



Susan Montee, CPA  
Missouri State Auditor

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City of St. Louis  
Office of the Comptroller

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December 2008  
Report No. 2008-95



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Office of  
Missouri State Auditor  
Susan Montee, CPA

December 2008

The following findings were included in our audit report on the City of St. Louis Office of the Comptroller.

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The 1980's era financial computer system utilized by the Comptroller's Office does not provide the information necessary to efficiently operate the city. Of the eleven city offices contacted, eight maintain additional separate financial records because the city's system does not provide adequate information. Maintaining additional records increases the workload of the city offices and appears to be an unnecessary expense to the city. In addition, the financial computer system does not have controls in place to prevent splitting purchases to avoid the city's bidding policies which require bids for all items purchased over \$500 and professional services greater than \$5,000. Also, transfer and journal entry procedures need improvement.

The Comptroller's Office processes approximately \$13.5 million through its payroll computer system each pay period. The 1970's era payroll computer system does not provide the information necessary to efficiently operate the city and is heavily reliant on manual processes. Manual processing increases the possibility of errors occurring and not being detected. Because the payroll computer system is a separate system from the city's financial computer system, the Comptroller's Office has to manually enter summarized payroll transactions into the financial system. Payroll transaction data is not readily available and the payroll computer system does not provide adequate information about incentive pay, sick or vacation leave paid upon termination, and back pay.

The Comptroller's Office does not have adequate procedures to verify payroll data and, as a result, does not have assurance transactions are processed accurately. The Comptroller's Office does not ensure the electronic payroll data agrees with the payroll data certified by other city offices that submit payroll data electronically and does not require city offices to certify the accuracy of the processed payroll data. In addition, time sheets are not prepared for some non-civil service employees.

The Comptroller's Office sometimes did not enter into contracts as required by state law. The Comptroller's Office did not have contracts for monies passed through to Tower Grove Park and Metro totaling approximately \$696,000 and \$17.8 million, respectively, in fiscal year 2007. In addition, the Comptroller's Office did not have a contract for \$75,000 paid for teaching program services during fiscal year 2007.

The Comptroller's Office transmits approximately \$5 million of non-federal monies to the City Treasurer each month. Numerous employees in the Comptroller's Office collect or receive checks and money orders. These monies are transmitted to other employees for

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YELLOW SHEET

additional processing prior to being recorded and transmitted to the Treasurer. To safeguard monies from theft, loss, or misuse, the number of employees who receive and handle monies should be limited to the extent possible. In addition, checks and money orders are not always recorded on either official prenumbered receipt slips or a log immediately upon receipt.

The Comptroller used a city-owned vehicle for commuting purposes and did not report the commuting mileage as additional compensation. Records and monitoring procedures for the Comptroller's Office pool vehicles and assigned vehicles are not sufficient. The Comptroller's Office does not require vehicle usage logs to be maintained for the vehicles. Finally, some vehicles had low mileage which can often indicate vehicles are not used efficiently. Permanent vehicle assignments should be reviewed to determine if they are necessary and justified for business purposes.

Also included in the audit report are recommendations related to revenue maximization, capital asset controls and procedures, and federal travel advances.

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CITY OF ST. LOUIS  
OFFICE OF THE COMPTROLLER

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STATE AUDITOR'S REPORT



**SUSAN MONTEE, CPA**  
**Missouri State Auditor**

To the Honorable Comptroller  
City of St. Louis, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of St. Louis. The city engaged KPMG LLP, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended June 30, 2007. To minimize duplication of effort, we reviewed the CPA firm's audit report. We have conducted an audit of the City of St. Louis Office of the Comptroller. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2007. The objectives of our audit were to:

1. Obtain an understanding of the petitioners' concerns and perform various procedures to determine their validity and significance.
2. Determine if the office has adequate internal controls over significant management and financial functions.
3. Determine if the office has complied with certain legal provisions.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the office, as well as certain external parties; and testing selected transactions.

We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Abuse, which refers to behavior that is deficient or improper when compared with

behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying History and Organization is presented for informational purposes. This information was obtained from the office's management and was not subjected to the procedures applied in our audit of the office.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of St. Louis Office of the Comptroller.

Additional audits of various officials and departments of the city of St. Louis fulfilling our obligations under Section 29.230, RSMo, are still in process, and any additional findings and recommendations will be included in subsequent reports.



Susan Montee, CPA  
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits: Alice M. Fast, CPA  
In-Charge Auditor: Julie Vollmer, CPA  
Audit Staff: Zeb Tharp  
Denise Huddleston  
Deborah S. Whitis

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

CITY OF ST. LOUIS  
OFFICE OF THE COMPTROLLER  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1. Accounting Controls and Procedures</b>
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The financial computer system utilized by the Comptroller's Office does not provide the information necessary to efficiently operate the city or include controls to prevent the avoidance of bid requirements. Transfer and journal entry procedures also need improvement.

A. The financial computer system utilized by the Comptroller's Office does not provide the information necessary to efficiently operate the city. The system was obtained by the city in the early 1980's.

- Of the eleven city offices contacted, eight maintain additional separate financial records because the city's financial computer system does not provide adequate information. For example, the Comptroller's Office, Airport, and the Parking Division of the Treasurer's Office maintain additional separate financial records because the city's financial computer system does not allow for accrual basis financial statements throughout the year.
- The financial computer system does not always provide information needed by city offices. For example, the Comptroller's Office prepares a summary report which is used when reconciling the financial computer system to the Treasurer's records.

Maintaining additional records increases the workload of the city offices and appears to be an unnecessary expense to the city. The financial computer system also should provide the data needed by various city offices in order to effectively and efficiently process financial records and transactions. A comprehensive review and cost analysis of the financial computer system would provide the Comptroller's Office with data to make an informed decision regarding the replacement of the system.

B. The city's financial computer system does not have controls in place to prevent splitting purchases to avoid the city's bidding requirements. City policies require bids for all items purchased over \$500 and professional services greater than \$5,000. Although the Comptroller's Office personnel attempt to ensure purchases are not included on multiple invoices that are processed on the same day, there are no built in controls in the financial computer system to detect such payments.

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

C. Transfer and journal entry procedures need improvement.

1. Two employees in the Comptroller's Office prepare transfers and journal entries which are then recorded on the city's computerized general ledger. There are no documented reviews and approvals of these transfers and adjustments by an independent person.

All transfers and adjusting journal entries should be properly reviewed and approved to ensure such entries are appropriate.

2. Transfers and journal entry requests received from city offices are not recorded on a log immediately upon receipt. In addition, some entries are not recorded in the general ledger in a timely manner. For example, a journal entry request from the Police Department which was dated January 2006 was not recorded in the city's computerized general ledger until October 2006.

To adequately account for transfers or journal entries, requests should be recorded in a log immediately upon receipt and recorded in the general ledger on a timely basis. In addition, the log and general ledger should be reconciled.

**WE RECOMMEND** the Comptroller:

- A. Evaluate the need for a new financial computer system that will provide the necessary information for all city offices.
- B. Modify the city's financial computer system to monitor purchases to ensure the established purchasing limits are not circumvented.
- C.1. Establish procedures to ensure transfers and journal entry transactions are adequately reviewed and approved.
  2. 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.

**AUDITEE'S RESPONSE**

- A. *The Comptroller's Office agrees that a new financial computer system would be beneficial to the entire city and would provide the necessary information to all departments. A request for a new financial computer system has been denied again and*

*again due to budget constraints and political climate. A new financial computer system would pay for itself in efficiencies and savings in the long term. The Comptroller's Office will revisit the process to purchase the new financial computer system each budget cycle.*

- B. The Comptroller's Office has requested that a report be generated by IT to monitor purchases to ensure the purchasing limits are not circumvented. Such a report shall identify multiple purchases from the same vendor by the same department under the established \$500 limit. Departments will be asked to certify that they are not attempting to circumvent the established purchasing limit.*
- C.1. The Comptroller's Office has established new procedures to ensure transfers and journal entries are adequately reviewed and approved. The new procedure requires the appropriate accounting professional, i.e., the Deputy Comptroller, Accounting Manager, or the Accounting Coordinator to review, sign, and approve each journal entry or transfer transaction.*
- 2. The Comptroller's Office has improved procedures whereby transfers and journal entry requests received from other departments after being reviewed and approved, are immediately recorded into the general ledger in a timely manner. The general ledger is reconciled monthly by receiving a report of entries received and making sure they are all recorded in the general ledger.*

<b>2. Payroll Controls and Procedures</b>
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The payroll computer system utilized by the Comptroller's Office is inefficient and does not supply the information needed. The Comptroller's Office does not have adequate procedures to ensure the accuracy of payroll data. In addition, time sheets are not prepared for some non-civil service employees.

The Comptroller's Office receives manual or electronic payroll data from city offices every two weeks. Some city offices are under civil service guidelines while others are considered non-civil service. The Comptroller's Office processes approximately \$13.5 million through the payroll computer system each pay period.

- A. The payroll computer system utilized by the Comptroller's Office does not provide the information necessary to efficiently operate the city and is heavily reliant on manual processes. The system was obtained by the city in the early 1970's.
- The computer system is heavily reliant on manual processes. Several city offices compile manual time information. This information is then entered by each office manually onto a time summary which is then entered manually into the payroll computer system by the Comptroller's Office.

- The payroll computer system is a separate system from the city's financial computer system. As a result, the Comptroller's Office has to manually enter summarized payroll transactions into the city's financial computer system.
- Payroll transaction data is not readily available. Payroll transaction data for each pay period is stored on a data tape. The current payroll data only includes the year-to-date payroll data for each employee. Information for each month or pay period is not readily available.
- The payroll computer system does not track payroll costs by project or grant. As a result, several city offices maintain separate records to account for payroll costs.
- The payroll computer system does not provide adequate information about payroll adjustments which include incentive pay, sick or vacation leave paid upon termination, and back pay. In order to determine the reason for a payroll adjustment, the supporting documentation has to be reviewed. As a result, the city is unable to easily generate information related to the total amount paid for incentive pay, sick or vacation leave paid upon termination, and back pay.

Manual processing increases the possibility of errors occurring and not being detected. The payroll computer system also should provide the data needed by various city offices in order to effectively and efficiently process and manage payroll. A comprehensive review and cost analysis of the payroll computer system would provide the Comptroller's Office with data to make an informed decision regarding the replacement of the system.

- B. The Comptroller's Office does not have adequate procedures to verify payroll data and, as a result, does not have assurance transactions are processed accurately.
- For city offices that submit payroll data electronically, the payroll data is printed and certified by an official in the respective city office. However, the Comptroller's Office does not ensure the electronic payroll data agrees with the certified payroll data. As a result, changes may be made to the electronic payroll data after it has been certified by an official.
  - The Comptroller's Office does not require city offices to certify the accuracy of the processed payroll data. Various payroll reports are distributed to city offices to verify the accuracy of the processed payroll data. However, the Comptroller's Office does not require the city offices to return this report unless an error is noted. As a result, there is no assurance the final payroll is correct.

- C. Time sheets are not prepared for some non-civil service employees. For example, employees in the Board of Aldermen's Office do not prepare time sheets although they do not appear to be exempt from federal Fair Labor Standards Act (FLSA) requirements (See audit report No. 2008-62 issued in September 2008).

Proper control over payroll requires documentation, such as time sheets, signed by the employees and approved by their supervisors, to provide evidence of the time worked and leave taken each pay period. Detailed time sheets also are beneficial in demonstrating compliance with the FLSA requirements.

**WE RECOMMEND** the Comptroller:

- A. Evaluate the need for a new payroll computer system that will provide the necessary controls and information for all city offices.
- B. 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.
- C. Require all employees that are not exempt from FLSA requirements to prepare time sheets of actual hours worked and leave taken.

**AUDITEE'S RESPONSE**

- A. *The Comptroller's Office agrees that a new payroll computer system will benefit the entire city greatly. However, budget constraints are a factor. The Comptroller's Office will work with city leaders to purchase a new payroll system that would provide the necessary information and controls for all city departments.*
- B. *The Comptroller's Office has implemented a new procedure that requires each city department to certify the accuracy of the final payroll. The electronic payroll is reconciled with the certified payroll data.*
- C. *The Comptroller's Office employees are required to prepare time sheets. All other city departments where city employees are not exempt from FLSA shall be required to prepare time sheets of hours worked and leave taken.*

**3.**

**Contracts**

The Comptroller's Office sometimes did not enter into contracts when appropriate. The Comptroller's Office did not have contracts for monies passed through to Tower Grove Park and Metro totaling approximately \$696,000 and \$17.8 million, respectively, in fiscal year 2007. In addition, the Comptroller's Office did not have a contract for \$75,000 paid for teaching program services during fiscal year 2007.

Section 432.070, RSMo, requires contracts of political subdivisions to be in writing. Written contracts, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts should clearly outline expectations, provide a means for the city to monitor compliance with the contract terms, and provide protections for the city in the event of a dispute over the terms of the agreement.

**WE RECOMMEND** the Comptroller enter into contracts when appropriate and ensure contracts contain adequate details and protections for the city.

**AUDITEE'S RESPONSE**

*All contracts entered into directly by the Comptroller's Office are in compliance with all legal requirements. The Comptroller's Office does not have sole discretion or authority to contract with the vendors cited here on behalf of the city without the appropriate emergency guidelines as provided by law. The Comptroller's Office will request that the City Counselor review contract requirements for Tower Grove Park, Metro, and Teach for America to bring the city into compliance.*

**4. Receipt Controls and Procedures**

The Comptroller's Office procedures for non-federal receipts need improvement. Numerous employees in the Comptroller's Office collect or receive checks and money orders. These monies are not always recorded on prenumbered receipt slips or a log and are not restrictively endorsed immediately upon receipt. Receipts are also not transmitted in a timely manner. The Comptroller's Office transmits approximately \$5 million of non-federal monies to the Treasurer each month.

- A. Numerous employees in the Comptroller's Office collect or receive checks and money orders. These monies are transmitted to other employees for additional processing prior to being recorded and transmitted to the Treasurer. For example, four Comptroller employees process the initial tax increment financing administrative fees prior to transmittal. To safeguard monies from theft, loss or misuse, the number of employees who receive and handle monies should be limited to the extent possible.
  
- B. Checks and money orders are not always recorded on either official prenumbered receipt slips or a log immediately upon receipt. These monies are also not transmitted in a timely manner. For example, a payroll reimbursement check from the License Collector was received on January 22, 2008, but was not transmitted to the Treasurer until February 13, 2008 (22 days). In addition, checks and money orders are not restrictively endorsed immediately upon receipt.

To adequately account for collections and reduce the risk of loss or misuse of funds, checks and money orders should be recorded on either official

prenumbered receipt slips or a log immediately upon receipt and this record should be reconciled to the transmittal to the Treasurer by someone independent of the receipting and collection functions. In addition, checks and money orders should be restrictively endorsed immediately upon receipt and transmittals should be made intact on a timely basis.

**WE RECOMMEND** the Comptroller:

- A. Limit the number of employees who can receive or process monies prior to recording and transmitting monies.
- B. 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.

**AUDITEE'S RESPONSE**

- A. *The Comptroller's Office has enhanced its procedures to process monies received in the office to improve internal controls. First, checks and money orders are restrictively endorsed immediately upon receipt. A single employee is responsible for recording all monies into a collections log. Finally, to limit the number of employees who handle monies, copies of the checks are made available for further processing by other sections with the Comptroller's Office.*
- B. *After monies have been received and restrictively endorsed they shall be recorded immediately on a collections log, and then transmitted to the Treasurer's Office in a timely manner.*

<b>5. Revenue Maximization</b>
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The Comptroller has not established city-wide procedures to ensure reimbursement requests for federal grants are submitted timely. The Comptroller's Office and some other city offices submit reimbursement requests for grants. Each city office develops its own procedures for processing reimbursement requests. At June 30, 2007, reimbursement requests of approximately \$15.5 million were outstanding.

As of March 31, 2008, the Comptroller's Office had not submitted reimbursement requests totaling approximately \$2.4 million for a Department of Justice grant. The reimbursement requests had not been submitted since September 2007 when the employee who was preparing these reimbursement requests left the Comptroller's Office.

Other city offices also did not submit reimbursement requests on a timely basis. For example, the St. Louis Agency on Training and Employment (SLATE) had not submitted reimbursement requests totaling approximately \$2.5 million as of June 30, 2007. SLATE personnel indicated reimbursement requests were only submitted once a month in 2007; however, they now are submitting requests weekly.

Untimely reimbursement requests may result in the loss of grant revenues.

**WE RECOMMEND** the Comptroller should develop procedures to ensure grant reimbursement requests are submitted in a timely manner.

### **AUDITEE'S RESPONSE**

*The Comptroller's Office has enhanced procedures to ensure reimbursement requests for federal grants are submitted timely by each city department receiving federal grants. The updated procedure requires the Accounting Coordinator in the federal grants section to monitor draw downs and requires department heads to work with the federal grants section to ensure reimbursement of federal funds occurs in a timely manner.*

<b>6. Capital Asset Controls and Procedures</b>
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Records and procedures to account for city property are inadequate. The Comptroller's Office is responsible for maintaining a complete detailed record of city property for all city offices except the Airport, Police Department, Water Division, and License Collector. In addition, each city office is responsible for performing annual physical inventories using a capital asset listing provided quarterly by the Comptroller's Office. As of January 30, 2008, city property, excluding land, buildings, and infrastructure, was valued at approximately \$125 million.

A. Some city offices do not perform annual physical inventories. In addition, the Comptroller's Office does not require city offices to submit annual physical inventory reports.

In the nine city offices reviewed, we noted the following:

- The Supply Division and Board of Aldermen have not conducted annual physical inventories. The Comptroller's Office, Board of Public Service, and Treasurer's Office perform annual physical inventories only for vehicles.
- Documentation of physical inventories was inadequate for the Department of Personnel and the Department of Parks, Recreation, and Forestry, Parks Division. The Parks Division management indicated an inventory was performed approximately one year ago; however, the records did not document when the inventory was performed. Although the Department

of Personnel management indicated an inventory was performed once a year, there was no documentation of the inventories.

- The Community Development Administration (CDA) used its own capital asset listing to perform an annual physical inventory. The CDA was not aware a capital asset listing was received from the Comptroller's Office because the list was addressed to an employee who had left several years ago.
- The Department of Public Safety, Division of Corrections, only conducts a physical inventory when division staff have time. As a result, some capital asset items have not been inventoried since 2004.

To ensure city offices conduct an annual physical inventory, the Comptroller's Office should require annual inventory documentation be submitted to the Comptroller's Office. Adequate city property records and procedures are necessary to ensure effective internal controls and provide a basis for determining proper insurance coverage. Physical inventories of city property items are necessary to evaluate the accuracy of the records and deter and detect theft.

- B. Property purchases are not reconciled to additions recorded in the property records. As a result, errors in additions to the records are not identified. For example, a vehicle costing \$20,394 was recorded twice in the overall city property record. Periodic reconciliations of the capital asset additions and purchases are needed to ensure all capital assets are correctly recorded on the property records.

**WE RECOMMEND** the Comptroller:

- A. Require annual inventories be submitted by each city office to the Comptroller's Office.
- B. Ensure capital asset purchases are periodically reconciled to additions.

**AUDITEE'S RESPONSE**

- A. *The Comptroller's Office has established a policy and procedure whereby each city department shall be required to submit an annual inventory of its assets to the Comptroller's Office. The Comptroller's Office requires each department to certify that they have taken the inventory and have submitted it to the Comptroller's Office each year by September 1st.*
- B. *The Comptroller's Office capital assets section shall reconcile additions to the inventory of each department on an annual basis and certify the same to the Deputy Comptroller for approval.*

The Comptroller used a city-owned vehicle for commuting purposes and did not report the commuting mileage as additional compensation. Records and monitoring procedures for the Comptroller's Office pool vehicles and assigned vehicles are not sufficient. In addition, vehicles may not be used efficiently and effectively.

- A. The Comptroller used a city-owned vehicle for commuting purposes and did not report commuting mileage to the Internal Revenue Service (IRS) as compensation. The Comptroller reported personal usage of 800 miles on her W-2 form as additional compensation in 2007; however, she did not report commuting mileage of approximately twelve miles per day. The Comptroller does not maintain a vehicle usage log (see part B below) to document miles driven for official, commuting, and personal use. In addition, the IRS reporting guidelines indicate commuting mileage is reportable compensation.
- B. Records and monitoring procedures for the Comptroller's Office pool vehicles and assigned vehicles are not sufficient. The city's vehicle policy does not address records to be maintained for vehicles (See audit report No. 2008-61 issued in September 2008). The Comptroller's Office has approximately 20 pool vehicles which are utilized by other city offices or Comptroller employees and 6 vehicles assigned to Comptroller employees and the Comptroller.

The Comptroller's Office does not require vehicle usage logs to be maintained for the vehicles. Although a check out log is maintained for each of the pool vehicles, the beginning and ending odometer readings, destination, and purpose are not documented on the log.

Without adequate usage logs, the city cannot effectively monitor that vehicles are used for official business only. While the city does document the total monthly mileage for the pool vehicles and the vehicles assigned to the Municipal Garage employees and Comptroller, mileage is not documented for the other assigned vehicles. Vehicle usage logs should include trip information (i.e., beginning and ending odometer readings, destination, and purpose) which should be reviewed by a supervisor to ensure vehicles are used only for city business.

- C. Vehicles may not be used efficiently and effectively.
- One of the pool vehicles was driven only 2,283 miles during calendar year 2007. Comptroller's Office personnel indicated this vehicle is used only by elected officials when their assigned vehicles are not available or by city department managers.
  - 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. These individuals indicated they used the vehicles for daily commuting, in addition to normal business purposes. The Comptroller's Office was unable to determine the purpose of the mileage because vehicle usage logs are not maintained (see part B above).

Low mileage can often indicate vehicles are not used efficiently. In an effort to reduce costs and to ensure the efficient use of city-owned vehicles, the permanent vehicle assignments should be reviewed to determine if they are necessary and justified for business purposes.

**WE RECOMMEND** the Comptroller:

- A. Ensure commuting mileage is reported in compliance with IRS requirements.
- B. Require the preparation of usage logs for all vehicles and ensure these logs are properly reviewed.
- C. Review pool vehicle usage and permanent assignment of vehicles to ensure vehicles are justified and necessary.

**AUDITEE'S RESPONSE**

- A. *The commuter mileage reporting oversight has been reported to the IRS and paid for by the Comptroller, in compliance with IRS requirements. The low personal miles reported is directly attributed to the commuter miles reporting error. The reporting form has been improved to avoid future errors. The Comptroller shall maintain a vehicle usage log to document miles driven for more transparency and accountability.*
- B. *Vehicle usage logs have been implemented for all pool vehicles and assigned vehicles.*
- C. *A new procedure has been established to review vehicle usage and permanent assignment of vehicles annually, to ensure vehicles are justified and necessary.*

<b>8. Travel Advances</b>
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The Comptroller's Office does not have adequate procedures to ensure reimbursement forms for federal travel advances are submitted on a timely basis. Employees traveling on city business can be advanced up to 70 percent of estimated travel costs. City policy requires employees to complete a travel reimbursement report and turn in related receipts. Additional reimbursement is then made to the employee or the employee returns any excess funds. According to a list maintained by the Comptroller's Office, federal travel advances totaling approximately \$37,000 were paid from August 1, 2007 to April 7, 2008. A list of advances paid prior to this time was not available.

The Comptroller's Office did not follow up on federal travel reimbursement reports that were not received. As of April 7, 2008, employees had not submitted travel reimbursement reports due for 25 travel advances with the oldest dated November 2, 2006.

Travel reimbursement reports are required by the city's travel policy to be sent to the Comptroller's Office within one week of the return date. The Comptroller's Office policy states reports should be followed up on if not received within three weeks of the return date. By not following these policies, there is no documentation to support the nature and reasonableness of the advances paid. In addition, reimbursement requests and supporting documentation are necessary to ensure excess funds are returned to the city.

**WE RECOMMEND** the Comptroller develop procedures to ensure reimbursement reports for federal travel advances are submitted to the Comptroller's Office on a timely basis.

### **AUDITEE'S RESPONSE**

*The Comptroller's Office has implemented a new policy and procedure requiring all travel reimbursement reports, including when federal advances are given, to be submitted to the Comptroller's Office within 30 days of travel. Any employee who does not submit travel reimbursement reports in a timely manner will be denied future travel. Actions will be taken to recover city funds using available legal methods.*

## HISTORY AND ORGANIZATION

CITY OF ST. LOUIS  
OFFICE OF THE COMPTROLLER  
HISTORY AND ORGANIZATION

The Comptroller exercises supervision over all fiscal affairs including the city's property, assets, and claims. The Comptroller is the chief accountant and auditor for the city and also serves on various city boards and commissions. Darlene Green was first appointed Comptroller in October 1995 and first elected Comptroller in August 1996. She was reelected to her current four year term in April 2005.

The Office of the Comptroller has seven sections including Accounting Services, Financial Reporting, Internal Audit, Federal Grants, Asset Management, Finance and Economic Development, and Contract Administration. These seven sections are overseen by two deputy comptrollers and other officers.

The Accounting Services section is responsible for all of the city's accounting activities and is supervised by the Deputy Comptroller. This section reviews and processes accounts payable and payroll, manages and balances the city's financial records, maintains and updates the Central Business Index, and assists with decisions regarding the city's self-insurance program.

The Financial Reporting section is responsible for the city's financial reporting and is also supervised by the Deputy Comptroller. This section prepares financial statements and internal financial and revenue reports, tracks bank reconciliations and investment decisions, administers the lateral sewer program, and manages the city's tax increment financing.

The Internal Audit section provides independent objective assurance and consulting services to virtually all city departments and is supervised by the Internal Audit Executive. This section performs payroll reviews, contract audits, and other various audits and reviews.

The Federal Grants section is responsible for administering the disbursement of federal and state grant funds and was also supervised by the Internal Audit Executive until April 30, 2008. Beginning in May 2008, the Deputy Comptroller supervises the Federal Grants section. This section reviews all federal contracts and reimbursement requests and accounts for receipts from federal agencies.

The Asset Management section manages a group of mutually exclusive city functions including telecommunications, real estate, the municipal garage, record retention, and travel management. The Deputy Comptroller for Finance and Development supervises this section. This section installs and maintains city telephone systems, handles the purchase or sale of real estate, leases and collects rent on city and port leases, manages the fire insurance escrow program, administers operations of the municipal garage, provides pool vehicles for city departments, administers operations of the microfilm and archival library, and administers city-wide travel policies.

The Finance and Economic Development section is responsible for the management of the city's financing arrangements and is supervised by the Deputy Comptroller for Finance and Development. This section assists with economic development and special projects that are

dedicated to improving the city's economic condition and issuance of the city's financing arrangements, and ensures compliance with debt covenants.

The Contract Administration section processes and tracks contracts with outside vendors and is supervised by the Chief Staffing Officer. This section ensures contracts comply with various requirements.

At June 30, 2007, the Office of the Comptroller employed approximately 94 full-time employees.