



Office of Missouri State Auditor  
**Nicole Galloway, CPA**

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**FOLLOW-UP REPORT ON AUDIT FINDINGS**

City of St. Louis  
Office of the Comptroller

Report No. 2018-072  
September 2018

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# City of St. Louis - Office of the Comptroller

## Follow-Up Report on Audit Findings

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**NICOLE GALLOWAY, CPA**  
**Missouri State Auditor**

To the Honorable Comptroller  
City of St. Louis, Missouri

We have compiled the statuses of the audit report findings contained in Report No. 2008-95, *City of St. Louis, Office of the Comptroller*, issued in December 2008, as part of our current audit of the City of St. Louis. These results were determined by city officials and have not been audited. We will evaluate each status and the procedures implemented to address the related audit findings as appropriate in our upcoming audit of the Office of the Comptroller. The objectives of the follow-up compilation were to:

1. Provide status information from city officials for each recommendation. The status of each recommendation will be one of the following:
  - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
  - In Progress: Auditee has specific plans to begin, or has begun, to implement and intends to fully implement the recommendation.
  - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
  - Not Implemented: Auditee has not implemented the recommendation and has no specific plans to implement the recommendation.
  - No Longer Applicable: The recommendation is no longer applicable.
2. Compile the information reported.

To obtain the status for each recommendation, we sent questionnaires to the Office of the Comptroller that included a brief summary of each finding and recommendation, and requested the status of each finding and a brief description of the steps taken or planned to implement the recommendation or reason(s) why the recommendation has not been implemented or is no longer applicable. This report is a compilation of the information provided, which we received in May 2018.

Audits of various officials and departments of the City of St. Louis are in process, and any findings and recommendations will be included in the subsequent reports.

Nicole R. Galloway, CPA  
State Auditor

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# City of St. Louis - Office of the Comptroller

## Follow-Up Report on Audit Findings

### Status of Findings

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**Finding Title:** Accounting Controls and Procedures

**Finding Number:** 1.A.

**Finding:** The financial computer system utilized by the Comptroller's office did not provide the information necessary to efficiently operate the city. Several city offices maintained additional separate financial records and the system did not always provide information needed by city offices.

**Recommendation:** The Comptroller evaluate the need for a new financial computer system that will provide the necessary information for all city offices.

**Status of Finding:** In Progress

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The city attempted to purchase and implement a new accounting system. After a three year implementation process, the vendor providing the system was bought out by another company, and the system ultimately did not meet the city's needs. Currently a new effort is underway and a committee has begun meeting regarding how to proceed in the future to implement a new system. The system is contingent on funding.

**Contact Person:** Beverly Fitzsimmons

**Contact Phone Number:** (314) 589-6035



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**Finding Title:** Accounting Controls and Procedures

**Finding Number:** 1.B.

**Finding:** The city's financial computer system did not have controls in place to prevent splitting purchases to avoid the city's bidding requirements. Although the Comptroller's office personnel attempted to ensure purchases were not included on multiple invoices that were processed on the same day, there were no built in controls in the financial computer system to detect such payments.

**Recommendation:** The Comptroller modify the city's financial computer system to monitor purchases to ensure the established purchasing limits are not circumvented.

**Status of Finding:** In Progress

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The current system does not have the capability to monitor this. As we begin a search for a new system and its capabilities, this control will be implemented.

**Contact Person:** Beverly Fitzsimmons

**Contact Phone Number:** (314) 589-6035



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**Finding Title:** Accounting Controls and Procedures

**Finding Number:** 1.C.1.

**Finding:** There was no documented review and approval of transfer and journal entries by an independent person.

**Recommendation:** The Comptroller establish procedures to ensure transfers and journal entry transactions are adequately reviewed and approved.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

Most transfers are driven by either budget ordinance or by Board of Estimate and Apportionment approval. The transfer is done by journal entry. A proposed journal entry is reviewed either by a member of the same section or by the General Ledger Section before it is keyed into the system.

**Contact Person:** Beverly Fitzsimmons  
**Contact Phone Number:** (314) 589-6035



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**Finding Title:** Accounting Controls and Procedures

**Finding Number:** 1.C.2.

**Finding:** Transfers and journal entry requests received from city offices were not recorded on a log immediately upon receipt. In addition, some entries were not recorded in the general ledger in a timely manner.

**Recommendation:** The Comptroller ensure all transfers and journal entry requests received are immediately recorded in a log and recorded in the general ledger on a timely basis. In addition, the log and general ledger should be reconciled.

**Status of Finding:** In Progress

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

Most transfers authorized by the budget ordinance are initiated by the Financial Reporting Section and completed by year end when the funds are available. Transfers of appropriations are handled by the General Ledger Section after the Board of Estimate and Apportionment approves the transfer list. If board approval is not needed (as in the case when a transfer of accounts is within the same family of accounts) then the Budget Division sends the request to the General Ledger Section for processing. No formal log is kept and the Comptroller's office depends on the department to ensure the transaction it requested is completed. The log is being considered for receipt of journal entries from other sections. However, journal entries are entered timely upon receipt.

**Contact Person:** Beverly Fitzsimmons

**Contact Phone Number:** (314) 589-6035



City of St. Louis - Office of the Comptroller  
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**Finding Title:** Payroll Controls and Procedures

**Finding Number:** 2.A.

**Finding:** The payroll computer system utilized by the Comptroller's office did not provide the information necessary to efficiently operate the city and is heavily reliant on manual processes. The payroll computer system was a separate system from the city's financial computer system. As a result, the Comptroller's office had to manually enter summarized payroll transactions into the city's financial computer system. Payroll transaction data was not readily available. The payroll computer system did not track payroll costs by project or grant. The payroll computer system did not include adequate information about payroll adjustments which included incentive pay, sick or vacation leave paid upon termination, and back pay.

**Recommendation:** The Comptroller evaluate the need for a new payroll computer system that will provide the necessary controls and information for all city offices.

**Status of Finding:** In Progress

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The city attempted to purchase and implement a new payroll system along with the accounting system. After a three year implementation process, the vendor providing the system was bought out by another company, and the system ultimately did not meet the city's needs. Currently a new effort is underway and a committee has begun meeting regarding how to proceed in the future to implement a new system. The system is contingent on funding.

**Contact Person:** Beverly Fitzsimmons  
**Contact Phone Number:** (314) 589-6035



City of St. Louis - Office of the Comptroller  
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**Finding Title:** Payroll Controls and Procedures

**Finding Number:** 2.B.

**Finding:** The Comptroller's office did not have adequate procedures to verify payroll data and, as a result, did not have assurance transactions were processed accurately. For city offices that submitted payroll data electronically, the payroll data was printed and certified by an official in the respective city office. However, the Comptroller's office did not ensure the electronic payroll data agreed with the certified payroll data. The Comptroller's office did not require city offices to certify the accuracy of the processed payroll data.

**Recommendation:** The Comptroller ensure the electronic payroll data agrees with the certified payroll data. The Comptroller's office should also ensure the city offices certify the accuracy of the final processed payroll data.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

Once the information is entered into the system, payroll is officially certified by the individual payroll clerks. The payroll clerks complete an error confirmation form stating that they either had no errors to be corrected or that all corrections were made. The Comptroller's office retains the forms.

**Contact Person:** Amy Williams

**Contact Phone Number:** (314) 589-6166



City of St. Louis - Office of the Comptroller  
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**Finding Title:** Payroll Controls and Procedures

**Finding Number:** 2.C.

**Finding:** Time sheets were not prepared for some non-civil service employees.

**Recommendation:** The Comptroller require all employees that are not exempt from Fair Labor Standards Act requirements to prepare time sheets of actual hours worked and leave taken.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

Time is approved and kept for non-civil service employees by the appropriate elected or appointed county offices.

**Contact Person:** Amy Williams  
**Contact Phone Number:** (314) 589-6166



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City of St. Louis - Office of the Comptroller  
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**Finding Title:** Contracts

**Finding Number:** 3.

**Finding:** The Comptroller's office sometimes did not enter into contracts when appropriate.

**Recommendation:** The Comptroller enter into contracts when appropriate and ensure contracts contain adequate details and protections for the city.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

It is the Comptroller office's belief that contracts are entered into when appropriate.

**Contact Person:** Beverly Fitzsimmons

**Contact Phone Number:** (314) 589-6035



City of St. Louis - Office of the Comptroller  
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**Finding Title:** Receipt Controls and Procedures

**Finding Number:** 4.A.

**Finding:** Numerous employees in the Comptroller's office collected or received checks and money orders. These non-federal monies were transmitted to other employees for additional processing prior to being recorded and transmitted to the Treasurer.

**Recommendation:** The Comptroller limit the number of employees who can receive or process monies prior to recording and transmitting monies.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

A procedure has been enacted to ensure separation of duties are in place for proper internal controls for receipt of checks, cash, or money orders. Any checks received by the office through the mail or interoffice mail are immediately given to the clerk to be restrictively endorsed and logged in. The checks for the day are given to the Account Clerk in the Financial Reporting Section to prepare and submit the deposit to the Treasurer. Once a month, at a minimum, the log is checked against the receipt coding forms to ensure all checks have been deposited.

**Contact Person:** Beverly Fitzsimmons

**Contact Phone Number:** (314) 589-6035



City of St. Louis - Office of the Comptroller  
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**Finding Title:** Receipt Controls and Procedures

**Finding Number:** 4.B.

**Finding:** Checks and money orders were not always recorded on either official prenumbered receipt slips or a log immediately upon receipt. These non-federal monies were also not transmitted in a timely manner. In addition, checks and money orders were not restrictively endorsed immediately upon receipt.

**Recommendation:** The Comptroller ensure all checks and money orders received are immediately recorded on an official prenumbered receipt slip or collections log which is reconciled to the transmittal to the Treasurer by someone independent of the receipting and collection functions. The Comptroller should also transmit all monies on a timely basis and restrictively endorse checks and money orders immediately upon receipt.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The first step of the receipting process is for one person to receive the checks, restrictively endorse the checks, and log them on an Excel spreadsheet. This includes cash and money orders. Receiving cash or money orders directly in the Comptroller's office is rare and no prenumbered receipt slips are used. If a receipt slip is required, a copy of the check or backup is made and signed. Once a day, at a minimum, a transmittal is made to the Treasurer's office. It may be more often depending on checks received and their amounts.

**Contact Person:** Beverly Fitzsimmons

**Contact Phone Number:** (314) 589-6035



City of St. Louis - Office of the Comptroller  
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<b>Finding Title:</b>	Revenue Maximization
<b>Finding Number:</b>	5.
<b>Finding:</b>	The Comptroller had not established city-wide procedures to ensure reimbursement requests for federal grants were submitted timely.
<b>Recommendation:</b>	The Comptroller should develop procedures to ensure grant reimbursement requests are submitted in a timely manner.
<b>Status of Finding:</b>	Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The City of St. Louis receives and expends millions of dollars in grant funds annually. Many of the grant funds are received on a reimbursement basis, where the city must incur the program allowable expenditures first and then request a drawdown of the awarded funds. Generally, grant awards and revenues are processed and managed by the Federal Grants Section (FGS) of the Comptroller's office. However, there are departments that manage their own expenditures and/or drawdown activity, such as the Community Development Administration, Board of Public Service, Police Department, Airport, St. Louis Agency on Training and Employment, and the Courts.

Steps implemented:

1. Drawdown Frequency: Drawdowns are done on a weekly, bi-weekly, monthly, and/or quarterly basis. For grants that funds are not readily available for drawdown purposes at the start of the grant year (Community Development Block Grant, Housing Opportunities for Persons With AIDS, Emergency Solutions Grants, etc.), the initial drawdown must be done as soon as funding becomes available and must follow the recommended frequency after.
2. Reconciliations: The FGS recently implemented a process to make sure all new grants are current when it comes to revenue collections. The FGS accountants prepare a monthly account monitoring report based on what is posted in the general ledger. These reports are reviewed and analyzed. Notifications and/or reminders are sent to responsible individuals and/or departments for grants not current in their drawdowns and/or deposits.

**Contact Person:** Nancy Fesarillo-Wiegand  
**Contact Phone Number:** (314) 622-4912



City of St. Louis - Office of the Comptroller  
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**Finding Title:** Capital Asset Controls and Procedures

**Finding Number:** 6.A.

**Finding:** Some city offices did not perform annual physical inventories. In addition, the Comptroller's office did not require city offices to submit annual physical inventory reports.

**Recommendation:** The Comptroller require annual inventories be submitted by each city office to the Comptroller's office.

**Status of Finding:** Not Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The Fixed Asset manual reads: "the City will conduct an annual physical inventory . . ." The Comptroller's office believes the method in which it conducts the inventory is more efficient than simply having the department submit the inventory; therefore, we do not require such documentation. The current procedure works better because it holds the department more accountable. When a physical inventory audit of the department's assets is performed, the departments are required to provide proof that the asset is physically available and present. Simply requiring the department to submit an annual inventory report without physically overseeing that the asset is actually in their possession does not validate the existence of the asset. As a result, this procedure could cause inaccuracies in the actual assets carried in the city's financial records.

**Contact Person:** Lillie Green  
**Contact Phone Number:** (314) 613-7361



City of St. Louis - Office of the Comptroller  
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**Finding Title:** Capital Asset Controls and Procedures

**Finding Number:** 6.B.

**Finding:** Property purchases were not reconciled to additions recorded in the property records.

**Recommendation:** The Comptroller ensure capital asset purchases are periodically reconciled to additions.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

When property purchases are added to the property records, reports are sent to the city offices for verification to ensure the asset is correctly added. Upon receipt of the report, the city office should reconcile property purchases to its property records.

**Contact Person:** Lillie Green  
**Contact Phone Number:** (314) 613-7361



City of St. Louis - Office of the Comptroller  
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**Finding Title:** Vehicles

**Finding Number:** 7.A.

**Finding:** The Comptroller used a city-owned vehicle for commuting purposes and did not report commuting mileage to the Internal Revenue Service (IRS) as compensation.

**Recommendation:** The Comptroller ensure commuting mileage is reported in compliance with IRS requirements.

**Status of Finding:** No Longer Applicable

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

The Comptroller no longer has a city-owned vehicle.

**Contact Person:** Beverly Fitzsimmons

**Contact Phone Number:** (314) 589-6035



City of St. Louis - Office of the Comptroller  
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**Finding Title:** Vehicles

**Finding Number:** 7.B.

**Finding:** Records and monitoring procedures for the Comptroller's office pool vehicles and assigned vehicles were not sufficient. The Comptroller's office did not require vehicle usage logs to be maintained for the vehicles. Although a check out log was maintained for each of the pool vehicles, the beginning and ending odometer readings, destination, and purpose were not documented on the log.

**Recommendation:** The Comptroller require the preparation of usage logs for all vehicles and ensure these logs are properly reviewed.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

All municipal garage staff ensure all logs are filled out completely. The Clerk Typist checks logs on a daily basis to ensure they are complete. As a double check, the Account Clerk verifies all log sheets are complete when processing the mileage report at the beginning of each month for the previous month.

**Contact Person:** Judy Armstrong  
**Contact Phone Number:** (314) 657-3409



City of St. Louis - Office of the Comptroller  
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**Finding Title:** Vehicles

**Finding Number:** 7.C.

**Finding:** Vehicles may not have been used efficiently and effectively. One of the pool vehicles was driven only 2,283 miles during calendar year 2007. The vehicles assigned to the municipal garage manager and lead parking garage attendant were driven 5,143 and 3,734 miles, respectively, during calendar year 2007.

**Recommendation:** The Comptroller review pool vehicle usage and permanent assignment of vehicles to ensure vehicles are justified and necessary.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

Currently no garage staff take vehicles home on a regular basis. The Clerk Typist II will verify that all vehicles are rotated on usage, to evenly distribute the miles. The Account Clerk will verify the mileage used on a monthly basis to determine that all vehicles are being used evenly. There are eight vehicles used for out of town travel, so they may not have as much usage, but they can have more/less mileage. These vehicles are also rotated to distribute the usage.

**Contact Person:** Judy Armstrong  
**Contact Phone Number:** (314) 657-3409



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City of St. Louis - Office of the Comptroller  
Follow-Up Report on Audit Findings  
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**Finding Title:** Travel Advances

**Finding Number:** 8.

**Finding:** The Comptroller's office did not have adequate procedures to ensure reimbursement forms for federal travel advances were submitted on a timely basis.

**Recommendation:** The Comptroller develop procedures to ensure reimbursement reports for federal travel advances are submitted to the Comptroller's office on a timely basis.

**Status of Finding:** Implemented

**Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:**

Travel policies and procedures have been established and approved by the Board of Estimate and Apportionment.

**Contact Person:** Bev Fitzsimmons

**Contact Phone Number:** (314) 589-6035