



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

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**FOLLOW-UP REPORT ON AUDIT FINDINGS**

City of St. Louis  
Department of Personnel

Report No. 2018-061

August 2018

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# City of St. Louis - Department of Personnel

## Follow-Up Report on Audit Findings

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

To the Honorable Mayor  
and  
Director of Personnel  
City of St. Louis, Missouri

We have compiled the statuses of the audit report findings contained in Report No. 2008-59, *City of St. Louis, Department of Personnel*, issued in September 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 Department of Personnel. 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  - **No Longer Applicable:** The recommendation is no longer applicable.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 Department of Personnel 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taken or planned to implement the recommendation or reason(s) why the recommendation has not been implemented or is no longer applicable.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.

A handwritten signature in black ink that reads "Nicole R. Galloway".

Nicole R. Galloway, CPA  
State Auditor

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# City of St. Louis - Department of Personnel

## Follow-Up Report on Audit Findings

### Status of Findings

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**Finding Title:** Incentive Payments

**Finding Number:** 1.

**Finding:** Incentive payments paid to employees were not supported by adequate documentation showing additional work was performed. In addition, the city's granting of payments appeared inconsistent.

**Recommendation:** The Department of Personnel ensure incentive payments are in compliance with the Missouri Constitution, applied consistently throughout the city, and adequately supported with documentation.

**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:**

We responded to the recommendation and implemented the recommendation back in 2008. The Department of Personnel does not permit any bonuses pursuant to Article III, Section 39 of the Missouri Constitution (accordingly, none have been granted since the audit).

However, incentive programs are allowed (insofar as it is not retroactive pay), and are authorized under the compensation ordinance 70285, Section 2(n) and 2(o).

**Contact Person:** Linda Thomas

**Contact Phone Number:** (314) 622-4316



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**Finding Title:** Wellness Program

**Finding Number:** 2.A.

**Finding:** The Department of Personnel did not have a written policy concerning paid time off for participation in the wellness program. It was up to each appointing authority to decide if employees should use personal time or paid time off to participate in the program. City departments were not consistent in allowing paid time off for wellness program activities.

**Recommendation:** The Department of Personnel establish a written policy which addresses participation by employees in the wellness program.

**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 wellness program is authorized under Administrative Regulation 148. The Department of Personnel established a written policy which addresses participation by employees in the wellness program.

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**Finding Title:** Wellness Program

**Finding Number:** 2.B.

**Finding:** The city did not adequately track the total cost of the wellness program. The departments which allowed paid time off to participate in wellness programs did not track this information on timesheets submitted to the Comptroller's office. As a result of not tracking these costs, the Department of Personnel could not analyze the benefits of such a program such as decreased sick leave use or insurance savings versus the total costs associated with the program.

**Recommendation:** The Department of Personnel require documentation be maintained of the amount of paid time off used by employees participating in the wellness program to determine the total costs of the program. The department should perform a cost analysis of the wellness program to determine if it is beneficial to 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:**

The city does maintain records of paid time off used by employees to participate in the wellness program (BeeFit). Initially, employees must request authorization to participate in a wellness program activity for which he/she will use paid time off. That request must be approved by his/her supervisor and appointing authority. Thereafter, employees are required to submit a weekly BeeFit Wellness timesheet to their supervisor for review and approval. The Department of Personnel does not require that said timesheets be submitted to it. Industry practice has, over the past decade since the original audit was conducted, recognized the complexity of attempting to analyze the effectiveness of individual wellness components. The department does not believe that an effective cost analysis can be performed simply by tracking how many employees use up to three hours of paid leave; it is, however, a de-minimis amount compared to the overall size of the city's wellness program. Due to Health Insurance Portability and Accountability Act and privacy concerns, the department cannot analyze any specific health benefits or cost savings on claims for those relatively few individual employees who do choose to participate in the program, and such a narrowly focused return on investment simply is not practicable.

More importantly, as a part of the wellness program, biometric screenings are conducted (nearly 3,000 employees participated in 2017 and 2018). The employee receives information regarding health risks identified in the screening and can discuss said information with a registered nurse at the screening site. Further, there is a medical doctor at the screening site to provide more in depth information to the employee regarding the health risks that are identified. The value of early identification of health risks and the opportunity to discuss with a doctor/nurse needed follow up care is immeasurable (e.g., preventing one employee from entering a diabetic state can save over \$350,000 for an episode of care).

Further, the merit and cost savings attributable to the Wellness Program may be evidenced, in part, by the fact that the city's per employee/retiree health costs continue to trend well below benchmarks based on our consultant's book of business. During contract negotiations, our health care vendors have stated explicitly that they have looked more



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favorably at the city's aging population based on said wellness programs, hence more complete insurance coverage and better renewal rates.

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