



Office of Missouri State Auditor
Nicole Galloway, CPA

FOLLOW-UP REPORT ON AUDIT FINDINGS

City of St. Louis
Board of Public Service

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City of St. Louis - Board of Public Service

Follow-Up Report on Audit Findings

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NICOLE GALLOWAY, CPA
Missouri State Auditor

To the Honorable Mayor
and
President of the Board of Public Service
City of St. Louis, Missouri

We have compiled the statuses of the audit report findings contained in Report No. 2008-61, *City of St. Louis, Board of Public Service*, 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 ongoing audit of the Board of Public Service. 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 - No Longer Applicable: The recommendation is no longer applicable.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 Board of Public Service that included a brief summary of each finding and recommendation, and requested the status of each finding and a brief description of the steps taken or planned to implement the recommendation or reason(s) why the recommendation has not been implemented or is no longer applicable. This report is a compilation of the information provided, which we received in May 2018.

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

Nicole R. Galloway, CPA
State Auditor

City of St. Louis - Board of Public Service

Follow-Up Report on Audit Findings

Status of Findings

Finding Title: City Vehicle Policies

Finding Number: 1.A.

Finding: The city's revised code for motor vehicle policies was outdated, and a new ordinance was needed to clarify which official, board, or department should have overall rulemaking and policy enforcement authority. St. Louis City Revised Code Section 3.54.060 gave the city's Comptroller the authority to establish rules for motor vehicles; however, the Comptroller no longer established rules under this code.

Recommendation: The Board of Public Service (BPS) work with the Board of Estimate and Apportionment to revise the city code to clarify and establish clear authority over policymaking and policy enforcement for city vehicles.

Status of Finding: Not Implemented

Description of steps taken or planned to implement the finding or reason for not implementing or why finding is no longer applicable:

This issue has not yet been addressed. Current ordinance (3.54.060) must be changed to reassign responsibility to oversee the BPS Equipment Services Division (ESD) from the Comptroller to the Mayor or the Board of Estimate and Apportionment. Initiating an ordinance change must come from the Mayor's office. We discussed this issue at the first City Vehicle Policy Revision Committee meeting. Meetings were held which resulted in other policy revisions in 2008 and 2010. Ultimately, because the Comptroller is a member of the Board of Estimate and Apportionment, the city is in compliance with the ordinance as it exists now because that board approves the City Vehicle Policy.

Contact Person: Christopher Amos
Contact Phone Number: (314) 768-2891



City of St. Louis - Board of Public Service
Follow-Up Report on Audit Findings
Status of Findings

Finding Title: City Vehicle Policies

Finding Number: 1.B.

Finding: The ESD had not been able to complete annual vehicle assignment reports because most city departments were not providing the required information.

Recommendation: The BPS work with the Board of Estimate and Apportionment to ensure the vehicle assignment report is completed annually as required by the Vehicle Policy Manual.

Status of Finding: Partially Implemented

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

The last complete Annual Vehicle Survey was in fiscal year 2016, which included all departments and a commuting study, and was reported in March rather than the previous October. The fiscal year 2017 survey was incomplete because it was missing the St. Louis Metropolitan Police Department. No survey was attempted in fiscal year 2018. The fiscal year 2019 survey will commence in August 2018.

It remains impossible for the ESD to complete the report and have it posted to the city website until full compliance is achieved. Neither the ESD nor the BPS has the authority to compel compliance.

Contact Person: Christopher Amos

Contact Phone Number: (314) 768-2891



City of St. Louis - Board of Public Service
Follow-Up Report on Audit Findings
Status of Findings

Finding Title: City Vehicle Policies

Finding Number: 1.C.

Finding: The Vehicle Policy Manual allowed for the purchase of new full-sized sedans for newly-elected city officials but did not address restrictions on how the new vehicles could be equipped.

Recommendation: The BPS work with the Board of Estimate and Apportionment to amend the Vehicle Policy Manual to prohibit or limit options on new vehicle purchases considered a luxury or unnecessary.

Status of Finding: In Progress

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

Upon completion of the prior audit, the BPS attempted to work with the Board of Estimate and Apportionment but, according to the then Director of Operations, those members and the Board of Aldermen declined to change the policy or ordinance at that time. The BPS does not have the power to change this policy without cooperation from other boards and departments.

No elected officials covered by the policy have a city car for personal use. The Comptroller and President of the Board of Aldermen discontinued driving a city vehicle for commuting and other personal use. The Mayor has never driven a city vehicle for commuting or personal use. The police officers who protect the Mayor have unmarked, assigned cars and drive the Mayor.

The current Director of Operations has for the past two years intended to update the City Vehicle Policy, but this has been delayed due to the need to include the St. Louis Metropolitan Police Department. When the timing is right, we will convene a working group of stakeholders to revise the vehicle policy for approval at the Director of Operations' request. At that time, the policy may also be changed with regard to the elected officials' vehicles.

Contact Person: Christopher Amos

Contact Phone Number: (314) 768-2891



City of St. Louis - Board of Public Service
Follow-Up Report on Audit Findings
Status of Findings

Finding Title: City Vehicle Policies

Finding Number: 1.D.

Finding: The city had not established a policy requiring vehicle mileage logs for all city vehicles.

Recommendation: The BPS work with the Board of Estimate and Apportionment to amend the Vehicle Policy Manual to establish a policy requiring complete and detailed mileage logs be maintained for all city-owned vehicles.

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 requirement for maintenance of vehicle logs was added to the City Vehicle Policy making appointing authorities responsible for monitoring compliance. No compliance audit has been completed to the ESD's knowledge but we suspect that most departments will not be in compliance over time, except for those using technology to automatically log. The ESD maintains that manual logs are easily doctored to hide misuse even with time-consuming monitoring.

Contact Person: Christopher Amos

Contact Phone Number: (314) 768-2891



City of St. Louis - Board of Public Service
Follow-Up Report on Audit Findings
Status of Findings

Finding Title: Equipment Services Division's Accounting System

Finding Number: 2.A.

Finding: The ESD provided fuel and vehicle maintenance services to most other city departments but was not accounted for as an internal service fund on the city's financial statements.

Recommendation: The BPS work with applicable city officials to establish the ESD as an internal service fund on the city's financial statements in which all applicable costs are billed to and paid by the various city departments.

Status of Finding: Not Implemented

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

The ESD has repeatedly and consistently requested to be made an internal service fund and includes it in its goals. This change requires action by the Comptroller and Budget Division which have previously refused to make it.

Contact Person: Christopher Amos

Contact Phone Number: (314) 768-2891



City of St. Louis - Board of Public Service
Follow-Up Report on Audit Findings
Status of Findings

Finding Title: Equipment Services Division's Accounting System

Finding Number: 2.B.

Finding: The ESD was using an internal pricing system that had not been updated since it was approved in 2003.

Recommendation: The BPS ensure the ESD reviews and updates the internal pricing system on a regular basis to ensure it reflects actual costs of goods and services provided to other city departments.

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 ESD updated its rates in fiscal year 2008 and held them flat through fiscal year 2010 because minor labor cost increases were offset by elimination of overhead costs. The fiscal year 2011 rate evaluation likewise resulted in no changes as reduced overhead costs offset labor increases. Another update is planned for late fiscal year 2019 to adjust for management changes, increased technician pay rates, and garage consolidation.

Contact Person: Christopher Amos

Contact Phone Number: (314) 768-2891



City of St. Louis - Board of Public Service
Follow-Up Report on Audit Findings
Status of Findings

Finding Title: Equipment Services Division's Controls and Procedures

Finding Number: 3.A.

Finding: The ESD did not reconcile diesel fuel purchased to fuel used. The ESD had procedures to monitor that the amount of fuel purchased was delivered in the proper quantity; however, the ESD did not reconcile the amount purchased to usage because of anticipated discrepancies.

Recommendation: The BPS ESD reconcile diesel fuel purchased to fuel used, and perform and document follow-up procedures on significant differences.

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 ESD now has tank monitoring hardware on all large bulk tanks and central management software. Reconciliations are occurring regularly.

Contact Person: Christopher Amos

Contact Phone Number: (314) 768-2891



City of St. Louis - Board of Public Service
Follow-Up Report on Audit Findings
Status of Findings

Finding Title: Equipment Services Division's Controls and Procedures

Finding Number: 3.B.

Finding: The ESD did not have adequate controls over the usage and inventory of automotive lubricants and liquids. Unlike the parts inventories, the liquid inventory (referred to as PM racks inventory) was not secured from unauthorized use, and some authorized use was not recorded.

Recommendation: The BPS ESD implement better security over PM rack inventory items in the maintenance garages and maintain accurate inventory records for these items. The division should continue to monitor inventory variances and take necessary steps to minimize the variances.

Status of Finding: In Progress

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

The ESD has already implemented physical controls to the maximum extent possible but is unable to accurately control the dispensing and use of bulk oil and other fluids. An electronic system has been installed at the new Central Garage which will be configured by August 2018 to allocate bulk fluid dispensed from large tanks within the shop and by drivers. This system will not control smaller quantity containers like 55-gallon drums. After a successful implementation at Central Garage, the ESD will request funds to add this system to other garages.

Contact Person: Christopher Amos

Contact Phone Number: (314) 768-2891