriff's Office. In carrying out the Sheriff's duties as they pertain to mortgage foreclosure sales and other execution sales for civil debts, the Mayor and Sheriff agreed to utilize the financial, procurement, contracting, and legal processes of the City. Additionally, and in connection with the above type sales, the Mayor and Sheriff also agreed that certain budget and finance procedures would be followed.

The purpose of this engagement was to determine the extent to which the Sheriff's Office complied with the MOU terms by applying the agreed-upon procedures described below. The procedures and related findings are as follows:

Procedure #1

Ascertain as it relates to mortgage foreclosure sales and other execution sales occurring during the period March 2, 2012 through June 30, 2013, whether the Sheriff's Office followed the requirements under Section 8-200 of the Philadelphia Home Rule Charter concerning the procurement of goods and services which require competitive bids. In addition, determine whether the Sheriff's Office complied with Chapter 17-1400 of the Philadelphia Code for the procurement of professional services and other non-competitively bid contracts.

Findings #1

In response to our request, the Sheriff's Office provided a memo (Exhibit B) that explained the agency had four funding sources through which goods and services were purchased. The four funding sources were described in the memo as: (1) the Security Deposit or Deposit on Writ; (2) Appearance and Execution Fees; (3) Cost Recovery Funds; and (4) General Funds. The Security Deposit or Deposit on Writ, the Appearance and Execution Fees, and the Cost Recovery Funds represent fees collected by the Sheriff's Office. The fourth funding source represents General Fund budget appropriations.

In addition to the response memo, the Sheriff provided screen prints from the City's accounting and purchasing systems that listed the purchases made during the MOU period. The details of the purchases information provided are outlined in Table 1 below.

Table 1 - Sheriff's Office Purchases of Goods and Services During the Memo of Understanding Period

Vendor Name	FAMIS Date	Purchase Order #	Contract Amount	Good or Service Purchased
Xerox Corporation	03/07/12	N/A	\$ 1,908.00	12 maintenance contracts
International Paper Co.	03/14/12	POXX12114427	2,183.20	Recycled paper
MTM Recognition	03/20/12	POXX12114667	1,268.40	Employee service pins, 25 years
Laser Jet Direct	03/27/12	POXX12115071	258.00	Toner cartridges
American Express	03/28/12	N/A	1,039.90	Transportation
Decisive Business Systems	04/04/12	POXX12114724	3,872.00	Broadcast and studio equipment
Xerox Corporation	04/04/12	POXX12114977	3,816.00	24 maintenance contracts
Ribbons Express, Inc.	04/04/12	POXX12115065	340.00	Toner and drums
Dell Marketing, L.P.	04/13/12	POXX12115801	6,712.00	Dell Standard Desktop
Philacor	04/16/12	N/A	2,052.00	Forms, stationary, business cards
Class Act Reporting Agency	04/25/12	POXX12116298	2,414.20	Court reporting services
Vanguard Direct	05/24/12	POXX12116474	366.60	Printed forms
Event Caterers	06/06/12	POXX12118351	17,199.00	Food/Catering services
Rodzina Industries, Inc.	06/07/12	POXX12118445	18.45	Facsimile autograph
Peripheral Systems	06/20/12	N/A	200.00	ACIS Training
Philacor	06/25/12	N/A	99.50	Business cards
American Uniform Sales, Inc.	07/27/12	POXX13104056	1,285.00	Uniforms and accessories
International Paper Co.	07/30/12	POXX13104138	1,932.00	20lb printer paper
Staples Contract & Commercial	07/30/12	POXX13104154	5,000.00	Office supplies
American Uniform Sales, Inc.	07/31/12	POXX13104205	1,928.15	Uniforms and accessories
Uniform Gear, Inc.	07/31/12	POXX13104254	992.10	Uniform shirts
Konica Minolta Business Solutions	08/03/12	POXX13104435	139.94	Rental agreement
PC Specialists, Inc.	08/13/12	POXX13104301	12,288.00	EX4200 Juniper switch
American Uniform Sales, Inc.	08/14/12	POXX13104911	7,067.50	Uniforms and accessories
MBGG Hotels, Inc.	08/22/12	N/A	313.08	Hotel expenses
National Car Rental	08/31/12	N/A	822.51	Car rentals
IKON Office Solutions	09/05/12	POXX13105742	624.10	Computer repairs
Marinucci's Deli	09/14/12	N/A	1,365.00	Lunches for Sheriff sales
Protect a Check	09/17/12	N/A	3,668.00	New check signer
Wright Express	09/26/12	N/A	5,237.68	Gasoline for deputies
Rockhurst University	10/23/12	N/A	598.00	Accounts Payable Class
Decisive Business Systems	11/01/12	POXX13107606	823.00	Broadcast and Studio maintenance
Dell Marketing, L.P.	11/08/12	POXX13108725	4,895.00	Dell Standard Desktop
Dell Marketing, L.P.	11/16/12	POXX13108991	18,060.00	Dell Standard Desktop

(Table 1 continued on the next page)

Table 1 - Sheriff's Office Purchases of Goods and Services During the Memo of Understanding Period

(Continued from previous page)

Vendor Name	FAMIS Date	Purchase Order #	Contract Amount	Good or Service Purchased
Franks Gun Shop	11/28/12	N/A	690.00	Gun range training
International Purity	12/12/12	N/A	1,015.90	Cups and rental of coolers
Dell Marketing, L.P.	01/14/13	POXX13111276	6,665.00	Dell notebook computer
Trustees of the University of PA	04/17/13	N/A	255.38	K9 Unit Carter
Event Caterers	04/19/13	POXX13116242	5,712.00	Food/Catering services
Trustees of the University of PA	04/24/13	N/A	247.50	K9 Unit Jimmy
Buck's Hardware	04/24/13	N/A	64.99	Key tags
MBGG Hotels, Inc.	04/24/13	N/A	156.54	Hotel expenses
South Jersey Paper Products	05/10/13	POXX13117248	136.76	Bathroom supplies
Ocuture, LLC	05/10/13	POXX13117251	41.70	Bathroom supplies
TOTALS			\$ 125,772.08	

As illustrated in Table 1 above, the transaction detail provided by the Sheriff's Office for the MOU period showed expenditures of approximately \$126,000. The expenditures were for various goods and services utilized during the operation of the agency.

Section 8-200 of the Philadelphia Home Rule Charter prescribes the steps required to acquire goods and services utilizing the competitive bid process and indicates that contracts should be awarded to the lowest responsible bidder unless other mitigating factors are present. Chapter 17-1400 of the Philadelphia Code provides the guidance for the procurement of professional services and other non-competitively bid contracts.

Sheriff's Office management verbally explained and further asserted in the response memo (Exhibit B) that all purchases were made in accordance with Section 8-200 of the Philadelphia Home Rule Charter and Chapter 17-1400 of the Philadelphia Code for procurement. However, they were unable to provide written documentation that substantiates they followed the proper procedures.

In addition, the transaction detail provided to our engagement team appeared to be significantly less than our expectation of what the total amount expended by the Sheriff's Office during the time period of the MOU would equal. Based on our discussions with the Sheriff's Office representatives, the annual budget for the agency exceeded \$1 million; therefore, the detailed amount of approximately \$126,000 did not appear to be the full population of expenditures.

It also appeared to our team that these expenditures were consistent with the normal operation of any agency and did not specifically relate to the mortgage foreclosure sales or other execution sales. According to our conversations with the Sheriff's Office representatives, some of the direct costs associated with the sales are the rental costs of the off-site facility where the events

are held, the cost of manpower to manage the sales, and other costs such as advertising. In a schedule of the estimated annual cost of Sheriff's sales provided by the Sheriff's Office (Exhibit F), advertising costs were by far the largest expenditure at \$6.3 million. However, no advertising costs were detailed in the documents that have been provided to date.

Procedure #2

Ascertain whether contracts (including those associated with mortgage foreclosure sales and other execution sales) held by the Sheriff's Office were in writing and had the required approval, as to form, of the City's Law Department. In addition, determine whether the contracts were approved as to the availability of appropriated funds by the Finance Office.

Findings #2

The Sheriff's Office forwarded to our team two Provider Agreement style contracts prescribed by the City of Philadelphia and sixteen memorandum style service agreements that were executed during the MOU period. A listing of the aforementioned agreements is provided in Table 2 below:

Table 2 – Contracts Executed During the Memo of Understanding Period

Vendor Name	Contract Date	Contract Amount	Contract Type	Good or Service Purchased
Isdaner and Company, LLC	11/01/12	\$ 63,520.00†	Provider Agreement	Accounting services
Teleosoft, Inc.	04/19/13	531,000.00†	Provider Agreement	IT Services - Hardware & Maint.
Carrow Consulting	01/26/12	30,000.00	Memorandum	Training, IT system, management
Leonard A. Heard	04/01/12	29,900.00	Memorandum	Educational consultant
A. Norman Consulting	06/01/12	15,000.00	Memorandum	Procedures development
AK Consulting, LLC	07/01/12	29,000.00	Memorandum - Ext.	Unknown
Rosalind S. Derricotte	07/01/12	29,000.00	Memorandum	Clerical duties (hourly)
Paulette Wesby	07/09/12	3,000.00	Memorandum	Clerical duties (hourly)
Mitchell & Titus	09/01/12	29,900.00	Memorandum	Accounting/Bank reconciliations
Scott Freda	11/01/12	29,900.00	Memorandum	Consulting (management)
Arvelle C. Jones, CPA	11/01/12	-	Memorandum	Accounting services @ \$100/hr
Raymond Mormon	02/01/13	10,000.00	Memorandum	Real estate tasks
Barbara A. Deeley	03/01/13	30,000.00	Memorandum	Advisory and consulting services
Karen Greenberg	03/11/13	13,000.00	Memorandum	Real estate tasks
Joshua T. Wigfall	03/20/13	15,000.00	Memorandum	Clerical duties (hourly)
Bruce Charles Williams	03/20/13	15,000.00	Memorandum	Real estate data entry
Vanessa Bines	05/01/13	30,000.00	Memorandum	Clerical duties (hourly)
Airika N. Brunson	06/11/13	29,000.00	Memorandum	Communications/public relations
TOTALS		\$ 932,220.00		

† estimated based on the vendor's proposal.

Based on our reading of the contracts and memoranda, it appeared that the Isdaner and Company contract was not conformed or signed by the City Solicitor, but was signed by the Sheriff's representative and the vendor. The Teleosoft contract had the signature of the City Solicitor and was stamped "Conformed" and dated. The memorandum style contracts were one-page documents signed only by a Sheriff's representative and by the professional providing the actual service. However during our reading of the memorandum contracts, we noted the following: (1) the contract for services from Raymond Mormon was not signed by either party and (2) the Mitchell and Titus contract was not signed by a Sheriff's representative. The memorandum style contracts listed in Table 2 can be found at Exhibit C.

In performing Procedure #2, we inquired on the procedures implemented and executed to purchase these professional services. We attempted to ascertain whether the Sheriff utilized a competitive bidding process, and if so, did they retain documentation that supports the acquisition process. Sheriff's Office personnel informed us that a competitive bidding process was used for the contracts that exceeded \$30,000; however, no documentation was provided to support their assertion.

For the contracts detailed in Table 2 that did not exceed the \$30,000 threshold, Sheriff's Office management stated that a competitive bid process was not required. However, guidelines⁶ of the City's Finance Office require City agencies to use a Miscellaneous Purchase Order Document (MP) to contract with vendors for professional services not exceeding \$30,000. Rules governing the use of MPs require departments to solicit a minimum of three proposals from vendors to ensure that the vendor receiving the award was selected through a competitive process. The guidelines also state that, in the event the administrative cost of soliciting the proposals outweighs the benefit of the competitive process, a justification memo should be prepared and kept on file with the department. The Sheriff's Office did not provide us with any documentation to demonstrate its compliance with MP guidelines.

As an additional follow-up, we selected a sample of the contracts detailed above (Leonard A. Heard, AK Consulting, Mitchell and Titus, Barbara A. Deeley, and Vanessa Bines) in order to determine (a) if the vendors presented formal invoices to the Sheriff outlining the services provided, the date(s) of service, the hourly cost of service, and the total billed for the period and (b) whether the invoices were paid through the City's standard payment process or directly from the Sheriff's Office custodial bank accounts.

In response to our sample, the Sheriff's Office provided the following:

1. Leonard A. Heard

No information was provided due to the fact that Sheriff's Office personnel informed us that payments to Mr. Heard were made through Communities in Schools (a not-for-profit corporation) and were not available to Sheriff's Office personnel.

¹ The Finance Office's *Guidelines for Processing Miscellaneous Purchase Orders (MP Documents) – Effective February 1, 2006* contains the rules governing MPs. The dollar threshold for determining which contracts fall under MP guidelines was increased from \$30,000 to \$32,000 effective August 1, 2013.

2. AK Consulting

Table 3 below presents the invoices and payments for AK Consulting reviewed by us.

Table 3 – Invoices and Payments for AK Consulting

Vendor Name	VENDOR INFO.		PAYMENT INFO.		
	Invoice Date	Invoice Amount	Check Date	Check No.	Check Amount
AK Consulting	Not Dated	\$ 2,500	02/06/13	1401	\$ 2,500
AK Consulting	02/20/13	2,500	02/21/13	1407	2,500
AK Consulting	03/06/13	2,500	03/07/13	1434	2,500
AK Consulting	Not Dated	2,500	03/21/13	1445	2,500
AK Consulting	04/04/13	2,500	04/04/13	1479	2,500
AK Consulting	04/17/13	2,500	04/18/13	1491	2,500
AK Consulting	05/01/13	2,500	05/01/13	1509	2,500
AK Consulting	04/15/13	2,500	05/16/13	1530	2,500
AK Consulting	Not Dated	2,500	05/30/13	1551	2,500
AK Consulting	06/12/13	2,500	06/13/13	1565	2,500
TOTALS		\$25,000			\$25,000

During our reading of the invoices, we noted that the payments to AK Consulting were made from the Sheriff's TD Bank Appearance Account. In addition, it appeared the invoices were not unique and the first invoice presented was copied numerous times with the date of the invoice and invoice number written on the document by hand. The actual invoices provided to us can be found in Exhibit D.

3. Mitchell and Titus

Table 4 below presents the invoice and payment for Mitchell and Titus reviewed by us.

Table 4 – Invoice and Payment for Mitchell and Titus

Vendor Name	VENDOR INFO.		PAYMENT INFO.		
	Invoice Date	Invoice Amount	Check Date	Check No.	Check Amount
Mitchell and Titus	01/04/13	\$29,900	01/11/13	1368	\$29,900

During our reading of the invoice, we noted that the payment made to Mitchell Titus was from the Sheriff's TD Bank Appearance Account.

4. Barbara A. Deeley

Table 5 below presents the invoices and payments for Barbara A. Deeley reviewed by us.

Table 5 – Invoices and Payments for Barbara A. Deeley

Vendor Name	VENDOR INFO.		PAYMENT INFO.		
	Invoice Date	Invoice Amount	Check Date	Check No.	Check Amount
Barbara A. Deeley	03/01/13	\$ 7,500	03/21/13	1452	\$ 7,500
Barbara A. Deeley	04/03/13	6,600	04/09/13	1485	6,600
Barbara A. Deeley	05/06/13	9,600	05/08/13	1519	9,600
Barbara A. Deeley	06/04/13	6,300	06/07/13	1008	6,300
TOTALS		\$30,000			\$30,000

During our reading of the invoices, we noted that the payments made to Barbara A. Deeley were from the Sheriff's TD Bank Appearance (Check #s 1452, 1485, and 1519) and the TD Bank Non-Tax Revenue (Check # 1008) checking accounts.

5. Vanessa Bines

Table 6 below presents the invoices and payments for Vanessa Bines reviewed by us.

Table 6 – Invoices and Payments for Vanessa Bines

Vendor Name	VENDOR INFO.		PAYMENT INFO.		
	Invoice Date	Invoice Amount	Check Date	Check No.	Check Amount
Vanessa Bines	05/13/13	\$ 288	05/16/13	1527	\$ 288
Vanessa Bines	05/17/13	702	05/30/13	1549	702
Vanessa Bines	05/23/13	531	05/30/13	1549	531
Vanessa Bines	06/11/13	576	06/13/13	1567	576
Vanessa Bines	06/11/13	684	06/13/13	1567	684
Vanessa Bines	06/21/13	576	06/26/13	1580	576
Vanessa Bines	06/21/13	576	06/26/13	1580	576
TOTALS		\$3,933			\$3,933

During our reading of the vendor documentation, we noted payments to Vanessa Bines were made from the Sheriff's TD Bank Appearance Account. In addition, the vendor did not present a traditional invoice to the Sheriff but provided the identified supervisor with a timesheet on a weekly basis. We were not able to determine if the actual timesheet form was created by the vendor or provided by the Sheriff's Office.

The timesheets completed by the vendor are provided at Exhibit E.

Procedure #3

Determine whether the Sheriff's Office has established fees that will generate adequate funds to support the direct and indirect costs, including personnel, advertising, rentals, contractors, technology support, and other costs of the Sheriff's sales.

Findings #3

In response to our inquiry, the Sheriff's Office personnel explained that fee income generated by the agency is recorded in three distinct categories: (1) General Fees; (2) Deposit at Writ or Security Deposit; and (3) Cost Recovery. Exhibit F presents a document created by the Sheriff's Office that summarizes the aforementioned categories and how the funds are maintained within the system.

In addition to the fee descriptions, the Sheriff's Office provided a report on the amount of funds remitted to the City of Philadelphia during fiscal year 2013, several projections outlining the expected fee revenue for fiscal year 2014, a schedule of the estimated annual cost of Sheriff's sales, and a statement of fees approved by City Council in 1997. These documents are also presented in Exhibit F.

Based on the information provided, it appears the Sheriff's Office has established fees within its department. However, based on the schedule of the estimated annual cost of Sheriff's sales provided, the total costs of property sales were estimated to exceed fee revenue by \$335,000. Therefore, it appeared the established fees did not cover the cost of property sales.

Procedure #4

Ascertain the number of bank accounts that the City Treasurer has established for the Sheriff's Office. Determine the number of bank accounts established directly by the Sheriff's Office.

Findings #4

In their response memo to this procedure (Exhibit G), Sheriff's Office management stated that they maintain sixteen checking accounts with TD Bank and one checking account at United Bank. Management further explained that all of the accounts were inherited from previous Sheriff Administrations and were not believed to have been established through the City Treasurer's Office.

Sheriff's Office officials stated that, one month after taking office in January 2012, the Sheriff sent a request for proposal to the City Treasurer to bid out the Sheriff's banking relationships; however, despite repeated requests, the City Treasurer did not act on the Sheriff's request. Sheriff's Office management further explained that, in the spring of 2012, the City Treasurer's Office performed a review of all city banking relationships, including the Sheriff's accounts. Management believed the City Treasurer's original intent was to bid the Sheriff's accounts as

part of a package of City banking relationships. However, as of the end of our field work, the process for the City Treasurer to establish Sheriff bank accounts had not been completed.

Sheriff's Office management indicated that there has been a long standing dispute over the City Treasurer's right to name banks on behalf of an independently elected official such as the Sheriff. Sheriff's Office officials asserted that they will accept the City Treasurer's advice in establishing new bank accounts, but the Sheriff will independently decide on the bank to be employed and the configuration of accounts.

The detail of all of the accounts maintained by the Sheriff is included as Exhibit G of this report.

Procedure #5

Ascertain whether the Sheriff's Office has established and is following acceptable accounting procedures that enables it to accurately track the fee revenue, escrow deposits, costs of sales, and the distribution of delinquent taxes, water and gas bills, mortgage debt, and monies owed to former property owners.

Findings #5

In their response memo presented in Exhibit F of this report, Sheriff's Office personnel stated that the current accounting system was inadequate because the previous system had belonged to a contractor and was lost when the firm was terminated in the spring of 2011. Also, Sheriff's Office management informed us that there was no experienced accountant internally to maintain the books and records. As noted in Table 2, the Sheriff's Office has hired external accounting professionals to fill the void.

In addition, the agency has contracted with Teleosoft, Inc. to build a system to manage Sheriff's sales and provide all accounting functions. The system is also expected to contain modules to connect to and electronically manage Main Desk and other Sheriff functions. As part of the system installation and testing process, the Sheriff has engaged an independent, certified public accounting firm to work as the primary internal fiscal staff as well as the reviewer of the new computerized financial package.

Based on our communications with Sheriff's Office management, this new system was still in development and had not been fully implemented as of the end of our field work.

Procedure #6

Review procedures designed and implemented by the Sheriff's Office to ensure that Sheriff's sales and related fiscal records are accurate.

Findings #6

With regard to this procedure, no information was provided by the Sheriff's Office as of the end of our field work.

EXHIBIT A

MEMORANDUM OF UNDERSTANDING
BETWEEN THE MAYOR AND SHERIFF OF PHILADELPHIA

This memorandum of Understanding is made as the second day of March 2012 by and between the Office of Sheriff and the Mayor (including those offices that report to him), both elected officials of the City and County of Philadelphia.

WHEREAS, the Mayor and Sheriff agree that the Sheriff is an independently elected official under the Constitution of the Commonwealth of Pennsylvania and is charged with important authority and responsibility; and

WHEREAS, the prompt and effective administration and delivery of the Sheriff's duties are critical to the functioning of the civil and criminal justice systems within the City and the First Judicial District ("District"), including but not limited to the service of process and writs in civil actions, the conducting of mortgage foreclosure sales and other execution sales for civil debts, the transportation of prisoners to and from the courts in criminal proceedings, and providing judicial and courtroom security; and

WHEREAS, the Sheriff and Mayor wish to ensure the expeditious provision of all services provided by the Sheriff; and

WHEREAS, Section 8-401 of the Philadelphia Home Rule Charter ("Charter") directs City agencies to 'develop a practical and working basis for cooperation and coordination of work, eliminating duplication and overlapping of functions' and prescribes a method by which one agency head may empower or require employees of another City agency, with the consent of its head, to perform duties of the first agency; and

WHEREAS, the Sheriff has determined that full adherence to all requirements for the Charter will best assure openness, transparency, honesty and public confidence in the function and actions of the Sheriff, with certain necessary and appropriate adjustments as permitted by the Charter; and

WHEREAS, the Sheriff and the Mayor recognize that as an officer of the Court and where empowered by order of the Court (e.g. judgments in foreclosure, court orders and other directions from the Court), the Sheriff is bound by lawful orders of the Court; and

WHEREAS, the Sheriff and the Mayor have determined to support the functions of the Sheriff through reform and cooperation as described herein;

Now, therefore, it is agreed as follows;

1. PROCESS.

(a) The Sheriff will utilize the financial, procurement, contracting, and legal process of the City of Philadelphia. This includes relevant sections of the Philadelphia Home Rule Charter and accounting directives of the Office of the Director of Finance ("Finance"). In the event of an apparent conflict between a court order and the requirements of the Home Rule Charter, the Sheriff, the Law Department ("Law"), and other City offices under the Mayor will work together to minimize or eliminate any actual conflict, whether by adjusting applicable procedures, convincing the court to modify its order, or otherwise.

(b) The Sheriff's Office will follow the requirements of Section 8-200 of the Charter concerning procurement of goods and services for which the Charter requires competitive sealed bidding, and will follow the requirements of Chapter 17-1400 of the Philadelphia Code for the procurement of professional services and other non-competitively bid contracts.

(c) All contracts of the Sheriff's Office shall be in writing and shall require approval as to form by Law and approval as to the availability of appropriated funds by Finance. Law and Finance will give priority consideration to the Sheriff's contracts.

2. BUDGET AND FINANCE

(a) The Sheriff shall maintain control over and responsibility for the schedule of Sheriff's Sales and fees subject to applicable law and any necessary approval of the First Judicial District. The Sheriff will attempt to establish fees that will generate funds to support the direct and indirect costs of the Sheriff's Sales, including personnel, advertising, rentals, contractors, technology support and other costs.

(b) For budgetary purposes the Sheriff's Sale fees shall be recorded as special revenue funds (non-general fund). Estimates of these special revenue funds and Sale costs, including advertising, will be monitored and recorded in the City's financial and accounting systems.

(c) The City Treasurer will establish bank accounts for the Sheriff's Office. The Sheriff's Office will establish and follow accounting procedures that will track the fee revenue, escrow deposits, costs of sale, and the distribution of delinquent taxes, water and gas bills, mortgage debt and moneys owed to former property owners.

(d) The Sheriff's Office will seek to identify and locate parties from whom Sheriff's Sale proceeds are owed, with assistance from Finance and Law.

(e) Financial records of the Sheriff's Office are subject to Audit and or review by the City Controller and Finance.

(f) The Sheriff will actively seek to ensure Sheriff's Sale and fiscal records are accurate and will provide access to Finance.

3. COOPERATION

(a) The Mayor will propose sufficient appropriations for the operation of the Sheriff's Office for Fiscal Year 2013 and thereafter.

(b) City Departments and agencies reporting to the Mayor shall assist the Sheriff's Office in the normal discharge of their duties. The Sheriff's Office shall work with City Departments and agencies to successfully modernize the Office.

(c) The Sheriff's Office will meet as soon as possible with the Advisory Committee established pursuant to the March 14, 2011 Memorandum of Understanding constituted pursuant to the Memorandum of Understanding among the Mayor, the Sheriff and the First Judicial District to review the steps taken and to be taken to improve and reform the operations of the Office.

4. TERM

The term of this agreement shall be from March _____ 2012 to June 30, 2013 and shall be renewed automatically, to end only with mutual agreement.

as s/s
Approved to form

Shelley R. Smith, City Solicitor

By: 

THE CITY OF PHILADELPHIA

By: 

Mayor

By: 

Sheriff

EXHIBIT B

Procedure #1 Concerning Procurement

The Sheriff has four funds through which the purchase of goods and services are made.

1. The Security Deposit or Deposit on Writ, a \$1500 fee on each writ for mortgage foreclosures paid by the plaintiffs in foreclosure and tax sales. These funds are used to advertise the property, as required by law, and to pay for the cost of the sale which includes, posting properties, the auctioneer and the rent of the hall at First District Plaza.

2. Appearance and Execution fees for service and carrying out court orders. This money goes to the City general fund except for payment of costs of the service provided.

3. Cost Recovery Funds, generated by a \$500 charge on properties that have been sold at a foreclosure or tax sale. As permitted by State law, these costs reimburse the office for the cost of conducting Sheriff's Sales. While most (\$2 million) goes to the City as a credit to pay for needed additional Deputy Sheriff Officers, a portion is used to pay for the new computer management system. In addition funds are used to pay for the accounting, personnel and other professional service needed in setting up the system and Office policies.

4. General Funds approved by City Council. The City Budget Office has provided the Sheriff's Office the same budget as provided in 2009 except for mandatory salary increases. (In fact the Budget Office has refused hold budget meetings with the Sheriff's Office since Sheriff Williams took office.) As a result our class 100, 200, 300 and 400 authorizations are inadequate. Additional Deputies are required to protect the new Family Court Building opening in June 2014. Non general fund revenue such as cost recovery money will have to be used to equip new Deputies and provide essential service when general funds are depleted.

The Sheriff's Office complies with requirements of the City Charter and code concerning the bidding process. However prior to the ratification of the Memorandum of Understanding in March 2012 the Sheriff was denied the ability hire personal, purchase equipment, and purchase supplies through the city. Therefore prior to the ratification of the MOU, services were obtained outside a city system.

As an independent elected Office, the Sheriff has the authority to purchase goods and services on its own, if denied access to City processes.

Requested Items

1. A list of goods and services procured from March 1, to June 30 2013 is attached.
2. During the term of the MOU City procedures were followed for the procurement of goods and services.
3. The Sheriff does not have a check lists to insure compliance.

602.1

EXHIBIT C

Carrow Consulting a Division of Work/Life Connection LLC

1919 Panama Street Philadelphia, Pennsylvania 19103

Term: The engagement shall commence January 26, 2012 to June 30, 2012. At the option of the Philadelphia Sheriff's Office, the contract may be terminated with thirty days prior notice at the end of any given month.

Services: The Sheriff's Office principal contact at Carrow Consulting will be Dr. Karl Bortnick.

1. Dr. Bortnick will facilitate contact between the Sheriff's Office and the Philadelphia Office of Information Technology and other City Departments, such as Procurement, whose computer systems impact the Sheriff's operations.

(a) In this capacity, Dr. Bortnick will assist in obtaining needed services from the various City agencies and Departments that are required by the Sheriff's Office.

2. Dr. Bortnick will assist in the oversight of training of Sheriff's Office personnel in City systems, Sheriff's systems and new systems as they are developed and come on line.

3. Dr. Bortnick will assist the Sheriff's Office Information Technology Deputy in designing and implementing a new information management system for the Office.

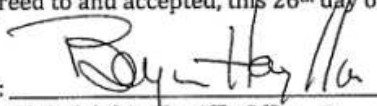
(a) In this capacity, Dr. Bortnick will help create Request for Proposals for the design and implementation of the system.

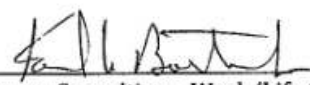
(b) Dr. Bortnick will assist in the review of the responses to the Request for Proposals.


4. Other related assignments agreed to by both parties to this agreement.

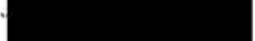
Compensation: All work done by Carrow Consulting will be assigned by the Information Systems Deputy. Compensation for Services will be in the amount of \$30,000 and paid at an hourly rate of \$200.00/hour. Payment will be made upon presentation of an invoice showing the services provided and the hours worked by Carrow Consulting. Invoices may be submitted bi-weekly or monthly.

Agreed to and accepted, this 26th day of January 2012.

By: 
Philadelphia Sheriff's Office Dep. chief

By: 
Carrow Consulting - Work/Life Connection LLC

Federal EIN: 

City Tax ID: 

Bus. Priv. Lic: 

Communities-In-Schools
2000 Hamilton Street
Philadelphia, Pennsylvania

Leonard A. Heard

(215)280-0515

March 27, 2012

PAID
\$412

Re: Provide Advice in the areas of Academic Support
Educational Support
Organize Training for the Entire Department (Sheriff)
Provide support for Teen Court

Term: Three Month (3) agreement commencing April 1, 2012 – June 30, 2012 of which
this agreement may be terminated at the end of any month at the Sheriffs
option, giving the vendor Thirty (30) days notice.

Service: I will advise the Sheriff on educational and academic issues relevant to the
Sheriffs Commitment to the Public Education and Community Involvement re;
Teen Court
Proper Protocol on Prom Night
Sporting Event Protocol
After School Program
Mandated Training for Staff in the Sheriff Department

Conditions: All work performed by Leonard Heard will be reviewed and approved
by the Sheriff or his designee.
Compensation for services described above shall be in the amount of
(\$29,900.00) paid at \$7,500.00 per month and will be billed at \$75.00
Per hour for all work performed.

Please indicate your acceptance of the above terms and conditions by signing below and
returning the executed copy to Leonard Heard.

Agreed and Accepted, this 28th day of March 2012.

By: [Signature]
Philadelphia Sheriffs Office

By: [Signature]
Leonard A. Heard

2012 18

A. Norman Consulting LLC
808 Pine Street, #1
Philadelphia, PA 19107
215 928 1809

Re: Services to be rendered to the Philadelphia Sheriff's Office

Pursuant to your interest in A. Norman Consulting (ANC) providing an analysis of procedures and the retention and distribution of funds, post Sheriff Sales.

Terms: Two (2) month Agreement to commence June 1, 2012 to July 31, 2012 may at the sole option of PSD, with 30 days prior written notice, be terminated at the end of any given month.

Services: The Services provided will include, but not be limited to, an analysis of the Philadelphia Sheriff's Office (PSD) current procedures of retention & distribution of funds and assets that remain from Sheriff's Sales of real property.

To develop a program to establish procedures & guidelines to insure a quick & secure process of the distribution of these funds to their rightful owners.

To prepare a written report to the PSD outlining these procedures & guidelines including developing training program for PSD personnel assigned to this function.

ANC will be available for any additional services requested by the Sheriff.

Conditions: All work performed by ANC will be approved by the Sheriff or his Designee. Compensation for services described should be in the amount of Fifteen Thousand Dollars (\$15,000) to be disbursed as follows:

- Seventy Five Hundred (\$7,500) at the signing of this contract
- Seventy Five Hundred (\$7,500) on July 1, 2012

Please indicate your acceptance of this above terms and conditional by signing below:

Agreed & Accepted, this June day of 8, 2012

By: [Signature]
Philadelphia Sheriff's Office

By: A. Norman Consulting LLC
ANC Consulting LLC

Amendment and Extension to Contract

AK Consulting, LLC

By this memorandum, the Sheriff's Office or the City and County of Philadelphia extends the contract with AK Consulting LLC. The term of the extension shall be from July 1, 2012 to December 31, 2012.

The services to be performed by AK Consulting will remain the same as those listed in the contract signed by AK Consulting and the Sheriff's Office signed in January 2012.

The compensation to be paid shall be \$5,000 month to paid upon receipt of an invoice which may be presented every other week. The final payment shall be \$4,900.

Agreed to and accepted this 1st day of July 2012.

By: [Signature]
Philadelphia Sheriff's Office

By: [Signature]
AK Consulting, LLC

Rosalind S. Derricotte

931 East Woodlawn Street, Philadelphia, Pa. 19138

Term: The engagement shall commence July 1, 2012 and terminate December 31, 2012. At the option of either party the contract shall be terminated with one week's prior notice. It is anticipated that the initial engagement shall last approximately two months.

Services: Ms. Derricotte shall perform clerical duties assigned to her primarily in the Sheriff's Real Estate, Main Desk and Accounting units. This will include processing real estate tax and foreclosure work as well as issuing checks and other tasks required in the Accounting section. She will work at the direction of the supervisor of the unit she is assigned.

Compensation: During the term of this contract Ms. Derricotte will earn a maximum of \$29,000 and will be paid at an hourly rate of \$28.00. She is expected to work up forty hours a week. Payment shall be made upon presentation of an invoice showing the services provided and the hours worked by Ms. Derricotte. Ms Sharpe shall sign off on all invoices. Invoices may be submitted bi weekly or monthly.

Agreed to and accepted this 2 day of July, 2012

By: [Signature]
Philadelphia Sheriff's Office

By: Rosalind S. Derricotte
Rosalind S. Derricotte

1603 X

10619

Paulette Wesby

1718 North 28th Street, Philadelphia, Pa.

Term: The engagement shall commence July 9, 2012 and terminate August 31, 2012. At the option of either party the contract shall be terminated with one week's prior notice.

Services: Ms. Wesby shall perform clerical duties assigned to her primarily in the Sheriff's Real Estate, Main Desk and Accounting units. This will include processing real estate tax and foreclosure work as well as issuing checks and other tasks required in these sections. She will work at the direction of the supervisor of the unit she is assigned.

Compensation: During the term of this contract Ms. Wesby will earn a maximum of \$3,000 and will be paid at an hourly rate of \$23.00. She is expected to work forty hours a week. Payment shall be made upon presentation of an invoice showing the services provided and the hours worked by Ms. Wesby

Agreed to and accepted this 9th day of July, 2012

By: [Signature]
Philadelphia Sheriff's Office

By: [Signature]
Paulette Wesby

75781

X

10/28

Mitchell & Titus

1818 Market Street, Philadelphia, Pennsylvania 19103

Term: The engagement shall commence September 1, 2012 and terminate December 31, 2012. At the option of either party the contract may be terminated with thirty days prior notice.

Services: Mitchell & Titus shall assist in the preparation of bank reconciliations for the period July 1, 2011 to June 30, 2012 for the Sheriff's Office's TD Bank checking accounts.

Compensation: All work done by Mitchell & Titus will be assigned by Chief of Staff, Compensation for Services will be in the amount of \$29,900. Payment will be made upon presentation of an invoice showing the services provided and the hours worked by Mitchell & Titus. Invoices may be submitted bi-weekly or monthly.

Agreed to and accepted this 1st day of October 2012

By: _____

Philadelphia Sheriff's Office

by: 
Mitchell & Titus

Scott Freda

Two Commerce Square, 2001 Market Street, 33rd.

Philadelphia, Pennsylvania 19103

Term: The engagement shall commence November 1, 2012 to June 30, 2012. At the option of either party the contract may be terminated with thirty days prior notice at the end of any given month.

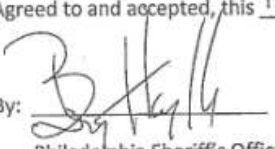
Services: The Sheriff's Office's principal contact at Franklin Square Group will be Scott Freda.

1. Mr. Freda will advise the Sheriff's Office on how best to approach the City of Philadelphia and the Commonwealth of Pennsylvania on budgetary and legislative matters of concern to the Sheriff.
2. Mr. Freda will help coordinate other representatives of the Sheriff's Office in these matters.
4. Mr. Freda may undertake other related assignments agreed to by both parties to this agreement.

Compensation: All work done by Scott Freda will be assigned by the Sheriff, the Under Sheriff and/or the Chief Deputy Sheriff for Finance and Administration. Compensation for Services will be in the amount of \$29,900 and paid at an hourly rate of \$100. Payment will be made upon presentation of an invoice showing the services provided and the hours worked by Freda. Invoices may be submitted bi-weekly or monthly.

Agreed to and accepted, this 15th day of Nov 2012.

By:


Philadelphia Sheriff's Office

By:


Scott Freda

Arvelle C. Jones C.P.A.

P.O. Box 4593, Philadelphia, Pennsylvania 19131

Term: The engagement shall commence November 1, 2012 and terminate May 30, 2012. At the option of the Philadelphia Sheriff's Office the contract may be terminated with thirty days prior notice at the end of any given month.

Services:

1. Mr. Jones shall take on accounting duties as assigned by the Sheriff's Office. These shall include but not be limited to monthly bank reconciliations, and monitoring accounting/bill payment functions in the Sheriff's Office; as well as
2. other related assignments agreed to by both parties to this agreement.

Compensation: All work done by Arvelle C. Jones will be assigned by the head of the accounting unit Anita Sharpe. Compensation for Services will be paid at an hourly rate of \$100.00. Payment will be made upon presentation of an invoice showing the services provided and the hours worked by Mr. Jones. Invoices may be submitted bi-weekly or monthly.

Agreed to and accepted this 14 day of Nov 2012.

By: 
Philadelphia Sheriff's Office

By: 
Arvelle C. Jones

RAYMOND MORMON

7928 Fayette Street, Philadelphia, PA 19150

Term: The engagement shall commence February 1, 2013 and terminate June 30, 2013. At the option of either party the contract shall be terminated with one week's prior notice.

Services: Mr. Mormon shall perform duties assigned to him in the Sheriff's Real Estate Division. This will include data entry as well as assisting in the preparation of mortgage foreclosures, tax delinquent sales, and tax lien sales, and settlements.

He will work at the direction of Richard Tyer.

Compensation: During the term of this contract Mr. Williams will earn a maximum of \$10,000 and will be paid at an hourly rate of \$16.00. It is anticipated that Mr. Mormon will work no more than thirty (30) hours a week.) Payment shall be made upon presentation of an invoice showing the services provided and the hours worked by Mr. Williams. Mr. Tyer shall sign off on all invoices. Invoices may be submitted bi weekly or monthly.

Agreed to and accepted this _____ day of _____, 2012

By: _____

Philadelphia Sheriff's Office

By: _____

Raymond Mormon

BARBARA A. DEELEY
7730 Richard Street
Philadelphia, PA 19151

February 19, 2013

RE: Consulting Services to the Philadelphia Sheriff's Office

Pursuant to your interest in providing advisory and consulting services to the Philadelphia Sheriff's Office, please be advised of the following terms and conditions:

TERM: Four (4) four month agreement commencing March 1, 2013 through to June 30, 2013 of which this agreement can be terminates at the end of any given month, at the Sheriff's Office sole option, without further notice.

SERVICE: As the Office is currently involved in various litigation matters pre dating December 31, 2010 and the Office is in need of assistance to advise and explain the operations of the Office at that time. I will fulfill those responsibilities with discretion and confidentiality. In addition. I will assist the office outreach to the City Administration, City Council and the First Judicial District.

CONDITIONS: All work performed by Barbara A. Deeley will be reviewed and approved by the Sheriff's Office. Compensation for services described shall be in the amount of Thirty Thousand Dollars (\$30,000.00) in four equal monthly installments of Seven Thousand five hundred Dollars (\$7,500.00), and will be billed at the rate of Seventy five Dollars (\$75.00) per hour for all work performed.

Please indicate your acceptance of the above terms and conditions by signing below and returning an executed copy.

Agreed and accepted this 22nd day of February 2013.

BY: _____

Philadelphia Sheriff's Office

BY: _____

Barbara A. Deeley

Karen Greenberg

775 North 24th Street, Philadelphia, Pennsylvania 19130

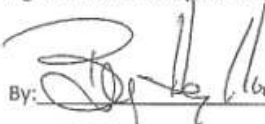
Term: The engagement shall commence March 11, 2013 and terminate June 30, 2013. At the option of either party the contract shall be terminated with two weeks prior notice.


Services: Ms. Greenberg shall perform duties assigned to her in the Real Estate unit of the Sheriff's Office. This will include helping to organize the office, file, and processing properties for sale and settlement.

She will work at the direction of Real Estate supervisor Richard Tyer.

Compensation: During the term of this contract Ms. Greenberg will earn a maximum of \$13,000 and will be paid at an hourly rate of \$50.00. Payment shall be made upon presentation of an invoice showing the services provided and the hours worked by Ms. Greenberg. Mr. Tyer shall sign off on all invoices. Invoices may be submitted bi weekly or monthly.

Agreed to and accepted this 11th day of MARCH, 2013

By: 
Philadelphia Sheriff's Office

By: 
Karen Greenberg

Joshua T. Wigfall

5528 Walnut Street, 2R, Philadelphia, PA. 19139

Term: The engagement shall commence March, 20, 2013 and terminate June 30, 2013. At the option of either party the contract shall be terminated with two weeks prior notice.

Services: Mr. Wigfall shall perform clerical duties assigned to him in the Sheriff's Civil Enforcement Unit. He will work at the direction of Captain Albert Innaruto.

Compensation: During the term of this contract Mr. Wigfall will earn a maximum of \$15,000 and will be paid at an hourly rate of \$23.00. Payment shall be made upon presentation of an invoice showing the services provided and the hours worked by Mr. Wigfall. Captain Innaruto shall sign off on all invoices. Invoices may be submitted bi weekly or monthly.

Agreed to and accepted this 21 day of March, 2013

By: 
Philadelphia Sheriff's Office

By: 
Joshua T. Wigfall

Bruce Charles Williams

7509 Sycamore Avenue, Elkins Park, Pa. 19027

Term: The engagement shall commence March 20, 2013 and terminate June 30, 2013 At the option of either party the contract shall be terminated with two weeks prior notice.

Services: Mr. Williams shall perform duties assigned to him in the Sheriff's Real Estate Division. This will include data entry as well as assisting in the preparation of mortgage foreclosures, tax delinquent sales, and tax lien sales, and settlements.

Mr. Williams will work hours as assigned by his supervisor.

He will work at the direction of Richard Tyer.

Compensation: During the term of this contract Mr. Williams will earn a maximum of \$15,000 and will be paid at an hourly rate of \$23.00. Payment shall be made upon presentation of an invoice showing the services provided and the hours worked by Mr. Williams. Mr. Tyer shall sign off on all invoices. Invoices may be submitted bi weekly or monthly.

Agreed to and accepted this 21st day of March, 2013.

By: 

Philadelphia Sheriff's Office

By: 

Bruce Charles Williams

EPS
VP
VP
Vanessa Vines

109 West Huntington Street, Philadelphia, Pa. 19133

Term: The engagement shall commence May 1, 2013 and terminate November 30, 2013. At the option of either party the contract shall be terminated with two weeks prior notice.

Services: Ms. Vines shall perform clerical duties assigned to her in the Sheriff's Main Desk Unit. Ms. Vines schedule shall be assigned and approved by her supervisor. She will work at the direction of Lt. Richard Verrecchio.

Compensation: During the term of this contract Ms. Vines will earn a maximum of \$30,000 and will be paid at an hourly rate of \$18.00. Payment shall be made upon presentation of an invoice showing the services provided and the hours worked by Mr. Vines. Lt. Verrecchio shall sign off on all invoices. Invoices may be submitted bi weekly or monthly.

Agreed to and accepted this 9 day of may, 2013

By: *Richard Verrecchio*
Philadelphia Sheriff's Office

By: *Vanessa Vines*
Vanessa Vines

Airika N. Brunson

611 North Thirty Second Street, Philadelphia, Pa. 19104

Term: The engagement shall commence June 11, 2013 and terminate December 1, 2013. At the option of either party the contract shall be terminated with one week's prior notice. It is anticipated that the initial engagement shall last approximately six months.

Services: Ms. Brunson shall perform communications and public relations services on behalf of the Sheriff's Office. This will include organizing community events and workshops, as well as preparing written communications in a variety of forms. Ms. Brunson is expected to accompany the Sheriff to community events when requested. She will work in conjunction with the Chief Communications Officer.

Compensation: During the term of this contract Ms. McIntyre will earn a maximum of \$29,000 and will be paid at an hourly rate of \$23.00. She is expected to work up approximately thirty five hours a week. Payment shall be made upon presentation of an invoice showing the services provided and the hours worked by Ms. Brunson. The Under Sheriff shall sign off on all invoices. Invoices may be submitted bi weekly or monthly.

Agreed to and accepted this 2nd day of July, 2013

By: 
Philadelphia Sheriff's Office

By: 
Airika N. Brunson

EXHIBIT D

AK Consulting, LLC

1704 Locust Street, Second Floor
Philadelphia, PA 19103
Phone (215) 266-9578
Philadelphia Business Privilege Tax ID 8321874

INVOICE

INVOICE #00,3
DATE: 2013

TO:

Philadelphia Sheriff's Office (PSO)
100 South Broad Street, Fifth Floor
Philadelphia, PA 19103

FOR:

Security & Training Consulting Services

Attn: Joseph Vignola

DESCRIPTION	AMOUNT
First Installment for the following: Analysis of the PSO physical plant located at 100 South Broad Street, Fifth floor, Philadelphia, Pa., for the purpose of enhancing the security and safety of these offices. Training all requisite PSO personnel in any and all new safety and security procedures developed in order to promote a more security conscious environment. Developing and create training manual for all PSO personal setting forth safety and security procedures. Additional services as requested by the sheriff.	\$ 2,500.00
TOTAL	\$ 2,500.00

AK Consulting, LLC

1704 Locust Street, Second Floor
Philadelphia, PA 19103
Phone (215) 266-9578
Philadelphia Business Privilege Tax ID 8321874

INVOICE

INVOICE #004
DATE: 2-20-2013

TO:
Philadelphia Sheriff's Office (PSO)
100 South Broad Street, Fifth Floor
Philadelphia, PA 19103

FOR:
Security & Training Consulting Services

Attn: Joseph Vignola

DESCRIPTION	AMOUNT
First Installment for the following: Analysis of the PSO physical plant located at 100 South Broad Street, Fifth floor, Philadelphia, Pa., for the purpose of enhancing the security and safety of these offices. Training all requisite PSO personnel in any and all new safety and security procedures developed in order to promote a more security conscious environment. Developing and create training manual for all PSO personal setting forth safety and security procedures. Additional services as requested by the sheriff.	\$ 2500.00
TOTAL	\$ 2500.00

1704 Locust Street, Second Floor
Philadelphia, PA 19103
Phone (215) 266-9578
Philadelphia Business Privilege Tax ID 8321874

INVOICE #004
DATE: 3-6 2013

FOR:
Security & Training Consulting Services

DESCRIPTION	AMOUNT
First Installment for the following:	
Analysis of the PSO physical plant located at 100 South Broad Street, Fifth floor, Philadelphia, Pa., for the purpose of enhancing the security and safety of these offices.	
Training all requisite PSO personnel in any and all new safety and security procedures developed in order to promote a more security conscious environment.	\$ 2,500.00
Developing and create training manual for all PSO personal setting forth safety and security procedures.	
Additional services as requested by the sheriff.	
TOTAL	\$ 2,500.00 ✓

AK Consulting, LLC

1704 Locust Street, Second Floor
Philadelphia, PA 19103
Phone (215) 266-9578
Philadelphia Business Privilege Tax ID 8321874

INVOICE

INVOICE #006
DATE: 2013

TO:
Philadelphia Sheriff's Office (PSO)
100 South Broad Street, Fifth Floor
Philadelphia, PA 19103

FOR:
Security & Training Consulting Services

Attn: Joseph Vignola

DESCRIPTION	AMOUNT
First Installment for the following: Analysis of the PSO physical plant located at 100 South Broad Street, Fifth floor, Philadelphia, Pa., for the purpose of enhancing the security and safety of these offices. Training all requisite PSO personnel in any and all new safety and security procedures developed in order to promote a more security conscious environment. Developing and create training manual for all PSO personal setting forth safety and security procedures. Additional services as requested by the sheriff.	\$2500.00
TOTAL	\$2500.00

AK Consulting, LLC

1704 Locust Street, Second Floor
Philadelphia, PA 19103
Phone (215) 266-9578
Philadelphia Business Privilege Tax ID 8321874

INVOICE

INVOICE #005
DATE: 4-4-2013

TO:
Philadelphia Sheriff's Office (PSO)
100 South Broad Street, Fifth Floor
Philadelphia, PA 19103

FOR:
Security & Training Consulting Services

Attn: Joseph Vignola

DESCRIPTION	AMOUNT
First Installment for the following: Analysis of the PSO physical plant located at 100 South Broad Street, Fifth floor, Philadelphia, Pa., for the purpose of enhancing the security and safety of these offices. Training all requisite PSO personnel in any and all new safety and security procedures developed in order to promote a more security conscious environment. Developing and create training manual for all PSO personal setting forth safety and security procedures. Additional services as requested by the sheriff.	\$2,500.00
TOTAL	\$2,500.00

AK Consulting, LLC

1704 Locust Street, Second Floor
Philadelphia, PA 19103
Phone (215) 266-9578
Philadelphia Business Privilege Tax ID 8321874

INVOICE

INVOICE #006
DATE: 4-17-2013

TO:
Philadelphia Sheriff's Office (PSO)
100 South Broad Street, Fifth Floor
Philadelphia, PA 19103

FOR:
Security & Training Consulting Services

Attn: Joseph Vignola

DESCRIPTION	AMOUNT
First Installment for the following: Analysis of the PSO physical plant located at 100 South Broad Street, Fifth floor, Philadelphia, Pa., for the purpose of enhancing the security and safety of these offices. Training all requisite PSO personnel in any and all new safety and security procedures developed in order to promote a more security conscious environment. Developing and create training manual for all PSO personal setting forth safety and security procedures. Additional services as requested by the sheriff.	\$ 2500.00
TOTAL	\$ 2500.00

AK Consulting, LLC

1704 Locust Street, Second Floor
Philadelphia, PA 19103
Phone (215) 266-9578
Philadelphia Business Privilege Tax ID 8321874

INVOICE

INVOICE #008
DATE: 5-1-2013

TO:
Philadelphia Sheriff's Office (PSO)
100 South Broad Street, Fifth Floor
Philadelphia, PA 19103

FOR:
Security & Training Consulting Services

Attn: Joseph Vignola

DESCRIPTION	AMOUNT
First Installment for the following: Analysis of the PSO physical plant located at 100 South Broad Street, Fifth floor, Philadelphia, Pa., for the purpose of enhancing the security and safety of these offices. Training all requisite PSO personnel in any and all new safety and security procedures developed in order to promote a more security conscious environment. Developing and create training manual for all PSO personal setting forth safety and security procedures. Additional services as requested by the sheriff.	\$ 2500.00
TOTAL	\$ 2500.00

AK Consulting, LLC

1704 Locust Street, Second Floor

Philadelphia, PA 19103

Phone (215) 266-9578

Philadelphia Business Privilege Tax ID 8321874

INVOICE

INVOICE #0010

DATE: 4-15-2013

TO:

Philadelphia Sheriff's Office (PSO)

100 South Broad Street, Fifth Floor

Philadelphia, PA 19103

FOR:

Security & Training Consulting Services

Attn: Joseph Vignola

DESCRIPTION	AMOUNT
First Installment for the following: Analysis of the PSO physical plant located at 100 South Broad Street, Fifth floor, Philadelphia, Pa., for the purpose of enhancing the security and safety of these offices. Training all requisite PSO personnel in any and all new safety and security procedures developed in order to promote a more security conscious environment. Developing and create training manual for all PSO personal setting forth safety and security procedures. Additional services as requested by the sheriff.	\$ 2500.00
TOTAL	\$ 2500.00

AK Consulting, LLC

1704 Locust Street, Second Floor

Philadelphia, PA 19103

Phone (215) 266-9578

Philadelphia Business Privilege Tax ID 8321874

INVOICEINVOICE #001/
DATE: 2013**TO:**Philadelphia Sheriff's Office (PSO)
100 South Broad Street, Fifth Floor
Philadelphia, PA 19103**FOR:**

Security & Training Consulting Services

Attn: Joseph Vignola

DESCRIPTION	AMOUNT
First Installment for the following: Analysis of the PSO physical plant located at 100 South Broad Street, Fifth floor, Philadelphia, Pa., for the purpose of enhancing the security and safety of these offices. Training all requisite PSO personnel in any and all new safety and security procedures developed in order to promote a more security conscious environment. Developing and create training manual for all PSO personal setting forth safety and security procedures. Additional services as requested by the sheriff.	\$2500.00
TOTAL	\$3500.00

AK Consulting, LLC

1704 Locust Street, Second Floor
Philadelphia, PA 19103
Phone (215) 266-9578
Philadelphia Business Privilege Tax ID 8321874

INVOICE

INVOICE #0012
DATE: 6-12-2013

TO:
Philadelphia Sheriff's Office (PSO)
100 South Broad Street, Fifth Floor
Philadelphia, PA 19103

FOR:
Security & Training Consulting Services

Attn: Joseph Vignola

DESCRIPTION	AMOUNT
First Instalment for the following: Analysis of the PSO physical plant located at 100 South Broad Street, Fifth floor, Philadelphia, Pa., for the purpose of enhancing the security and safety of these offices. Training all requisite PSO personnel in any and all new safety and security procedures developed in order to promote a more security conscious environment. Developing and create training manual for all PSO personal setting forth safety and security procedures. Additional services as requested by the sheriff.	\$ 2520.00
TOTAL	\$ 2520.00

EXHIBIT E

TIME SHEET

Employee Name: Vanessa Bines Title: Contractor
 Employee Number: _____ Status: _____
 Department: Sheriff / Civil Supervisor: Lt. Verrechio

Date	Start Time	End Time	Regular Hrs.	Overtime Hrs.	Total Hrs.
5-9-13	9 am	5pm	8		144
5-10-13	9 am	5pm	8		144
WEEKLY TOTALS:			16		288

Employee Signature:  Date: 5-13-13
 Supervisor Signature:  Date: 5-13-13

TIME SHEET

Employee Name: Vanessa Bines Title: contractor
 Employee Number: _____ Status: _____
 Department: Sheriff Office / Civil Supervisor: Lt. Verreckio

Date	Start Time	End Time	Regular Hrs.	Overtime Hrs.	Total Hrs.
5-13-13	9 am	5 pm	8		8-144
5-14-13	9 am	4:30 pm	7.5		7.5-135
5-15-13	9 am	4:30 pm	7.5		7.5-135
5-16-13	9 am	5 pm	8		8-144
5-17-13	9 am	5 pm	8		8-144
WEEKLY TOTALS:			39		39-102.00

Employee Signature: [Signature] Date: 5-17-13
 Supervisor Signature: [Signature] Date: 5-17-13

TIME SHEET

Employee Name: Vanessa Bines Title: Contractor
 Employee Number: _____ Status: _____
 Department: Sheriff Office / Civil Supervisor: Lt. Verrechio

Date	Start Time	End Time	Regular Hrs.	Overtime Hrs.	Total Hrs.
5-20-13	9am	4 ³⁰ pm	7.5		135
5-21-13	9am	5pm	8		144
5-22-13	9am	5pm	8		144
5-23-13	11am	5pm	6		108
WEEKLY TOTALS:			29 1/2		\$531-

Employee Signature: Vanessa Bines Date: 5/23/13
 Supervisor Signature: [Signature] Date: 5-28-13

TIME SHEET

Employee Name: Vanessa Title: Contractor
 Employee Number: _____ Status: _____
 Department: Civil / Main Desk Supervisor: Lt. Verrechio

Date	Start Time	End Time	Regular Hrs.	Overtime Hrs.	Total Hrs.
5-28-13	9 ¹⁰ am	5 ¹⁰ pm	8		144
5-29-13	9 am	5 pm	8		144
5-30-13	9 am	5 pm	8		144
5-31-13	9 am	5 pm	8		144
WEEKLY TOTALS:			32		576 ✓

Employee Signature: Vanessa Date: 6-11-13
 Supervisor Signature: [Signature] Date: 6-11-13

TIME SHEET

Employee Name: Vanesse Bines Title: contractor
 Employee Number: _____ Status: _____
 Department: Civil / Main Desk Supervisor: Lt. Venechio

Date	Start Time	End Time	Regular Hrs.	Overtime Hrs.	Total Hrs.
6-3-13	10 ³⁰ Am	5 pm	6.5		117
6-4-13	9 am	5 pm	8		144
6-5-13	9 Am	5 pm	8		144
6-6-13	9 am	4 ³⁰ pm	7.5		135
6-7-13	9 am	5 pm	8		144
WEEKLY TOTALS:			38		684 ✓

Employee Signature: Vanesse Bines Date: 6-11-13
 Supervisor Signature: Richard Venechio Date: 6-11-13

TIME SHEET

Employee Name: Vanessa Bines Title: Contractor
 Employee Number: _____ Status: _____
 Department: Civil / Main Desk Supervisor: Lt. Verrechio

Date	Start Time	End Time	Regular Hrs.	Overtime Hrs.	Total Hrs.
6-11-13	9am	5pm	8		144
6-12-13	9am	5pm	8		144
6-13-13	9am	5pm	8		144
6-14-13	9am	5pm	8		144
WEEKLY TOTALS:			32		57.6

Employee Signature: Vanessa Bines Date: 6-21-13
 Supervisor Signature: Albert J. [Signature] Date: 6/21/13

TIME SHEET

Employee Name: Vanessa Bines Title: contractor
 Employee Number: _____ Status: _____
 Department: _____ Supervisor: Lt Varrachio

Date	Start Time	End Time	Regular Hrs.	Overtime Hrs.	Total Hrs.
6-17-13	9 am	5 pm	8		144
6-18-13	9 am	5 pm	8		144
6-20-13	9 am	5 pm	8		144
6-21-13	8:30 am	4:30 pm	8		144
					144
WEEKLY TOTALS:			32		576

Employee Signature: Vanessa Bines Date: 6-21-13
 Supervisor Signature: Albert Varrachio Date: 6/21/13

EXHIBIT F

Procedure #3 Concerning Fees

The terminology used in the Controller request #3 requires some clarification. "Fee" income generated by the Sheriff's Office falls into three separate categories.

1. Fees are the charges approved by City Council for service provided by the Sheriff. These include but are not limited to servicing writs, evictions, posting bills, valuating or storing property. These fees are deposited into the *Appearance* account when the process is initiated or into the *Execution* Account when the service has been executed or carried out. Other than funds needed for the cost of the service or for refunds, money in the Appearance and Execution accounts is sent to the City's General Fund.

In addition the Sheriff collects on behalf of the City *Conduct* fees and *Commission(or Poundage)* fees. Conduct fees are a flat \$100.00 charge on each property put into a sale. The Commission or Poundage fee is 8% of the first \$5000 of a property's sale price and 2% on the any amount above \$5000. In the past these fees were sent to the city as part of the distribution on each sold property. Going forward these fees will be sent quarterly.

2. Banks and mortgage companies seeking to foreclose on delinquent property are required to pay a Deposit at Writ or Security Deposit for each property the plaintiffs' put into the sale. The deposit is normally \$1,500 a writ for mortgage foreclosures. This money is used to pay for advertising the sale, printing bills, rent for the hall, and to pay the auctioneer. These funds are deposited in the mortgage foreclosure account. If the property is sold the deposit is refunded and the proceeds of the Sale are used to pay Sheriff's costs. If the property is stayed, the deposit is also returned but only after advertising and other costs are deducted.

To assist the City's cash flow, the Sheriff does not charge a Deposit at Writ on Tax or Tax Lien Sales.

3. Cost Recovery funds reimburse the Sheriff's Office for the cost of conducting the Tax and Foreclosure Sales. The sale price of properties sold to either third parties or attorneys for the banks and mortgage companies has been increased \$500 to pay for the real estate personnel, processing and security required to conduct tax and foreclosure sales. Under State Act 42, the Sheriff is allowed to be reimbursed for the costs of such sales. Sheriff Williams has taken the position that foreclosure Sales provide a valuable service to private institutions, such as banks, and therefore should not be subsidized by the tax payers.

Cost Recovery money is sent to the City each quarter. The City has agreed that these funds will free up general fund money so the Sheriff can hire additional Deputies to transport prisoners and secure the Courts. With the opening of the new Family Court Building on Arch Street the need for additional Deputies is acute. A portion of this Cost Recovery income is currently being used by the Sheriff to pay for the installation and maintenance of the new computer management system as well as other required services such as accounting. This means the private sector, not taxpayers, are funding the Sheriff's required infrastructure, which primarily benefits the private sector.

12/21

In considering projections and cost of Sheriff's Sales it is important to note that the Sheriff's Office has an inadequate accounting system. The system previously used was the property of Reach and was lost when that firm was terminated in spring of 2011. A new computer management system with a complete accounting package is being installed.

The following document Paid to the City 2012- 2013 FY 13 shows the amount we believe we collected through the Foreclosure and Tax Sales including Poundage and Conduct. This data is from of the check writer and probably exaggerates the totals somewhat since it may include voided checks in the totals. However, the City has not accounted for revenue sent to them by classification so there is no verification. The new system will correct this.

The next document Appearance, Execution and Commission Revenue Projection FY 14 shows our revenue projections for these fees. The methodology was to total the actual deposits made to the appropriate accounts from January through July, determine a monthly average and then project for a full twelve months. $((Total/7) \times 12)$

The third document Security Deposit at Writ Projection FY 14 suggests the annual projected revenue from the writ or Security Deposit. It assumes the historic 4200 writs a year, which is conservative, and a \$1,500 deposit.

The fourth document Cost Recovery Revenue Projection FY 14 projects annual revenue for Cost Recovery. The actual monthly deposits from January through July have been totaled, a monthly average determined and then projected over twelve 12 months.

The fifth document is a statement of the Annual Cost and Revenue associated with Foreclosure and Tax Sales.

The sixth document is a statement of the Sheriff's fee schedule as approved by City Council in 1997.

PAID TO THE CITY 2012- 2013
FY 2013 annual

Delinquent Tax	\$ 13,607,623
Current Tax	\$ 1,976,222
Transfer Tax	\$ 4,565,547
Poundage	\$ 3,216,589
Conduct	\$ 643,052
Deed File	\$ 287,589
Liens	\$ 479,082
Water	\$ 4,771,096
PGW	\$ 2,333,643

TOTAL:	\$ 31,880,443
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Commission (Poundage) & Conduct contains several months of estimates since the Title Companies pay these fees to the City.

2013

APPEARANCE, EXECUTION, and COMMISSION REVENUE PROJECTION FY 14

	January	February	March	April	May	June	July
Appearance \$	23,943	\$ 21,798	\$ 33,422	\$ 45,806	\$ 57,736	\$ 29,525	\$ 13,942
Monthly Average:				\$ 32,310			
Projection:				\$ 387,723			
Execution \$	87,439	\$ 76,006	\$ 96,734	\$ 74,138	\$ 75,385	\$ 79,392	\$ 91,168
Monthly Average:				\$ 82,895			
Projection:				\$ 994,735			
Commission \$	462,764	\$ 310,892	\$ 128,250	\$ 334,498	\$ 370,442	\$ 214,157	\$ 243,960
Monthly Average:				\$ 294,995			
Projection:				\$ 3,539,936.57			
Conduct \$	96,200	\$ 71,200	\$ 25,600	\$ 62,200	\$ 75,200	\$ 36,400	\$ 34,180
Monthly Average:				\$ 57,283			
Projection:				\$ 687,394			
Annual Fees Projection				\$ 5,609,789.14			

SECURITY DEPOSIT ON WRIT PROJECTION FY 14

Assume 4200 properties a year X \$1500

\$ 6,300,000

COST RECOVERY REVENUE PROJECTION FY 14

January	February	March	April	May	June	July	August	TOTAL
\$ 205,416	\$ 194,981	\$ 240,600	\$ 461,226	\$ 173,150	\$ 133,000	\$ 326,582		\$ 1,734,955

Monthly Average \$ 247,850.71

Projection: \$ 2,974,208.57

ESTIMATED ANNUAL COST OF SHERIFF'S SALES

COST

Real Estate Unit	\$ 348,000	7 full time average salary \$42,000 + 2 PT av.sal. \$28000.
Deputies	\$ 81,000	8 Deputies av.sal \$47,000 1 week ea. Month((8x47k/56))x12
Benefits	\$ 172,000	40% salaries
Hall Rent/Auct.	\$ 100,000	
Posting	\$ 109,000	7 deputies av sal. \$47K 1/3 time
Admin & Overhead	\$ 875,000	9% of the total cost of conducting Sales
Advertising	\$ 6,300,000	
Search Unit	\$ 350,000	2 deputies \$72K+\$61K +outreach
Accounting Support	\$ 300,000	
New IT System	\$ 1,000,000	
TOTAL	\$ 9,635,000	

REVENUE

Deposit on Writ	\$ 6,300,000
Cost Recovery	\$ 3,000,000
Total	\$ 9,300,000
Balance	\$ (335,000)

Back Panel Heading

Sheriff Fee Schedule

Writ of Execution

Municipal Writs Fee - \$84.00
Common Pleas Writs Fee - \$116.00

Writ of Seizure/Possession

Municipal Writs Fee - \$226.00
Common Pleas Writs Fee - \$216.00

Complaint/Subpoena/Summons

Sheriff Fees - \$116.00

Deputize Service

Sheriff Fees - \$100.00

Out of State Service

Sheriff Fees - \$128.00

Mileage Fees - \$16.00

Additional Defendant - \$20.00

Notary Fees - \$2.00

MC - Personal Property Sale - \$50.00

Sheriff Fee- \$24.50 / Mileage - \$5.50
State Fee - \$10.00 /Advertising - \$10.00

CP - Personal Property Sale - \$50.00

Sheriff Fee- \$34.50 / Mileage - \$5.50
Advertising \$10.00 / State Fee - \$10.00

Funeral Fees - \$76.00

Philadelphia Sheriff's Office

**Philadelphia
Sheriff's Office**

Main Desk Filing Desk
Fees and Costs



SHERIFF
JEWELL WILLIAMS

Revised by City Council
Effective November 1, 1997

100 S. Broad Street 5th FL
Philadelphia, Pa. 19107
Phone: 215-686-3559
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EXHIBIT G

Procedure #4 Concerning Banking

The Sheriff has sixteen (16) checking accounts with TD Bank, most of which were established by Sheriff Green with TD's successor, Commerce Bank.

At that time the Green administration also set up an investment account with Commerce that cost more in fees than it earned. Sheriff Williams closed that account.

There is also an account with United Bank that was established decades ago when that bank was in difficulty. Originally these funds were in a low rate CD which Sheriff Williams converted to a checking account. Once the source of these funds is determined, the Office intends to merge these funds into the appropriate TD account.

We do not believe that any of the accounts Sheriff Deeley or Williams inherited were set up through the City Treasurer or involved a competitive process.

One month after taking office Sheriff Williams sent a Request for Proposal to the City Treasurer to bid out the Sheriff's banking relationships. Despite repeated requests to take action, the City treasurer did not act.

A copy of the Sheriff's Banking RFP has been sent to the Controller electronically.

In the spring of 2012 with the assistance of Public Financial Management, the Treasurer made a comprehensive review of all city banking relationships including the Sheriff's accounts. It appears that the Treasurer's original intent was to bid the Sheriff's accounts as part of a package of City banking relationships.

There has been a long standing dispute over the right of the City Treasurer to name banks on behalf of an independently elected Office such as the First Judicial District or the Sheriff. The Sheriff's position is that the office will work through the Treasurer and will accept their advice, but like the FJD, the decision remains with the elected office holder. We believe there is now an understanding with the City about this. Once the new computer system is operating the Sheriff will accept the advice of the City but will independently decide on the bank to be employed and the configuration of accounts.

A list of current checking accounts and their function follows:

Procedure #4

TD BANK: checking accounts with minimal interest earnings.

Electronic Deed Filing Escrow Account [REDACTED]

Electronic Deed Filing Escrow Account [REDACTED]

Used by Title Companies to pay deed fees and Transfer Tax.

Non Tax Revenue [REDACTED] (Name will be changed to Cost Recovery.)

Income from increased settlement costs on sold property paid by third party buyers and lenders to recover the costs borne by the Sheriff's Office for conducting mortgage sales. Sales are a service to private institutions. Therefore the institutions and not the tax payer should pay for the service. Some of the money is used to pay for the new computer management system, while most is sent to the City to pay for additional Deputies.

IT & Accounting [REDACTED] (Name will be changed to IT & Professional Services)

Income from Cost Recovery Account used to pay for the construction of the new computer management system and for professional services, such as accounting, needed to support the system.

New Account for Mortgage Foreclosure [REDACTED]

When the system is operational this account will replace the current mortgage foreclosure account to segregate funds from the old and new system.

New Account for Tax Liens [REDACTED]

When the system is operational this account will replace the current tax lien account to segregate funds from the new and old system.

Mortgage Foreclosure [REDACTED]

Account used to accept security deposits, and property payments. From it delinquent taxes and fees are paid to the City and the State. Payments for advertising, hall rental, refunds, and other expenses directly associated with the sale are made.

Tax Lien [REDACTED]

Account used to accept deposits and lien payments. From this account payments are made to the City or their agent.

Delinquent Tax [REDACTED]

Account used to accept deposits and payments made at tax delinquency sales. From this account payments are made to the City or their agent.

Sheriff's Office Fund [REDACTED]

Sheriff's share of revenue from office vending machine are deposited in this account. The funds are used for the Office Holiday party.

Sheriff's Prisoner Transport [REDACTED] (Will be closed)

Small account once used to pay for transport of out of area prisoners.

Appearance Account [REDACTED]

Writ fees charged by the Sheriff for evictions, confiscation, and security are deposited in this account. After any direct expenses, these funds are sent to the City.

Execution Account [REDACTED]

Fees charged by the Sheriff for carrying out court ordered functions are deposited in this account. After any direct expenses, the funds are sent to the City.

6-28-07

Unclaimed Funds Delinquent Tax [REDACTED]

Unclaimed funds from past Delinquent Sales tied up in litigation.

Philadelphia Sheriff's Office [REDACTED] (Will be renamed Unclaimed Funds Tax Lien)

Unclaimed Funds from past Tax Lien Sales tied up in litigation.

Unclaimed Funds Mortgage Foreclosure [REDACTED]

Unclaimed funds from past mortgage foreclosure sales tied up in litigation.

UNITED BANK

Checking account [REDACTED]

This is a dormant account that will be moved over to other accounts.