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Missouri State Auditor

City of St. Louis
Department of Parks,
Recreation, and Forestry

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Susan Montee, CPA

December 2008

The following findings were included in our audit report on the City of St. Louis Department of Parks, Recreation, and Forestry.

The Forestry Division collected approximately \$860,000 during the year ended June 30, 2008. The computer system billing rates for mowing vacant lots were not set at the correct amount. The division does not submit some billing information to the collection agency in a timely manner and did not submit entire outstanding amounts due to the collection agency for some accounts. The billing system does not provide some information necessary to efficiently operate the division. The Forestry Division is not adequately documenting adjustments and write-offs made in the billing system and the employees who authorized and posted the adjustments or write-offs are not identified and the reason and supporting documentation is not maintained.

The Forestry Division adds an administrative fee of 10 percent to each customer's bill for handling the billings of the Department of Public Safety, Building Division; however, the Forestry Division had no documentation to show how the administrative fee was determined and does not have written authorization to charge this administrative fee. Accounting duties are not adequately segregated and there is no independent oversight related to the Forestry Division receipts. Some monies received are not recorded in a timely manner. The Forestry Division does not generate a report of daily receipts posted to the billing system which could then be reconciled with the spreadsheet and transmittals to the Director's office. Also, some monies received are not transmitted to the Director's office in a timely manner.

The Board of Parks and Recreation, originally established by the City Charter, has been inactive since approximately 1981. The board is to advise the Director of Parks, Recreation, and Forestry on matters relating to parks and recreation. In addition, the board is to hear complaints of individuals and groups concerning the use of the parks and recreational facilities with recommendations to be made to the director. As a substitution the department has created several smaller boards for individual parks such as the Forest Park Advisory Board which was formed in 1996. By letting the Board of Parks and Recreation become inactive, it appears the department is in violation of the City Charter.

The Forestry Division has not entered into a written agreement for grass cutting, weed maintenance, and debris removal on property owned by the Land Reutilization Authority (LRA). The division currently maintains approximately 3,500 properties for the LRA. The LRA made a payment of \$100,000 to the Forestry Division for the services performed during the year ended June 30, 2008, but according to Forestry Division billing records the grass, weed, and debris charges were \$1,658,000 for the year. There is no documentation showing how the \$100,000 was determined nor is there a written

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agreement or policy documenting the duties and responsibilities of the Forestry Division regarding the LRA land. In addition, the Parks Division performed grass cutting services without charge for a not-for-profit organization, which is prohibited by the Missouri Constitution.

The Department of Parks, Recreation, and Forestry leases space to a catering company in Forest Park and has not conducted a review of the company's accounting records nor requested the Internal Audit Section of the Comptroller's office to conduct a review of the records to ensure the accuracy of the gross revenues reported to the department. By not conducting a review of the catering company's accounting records, the department cannot ensure the amount of reported gross revenues for the rent calculation is accurate.

Some emergency purchases did not appear to meet the city's definition of "emergency" and the department does not have one individual responsible for approving emergency purchases. It appears the department may be using emergency purchases to circumvent normal city purchasing procedures.

For the year ended June 30, 2008, the Parks Division collected approximately \$1,010,000 in receipts. The numerical sequence of receipt slips is not accounted for properly and voided receipt slips are not properly defaced and retained. The Parks Division receives money for items such as softball league fees, special events, athletic field rentals, Jewel Box admissions and weddings.

The petty cash fund maintained for Soulard Market was \$80 short because the Market Manager deposited a reimbursement check into a personal account. In addition, the method of payment is not indicated on some receipt slips issued for the market and the composition of receipt slips is not reconciled to transmittals.

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CITY OF ST. LOUIS
DEPARTMENT OF PARKS, RECREATION, AND FORESTRY

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STATE AUDITOR'S REPORT



SUSAN MONTEE, CPA
Missouri State Auditor

To the Honorable Mayor
and
Director of Parks, Recreation, and Forestry
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 years ended June 30, 2008 and 2007. To minimize duplication of effort, we reviewed the CPA firm's audit report for the year ended June 30, 2007, since the audit for the year ended June 30, 2008, had not been completed. We have conducted an audit of the City of St. Louis Parks, Recreation, and Forestry Department. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2008. 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 department has adequate internal controls over significant management and financial functions.
3. Determine if the department 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 department, 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 are assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or either 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 department's management and was not subjected to the procedures applied in our audit of the department.

The accompanying Management Advisory Report presents our findings arising from our audit of the City of St. Louis Department of Parks, Recreation, and Forestry.

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:

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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

CITY OF ST. LOUIS
DEPARTMENT OF PARKS, RECREATION, AND FORESTRY
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.

Forestry Division

The Forestry Division does not charge the most current billing rates for mowing vacant lots, submit outstanding amounts due to the collection agency in a timely manner, or submit entire amounts due to the collection agency. The computerized billing system has become inefficient and ineffective at providing support to the division. The division cannot produce a report of adjustments and write-offs made in the billing system. In addition, the division does not have adequate documentation indicating how the administrative fee was calculated for the Department of Public Safety, Building Division billings, and controls over receipts are lacking.

The Forestry Division uses a computerized billing system to handle account information, billing, and receipt of monies for maintenance of grass, weeds, and trees; building demolition; vacant building fees; and building board-ups. The division collected approximately \$860,000 during the year ended June 30, 2008.

A. The following concerns were noted with the computerized billing system:

- The computer system billing rates for mowing vacant lots were not set at the correct amount. In February 2007, the rate of \$.0107 per square foot was approved by the division. A review of several current accounts in the billing system noted charges for vacant lot grass cutting were still billed at the old rate of \$.0100 per square foot.

To avoid the loss of revenues, the division should ensure the billing system is correctly updated when billing rates are changed.

- The division does not submit some billing information to the collection agency in a timely manner. Division officials indicated an outstanding account is submitted to the collection agency when the account reaches 90 days old. Four of ten accounts reviewed were significantly past the 90 day limit before being submitted to the collection agency. These four accounts were submitted to the collection agency after 112 to 183 days. In addition, the division did not submit the entire outstanding amount to the collection agency for some of these accounts. Division personnel could not provide an explanation of why the entire amount due was not submitted.

To help ensure division revenues are maximized, the delinquent accounts should be submitted to the collection agency on a timely basis. In addition, the division should ensure the entire amount outstanding is submitted to the collection agency.

- The billing system does not provide some information necessary to efficiently operate the division. For example as noted in part B, the department is not able to prepare a report of adjustments and write-offs from the billing system. In addition, as noted in part D, the division is not able to prepare a report of daily receipts posted to the billing system. According to department personnel, the billing system is old and difficult to use.

The billing system should provide the financial data needed by the Forestry Division to effectively and efficiently process billing data. A comprehensive review and cost analysis of the billing system would provide the Forestry Division with data to make an informed decision regarding the replacement of the system.

- B. The Forestry Division is not adequately documenting adjustments and write-offs made in the billing system. The Forestry Division indicated adjustments to grass, weed, and debris maintenance billings are made for various reasons, such as incorrect address, and accounts are written off when the Land Reutilization Authority (LRA) acquires the property (the amounts owed by previous owners are coded to the billing system as uncollectible). These adjustments and write-offs are entered into the division's computerized billing system; however, the division currently is unable to produce a report from the billing system showing the amount and number of adjustments and write-offs. In addition, the employee who authorized and the employee who posted the adjustment or write-off is not identified and the reason and supporting documentation for the adjustment or write-off is not maintained.

To ensure all billing adjustments and write-offs are valid, the authorizing employee and reason should be adequately documented. In addition, a report should be generated from the billing system, and a periodic review and approval of all such billing adjustments and write-offs by an appropriate management official should be documented.

- C. The Forestry Division has not documented how the administrative fee charged for handling billings for the Department of Public Safety, Building Division was established or determined. The Forestry Division performs all billing duties related to building demolition, vacant building fees, and building board ups for the Building Division. The Forestry Division adds an administrative fee of 10 percent to each customer's bill for handling these billings; however, the Forestry Division had no documentation to show how the administrative fee was determined. In addition, the Forestry Division does not have written authorization

through the City Charter, Revised Code, or policy to charge this administrative fee. During the year ended June 30, 2008, the Forestry Division collected approximately \$173,000 in total billings for the Building Division.

The Forestry Division should calculate and document the administrative costs of providing the Building Division with billing services. The 10 percent fee should be set at a level sufficient to cover only the cost of the service.

D. Controls over receipts are lacking. Receipt slips are issued for cash and check payments received in the office; however, receipt slips are not issued for payments by check received in the mail. All payments received are logged in a spreadsheet and entered in the billing system. Monies are then transmitted to the Director's office. The following control weaknesses were noted:

1. Accounting duties are not adequately segregated and there is no independent oversight related to the Forestry Division receipts. There are seven employees in the administrative section of the division and each has access to the entire billing system which includes entering new accounts into the system; posting receipts, adjustments, and write-offs to the billing system; and receiving and transmitting of monies.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are properly accounted for and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible. If proper segregation of duties is not possible, timely supervisory or independent review of the work performed and investigation into unusual items and variances is necessary.

2. Some monies received are not recorded in a timely manner. A cash count performed on July 31, 2008, indicated none of the payments received over the previous six days were recorded in the billing system or the spreadsheet.

Receipts should be recorded on the spreadsheet immediately upon receipt. An immediate record of receipts is necessary to properly document and account for all monies received.

3. The Forestry Division does not generate a report of daily receipts posted to the billing system which could then be reconciled with the spreadsheet and transmittals to the Director's office. A reconciliation of the receipt information posted to the billing system would allow the division to detect possible problems in the monies collected.

The division should ensure funds are properly accounted for by reconciling the billing system records to the spreadsheet and transmittals to the Director's office.

4. Some monies received are not transmitted to the Director's office in a timely manner. In addition, checks and money orders received are not restrictively endorsed immediately upon receipt. Monies are usually collected each business day, but transmittals are normally made approximately once a week. A cash count performed on July 31, 2008, totaling \$2,763, included 6 days of receipts and contained 25 checks and money orders which had not been restrictively endorsed.

To safeguard receipts and reduce the risk of loss or misuse of funds, deposits should be made intact on a timely basis and checks and money orders should be restrictively endorsed immediately upon receipt. Deposits should be more frequent if significant amounts of cash are collected.

WE RECOMMEND the Department of Parks, Recreation, and Forestry:

- A. Evaluate the need for a new billing system to provide the necessary information for the Forestry Division. The division should ensure the correct billing rates have been entered into the system. In addition, the division should ensure accounts over 90 days old are submitted to the collection agency in a timely manner and the entire outstanding account is submitted to the collection agency.
- B. Ensure the authorization and reasons for any billing adjustments or write-offs are adequately documented by the Forestry Division. In addition, the periodic review and approval of all such billing adjustments and write-offs by an appropriate management official should be documented.
- C. Review and document the costs of administering the Department of Public Safety, Building Division's billing service and establish the administrative fee to recover those costs.
- D.1. Segregate the accounting duties of the Forestry Division to the extent possible. If proper segregation of duties cannot be achieved, timely supervision or independent review of the work performed and investigation into unusual items and variances is necessary.
 2. Ensure all receipts are promptly recorded on the spreadsheet.
 3. Ensure the division reconciles receipts per the spreadsheet to the billing system and to amounts transmitted.

4. Ensure all receipts are deposited intact on a timely basis. In addition, all checks should be restrictively endorsed immediately upon receipt.

AUDITEE'S RESPONSE

- A. *The Forestry Division certainly concurs with the auditors overall finding that our current billing system has become inefficient and ineffective at providing support to the division. Forestry will make a follow up request to the Information Technology Services Agency (ITSA) for assistance in implementing a new billing system to ensure accuracy with all billable services conducted and documented. A new billing system is critical given the revenue Forestry collects, with over 25 percent of all city services handled by this division. Forestry corrected the February 2007 per square foot rate (vacant lot grass maintenance) the next business day with ITSA assistance after being apprised by the auditor. Forestry will test the system to ensure accuracy on all ordinance costs prior to the March 2009 mass mailing and has recently requested the Internal Audit Section to review said costs. Forestry will request ITSA to ensure all 90 day old delinquent accounts are accounted for with a follow up review after each monthly file is emailed to the collection agency.*
- B. *The Forestry Executive Assistant will periodically review a listing of billing adjustments to ensure all are properly authorized with a specific reason for the adjustment. Given limited administrative staff of four individuals to handle necessary adjustments, supervisory oversight should suffice in lieu of segregated duties with only one specified individual handling all on a rotating monthly schedule. The addition of a "Daily Adjustment Report" with a notes section (e.g., LRA assumed ownership of property) will be requested from ITSA with periodic, supervisory oversight emphasized.*
- C. *Forestry will ask Internal Audit to include a review of all possible associated costs and administrative time relative to billings received from the Building Division. Any necessary revision of the 10 percent administrative account charge will be implemented when completed.*
- D.1. *General segregation of duties is the current practice in Forestry; however, the four customer service representatives are asked to handle any duties that may overlap. Our administrative resources are lean but periodic supervisory checks on the billing process will be emphasized.*
 2. *All receipts must be documented in the applicable spreadsheet immediately upon receipt. Random supervisory reviews of the spreadsheet will be conducted.*
 3. *Forestry will implement a "Walk in Customer Receipt Process" schedule to ensure that any possible question about a payment received on a specific business day will be attributable to only one Customer Service Representative. Further, any "Walk in" receipts must be signed by the Executive Assistant, Executive Secretary, or designate before the close of the same business day. A monthly payment review process will be implemented December 1, 2008, to ensure payments received and entered in billing*

match the spreadsheet payment listing and payment/revenue ledger maintained at the Director's office.

4. *Periodic supervisory checks will be conducted to ensure that all payments/receipts are entered the same day or no later than the next business day. All payments received in Forestry must be at the Director's office no later than the next business day. Forestry currently has a "For Deposit Only" stamp and any payment will be marked as such immediately upon receipt. The reason for no immediate deposit only stamp is attributable to the Executive Secretary verifying that the account information on the payment was accurate prior to processing.*

2.

Board of Parks and Recreation

The Board of Parks and Recreation has been allowed to become inactive. City Charter, Article XIII, Section 14-B, establishes a six member board of parks and recreation. The members are to be appointed by the Mayor, and the board is to advise the Director of Parks, Recreation, and Forestry on matters relating to parks and recreation. In addition, the board is to hear complaints of individuals and groups concerning the use of the parks and recreational facilities with recommendations to be made to the director.

The Department of Parks, Recreation, and Forestry indicated the Board of Parks and Recreation has been inactive since approximately 1981. As a substitution, the department has created several smaller boards for individual parks such as the Forest Park Advisory Board which was formed in 1996.

By letting the Board of Parks and Recreation become inactive, it appears the department is in violation of the City Charter. The board could be used as a resource by the director to seek advice and recommendations on issues concerning the department. In addition, it appears the board would also be a way individuals and groups could voice concerns about the parks and recreation facilities.

WE RECOMMEND the Department of Parks, Recreation, and Forestry ensure it is in compliance with the City Charter and work with the Mayor's office to reestablish the Board of Parks and Recreation or to determine if a change to the City Charter is necessary.

AUDITEE'S RESPONSE

The Park Department has been establishing boards for individual parks as master plans are developed, as evidenced by Forest Park, Carondelet Park, and Lafayette Park. The City Charter should be amended to dissolve the existing board and replace it with boards established by the Park Director in conjunction with individual plans.

The Forestry Division did not enter into a written agreement with the LRA for grass cutting, weed maintenance, and debris removal. In addition, the Parks Division performed grass cutting services without charge for a not-for-profit organization. Also, a review has not been conducted of the accounting records of the catering company which operates the boathouse under a lease agreement with the city.

- A. The Forestry Division has not entered into a written agreement for services performed on property owned by the LRA. The LRA is responsible for taking control of tax delinquent properties which fail to be sold at land tax sales and purchases properties for the Community Development Administration (CDA). The LRA attempts to bring these properties back to a tax-generating status. The Forestry Division is responsible for the maintenance of the properties held by the LRA, including grass cutting, weed maintenance, and debris removal. The division currently maintains approximately 3,500 properties for the LRA. The LRA made a payment of \$100,000 to the Forestry Division for the services performed during the year ended June 30, 2008, but according to Forestry Division billing records the grass, weed, and debris charges were \$1,658,000 for the year. There is no documentation showing how the \$100,000 was determined, nor is there a written agreement or policy documenting the duties and responsibilities of the Forestry Division regarding the LRA land.

Section 432.070, RSMo, requires contracts of political subdivisions be in writing. The city should enter into written contracts for services rendered or obtained. A written contract, signed by the parties involved, should specify the services to be rendered and the manner and amount of compensation to be paid. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties.

- B. The Parks Division performed grass cutting services without charge for a not-for-profit organization. The department entered into a lease agreement with a not-for-profit organization located in Penrose Park. According to department officials, the organization leases approximately half of the 51 acre park including a recreation building and various athletic fields. The lease indicates the organization is responsible for the maintenance and repair of the leased premise area which also includes maintenance of the grass areas. Department officials indicated occasionally when this organization has problems maintaining the grass, it contacts the department and asks for assistance. Department officials indicated the division performs the work since the land is part of a public recreation area and also part of the park area. A department official stated grass maintenance was performed approximately six times in 2008. The department did not bill the organization and it appears the department has donated these services.

Article VI, Section 23, of the Missouri Constitution specifically prohibits counties, cities, or other political subdivisions of the state from granting public money or things of value to any corporation, association, or individual. To avoid being a donation, the city needs to ensure the city provided services are billed or part of a written agreement.

- C. A review has not been conducted of the accounting records of the catering company which operates the boathouse under a lease agreement with the city. The boathouse is a year round restaurant and catering facility located in Forest Park. The department entered into a lease agreement with a local catering company to operate and maintain the boathouse on July 1, 2003, for a five year period. The lease was recently renewed for another five year period. The lease agreement calls for a monthly rent payment of which a portion is based on the gross revenues of the catering company. In addition, the lease agreement requires the catering company to keep complete and accurate records of revenues for three years which are to be open to the city for inspection. The Department of Parks, Recreation, and Forestry has not conducted a review of the accounting records nor have they requested the Internal Audit Section of the Comptroller's office to conduct a review to ensure the accuracy of the gross revenues reported to the department. The catering company paid approximately \$185,000 in rent to the department for the year ended June 30, 2008.

There are also other resources available to the Department of Parks, Recreation, and Forestry that could be used to help independently verify some of the information being submitted by the catering company. The License Collector's office receives information on gross sales from businesses, such as restaurants, when applying for a business license. Additionally, an annual report is prepared by the Excise Commissioner (EC) showing restaurants applying for retail liquor licenses which includes monthly food and beverage sales. The EC provides this information annually to the License Collector's office.

By not conducting a review of the catering company's accounting records, the department cannot ensure the amount of reported gross revenues for the rent calculation is accurate. A periodic review of the accounting records would help ensure the department is receiving the proper rent payment. In addition, information received from the catering company could be verified with information submitted to other city government offices.

WE RECOMMEND the Department of Parks, Recreation, and Forestry:

- A. Enter into formal written contracts for services rendered or obtained.
- B. Bill for all services rendered such as grass cutting.
- C. Ensure a periodic review is conducted of the boathouse accounting records to ensure accounting records and rent payment calculations are accurate. In

addition, the department should verify information received with other city government offices.

AUDITEE'S RESPONSE

A. *Forestry has performed grass maintenance and debris removal services on all city-owned (LRA) properties for many years. The Commissioner of Forestry sends an annual report to LRA in August which lists totals of all billed services performed during the prior fiscal year. The documented services are all billed services. "Payments" received from LRA have not been received on an annual basis by Forestry. Given Forestry's responsibility of maintaining all LRA properties, the annual report could be signed after received by Forestry and forwarded to the Mayor's office and/or Budget Division to verify all services performed. The Forestry Division will enter into a formal written agreement with LRA for services rendered contingent upon funding received by Forestry from LRA.*

B. *After further review of the lease with the not-for-profit organization at Penrose Park, the lease states the "Tenant shall pay all maintenance and repair expenses within the leased premise area, whether the repairs and maintenance are of a structural or non-structural nature, ordinary or extraordinary, foreseen or unforeseen, and regardless of the circumstances under which the necessity or desirability for such repairs may occur. The maintenance and repair expenses shall include the cost of maintaining or repairing grass areas and any part of the facility as it exists after the completion of construction, or may later be installed or added".*

Therefore, in the future, the Parks Division, if required to assist with grass maintenance, will invoice the not-for-profit organization at a rate equivalent to the current square foot cost established and approved by the Forestry Division. The rate as of February 2007 was \$0.0107 per square foot.

C. *An audit has not yet been performed during the most recent agreement period. The Audit Section of the Comptroller's office will be asked to perform an audit as recommended.*

4. Emergency Purchases

Some emergency purchases did not appear to meet the city's definition of "emergency." City policy states an emergency purchase can only be made when a condition exists which might cause injury to a person or property damage, or seriously impair public health or services. Two of five "emergency" purchases reviewed did not appear to meet this definition. These "emergency" purchases included the following:

- The Recreation Division purchased a snow-cone machine for \$583 which was needed for a summer day camp.
- The Director's office purchased basketball uniforms for \$1,215 for a young adult basketball program.

In addition, the department does not have one individual responsible for approving emergency purchases. The department has authorized up to ten individuals to approve emergency purchases.

It appears the department may be using emergency purchases to circumvent normal city purchasing procedures. The department should work with the Supply Division and the Comptroller's office to ensure emergency purchases meet the city's definition of an emergency and that all applicable procedures are followed for such purchases. In addition, the department should attempt to centralize the approval process for emergency purchases through one individual. This would help to ensure emergency purchases are made in accordance with standard city purchasing procedures, purchases are reasonable and necessary, and the city receives the best price for all purchases.

WE RECOMMEND the Department of Parks, Recreation, and Forestry ensure emergency purchases meet the definition of an emergency and centralize the approval process for emergency purchases through one individual.

AUDITEE'S RESPONSE

Existing City Policy/Regulation should be amended to create a new category of purchase to address unanticipated needs utilizing a similar approval process for emergency purchases.

5.

Parks Division Receipts

The numerical sequence of receipt slips is not accounted for properly and voided receipt slips are not properly defaced and retained in the Parks Division. The division receives monies for items such as softball league fees, special events, athletic field rentals, and Jewel Box admissions and weddings. During the year ended June 30, 2008, the division collected approximately \$1,010,000. To ensure all fees and rentals are properly recorded and transmitted, the division should ensure the numerical sequence of receipt slips is accounted for properly. In addition, some voided receipt slips were not properly defaced and retained. Several voided receipt slips had two of the three copies shredded and several others were left blank or were partially filled out. To ensure all receipt slips are properly accounted for, all voided receipt slips should be properly defaced and retained.

WE RECOMMEND the Department of Parks, Recreation, and Forestry, Parks Division, require the numerical sequence of receipt slips be accounted for properly, voided receipts be properly defaced, and all copies of voided receipt slips be retained.

AUDITEE'S RESPONSE

The Parks Division currently uses a numerical sequence of receipt slips. The problem arose with checks received for the Forest Park Softball and Football Leagues run by a Park Supervisor. The payments for these leagues go directly to the Park Supervisor and not the Permit Section, whether received by mail or in person. So if a team came into the office to make payment in lieu

of sending the payment via mail, a receipt was issued by the Permit Section but the Park Supervisor would hold the(se) check(s) in order to make sure he had sufficient teams to create a full league. This resulted in the receipt date not corresponding with the deposit date. In the future, all payment fees for the Forest Park Softball and Football Leagues, whether received by mail or in person, will be handled by the Permit Section and deposited on the same day. If at a later date it is determined that there are not sufficient teams to form a league and a refund to the team is necessary, the Permit Section will handle that via the Comptroller's office which is our normal procedure on all other permits.

In regards to voided receipts, all voided receipts will remain in the numerically sequenced receipt book and a notation will be made on the voided receipt as to why the receipt had been voided.

6.

Soulard Market

The Soulard Market petty cash fund is short \$80 and the petty cash ledger is not adequately maintained. Also, the method of payment is not indicated on some receipt slips.

Soulard Market is a farmers market with stands for rent to vendors to sell various goods such as fruits, vegetables, crafts, etc. The Department of Parks, Recreation, and Forestry took over administrative and supervisory responsibilities for the market from the Department of Public Utilities on July 1, 2008. The market collects monies for daily, monthly, and yearly market stand rentals, truck storage fees, and the sale of miscellaneous tourist items. Receipts for the year ended June 30, 2008, totaled approximately \$261,000.

- A. The market's petty cash fund is short \$80 because the Market Manager deposited a petty cash reimbursement check into a personal account. According to the Market Manager, a petty cash fund of \$100 is maintained for miscellaneous purchases for the market. Our cash count on August 28, 2008, indicated receipts of \$20 and cash on hand of \$0, resulting in a shortage of \$80. The Soulard Market Manager indicated she had received a check for \$80, dated July 25, 2008, to replenish the fund and had given the check to her husband who then deposited the check in error into their personal bank account. The Market Manager indicated she intended to place the monies in the petty cash fund, but did not have an opportunity to return the monies.

In addition, a petty cash ledger supporting the petty cash fund's activity did not adequately document receipts, disbursements, and the balance of the petty cash fund. The Market Manager maintained two fiscal year 2009 petty cash journals and neither of the journals had the correct balance of the account. One of the journals kept a balance based on the amount of the last reimbursement check instead of the fund's \$100 starting amount and the other journal appeared to have mathematical errors.

To ensure monies are properly handled and recorded, a petty cash ledger documenting receipts, disbursements, and the balance of the petty cash fund should be maintained and reconciled to amounts on hand on a periodic basis.

- B. The method of payment (cash or check) is not indicated on some receipt slips issued. The Market Manager maintains two receipt slip books. One is used strictly for daily stand rentals which are payable only in cash. The other receipt slip book is used for tourist items which are payable only in cash, and monthly and yearly stand rentals and truck storage space rentals which are payable by cash or check. The method of payment is not marked on some of these receipt slips.

To adequately account for receipts and reduce the risk of loss or misuse of funds, receipt slips should indicate the method of payment (i.e. cash, check, or money orders). In addition, the composition of receipts should be reconciled to the composition of the transmittal to ensure all receipts have been accounted for properly.

WE RECOMMEND the Department of Parks, Recreation, and Forestry ensure:

- A. The petty cash funds are repaid by the Market Manager. In addition, the ledger should properly account for the receipts, disbursements, and balance of the petty cash fund.
- B. The method of payment is recorded on receipt slips and the composition of receipt slips is reconciled to transmittals.

AUDITEE'S RESPONSE

- A. *Repayment has been made and written procedures will be established for the use of the petty cash fund to ensure accurate records/accounting.*
- B. *The use of two receipt books has been stopped. One receipt book is now used for all transactions. The receipt book now in use has spaces to be completed for method of payment and employees have been instructed to always check the appropriate box, and receipts are reconciled to the composition of the transmittal.*

HISTORY AND ORGANIZATION

CITY OF ST. LOUIS
DEPARTMENT OF PARKS, RECREATION, AND FORESTRY
HISTORY AND ORGANIZATION

The City of St. Louis Department of Parks, Recreation, and Forestry was created by a Charter Amendment in 1958. The department consists of the Director's Office and three divisions which include the Parks Division, the Recreation Division, and the Forestry Division. The Mayor appoints a director to oversee the operations of the department. The director is responsible for the supervision and coordination of all activities for the three divisions. Currently, the Director of Parks, Recreation, and Forestry is Gary Bess who was appointed in April 2001. The department has approximately 308 full-time and 230 part-time employees.

The following briefly describes the responsibilities of the director's office and each of the three divisions in the department:

1. Director's Office

The director's office is responsible for the various accounting duties of the department, as well as oversight on purchasing, accounts payable, and receivables. The director's office also has responsibility for strategic planning for the city of St. Louis parks system. In addition, beginning in July 2008, the director's office has administrative responsibility for the operation of Soulard Market, a farmers' market with vendors who rent stands to sell various goods such as fruits, vegetables, crafts, etc.

2. Parks Division

This division is responsible for maintaining the 105 city parks. The park maintenance section mows and trims medians, park strips, and the city parks system. The administrative section has oversight over the day to day operations of the division. The division also issues permits for athletic fields, picnics, vending and concessions, and for any major functions.

3. Recreation Division

This division is responsible for the development and administration of the city's public recreation centers and programs. The division manages nine recreation centers, five indoor swimming pools, and three outdoor swimming pools. The division offers a variety of leisure activities and programs such as summer day camps, soccer camps, sports leagues, senior citizen activities, etc.

4. Forestry Division

This division has several sections, including a tree section with responsibility for the planting, care, and maintenance of approximately 80,000 street and 25,000 park trees. The division also has a weed control section responsible for maintaining vegetation growing on city property and vacant and occupied lots. The compost section collects

yard waste which is then recycled for use as compost and mulch. In addition, the debris section is responsible for clearing debris from vacant lots and alleys throughout the city.