

**OFFICES OF THE
STATE AUDITOR OF MISSOURI
JEFFERSON CITY**

DEPARTMENT OF STREETS
CITY OF ST. LOUIS, MISSOURI
YEAR ENDED APRIL 30, 1987

MARGARET KELLY, CPA



DEPARTMENT OF STREETS
CITY OF ST. LOUIS, MISSOURI

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CITY OF ST. LOUIS, MISSOURI

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STATE AUDITOR OF MISSOURI

JEFFERSON CITY, MISSOURI 65102

MARGARET KELLY, CPA
STATE AUDITOR

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Honorable Vincent C. Schoemehl Jr.
Mayor, City of St. Louis
and
James W. Suelmann, Director
Department of Streets
City of St. Louis, Missouri 63101

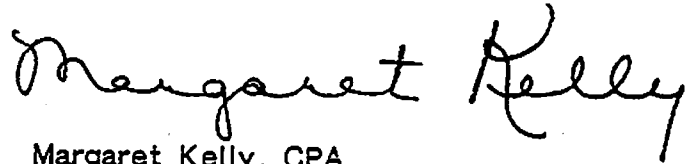
The State Auditor was petitioned under Section 29.230, RSMo 1986, to perform an audit of the city of St. Louis, Missouri. Accordingly, we have conducted an audit of the Department of Streets, city of St. Louis, for the year ended April 30, 1987. The purposes of our examination were to:

1. Study and evaluate the department's system of internal controls.
2. Perform a limited review of certain management practices to determine the efficiency and effectiveness of those practices.
3. Review probable compliance with certain constitutional provisions, statutes, administrative rules, attorney general's opinion, and city ordinances as we deemed necessary or appropriate.
4. Perform a limited review of the integrity and completeness of the department's financial reporting system.
5. Perform procedures deemed necessary to evaluate petitioner concerns.

Our examination was made in accordance with generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the financial records, payroll procedures and documents, expenditures, contractual agreements, and other pertinent procedures and documents; interviewed personnel of the Department of Streets and compiled the information in the appendices from the records and reports of the department. The data presented in the appendices were obtained from the city's accounting system. However, they were not verified by us via additional audit procedures and, therefore, we express no opinion on them.

The accompanying History and Organization is presented for informational purposes. This background information was obtained from office management and was not subject to the audit procedures applied by us in our examination.

Our comments on management practices and related areas are presented in the accompanying Management Advisory Report.

A handwritten signature in cursive script that reads "Margaret Kelly". The signature is written in dark ink and is positioned above the printed name and title.

Margaret Kelly, CPA
State Auditor

August 28, 1987

HISTORY AND ORGANIZATION

DEPARTMENT OF STREETS
CITY OF ST. LOUIS, MISSOURI
HISTORY AND ORGANIZATION

Responsibilities of the city of St. Louis, Department of Streets are as follows:

Office of the Director

The Office of the Director assigns, directs, and coordinates the workload of the entire Department of Streets. Responsibilities include processing applications for various activities, such as sidewalk and driveway repair and construction, street and alley excavations, street obstructions, and special traffic movements. Applications for taxicab licenses and Board of Public Service referrals are also processed by the director's office. Board of Public Service referrals include applications to establish subdivisions, to construct railroad crossings, to vacate or dedicate street and alley areas, and to effect street encroachments. The director's office also administers the school crossing guard program.

Street Division

The Street Division is responsible for paving roadways, maintaining curbs, and providing snow removal services. The Bridge Maintenance Section of the division maintains city-owned bridges, including the maintenance of sidewalks and handrails located thereon. The division's Street Cleaning Section, in addition to cleaning approximately one thousand miles of streets, also participates in special cleaning programs and performs snow removal services.

Transportation and Traffic Division

The Transportation and Traffic Division is responsible for the control of vehicular traffic and pedestrian crossings throughout the city. The division makes improvements in traffic movements by assisting in the design of new or reconstructed streets, and by recommending revisions to existing streets.

The Transportation and Traffic Division designs, installs, and maintains over five hundred traffic signals for street intersections; and fabricates, installs, and maintains all street and traffic signs and markings throughout the city.

Refuse Division

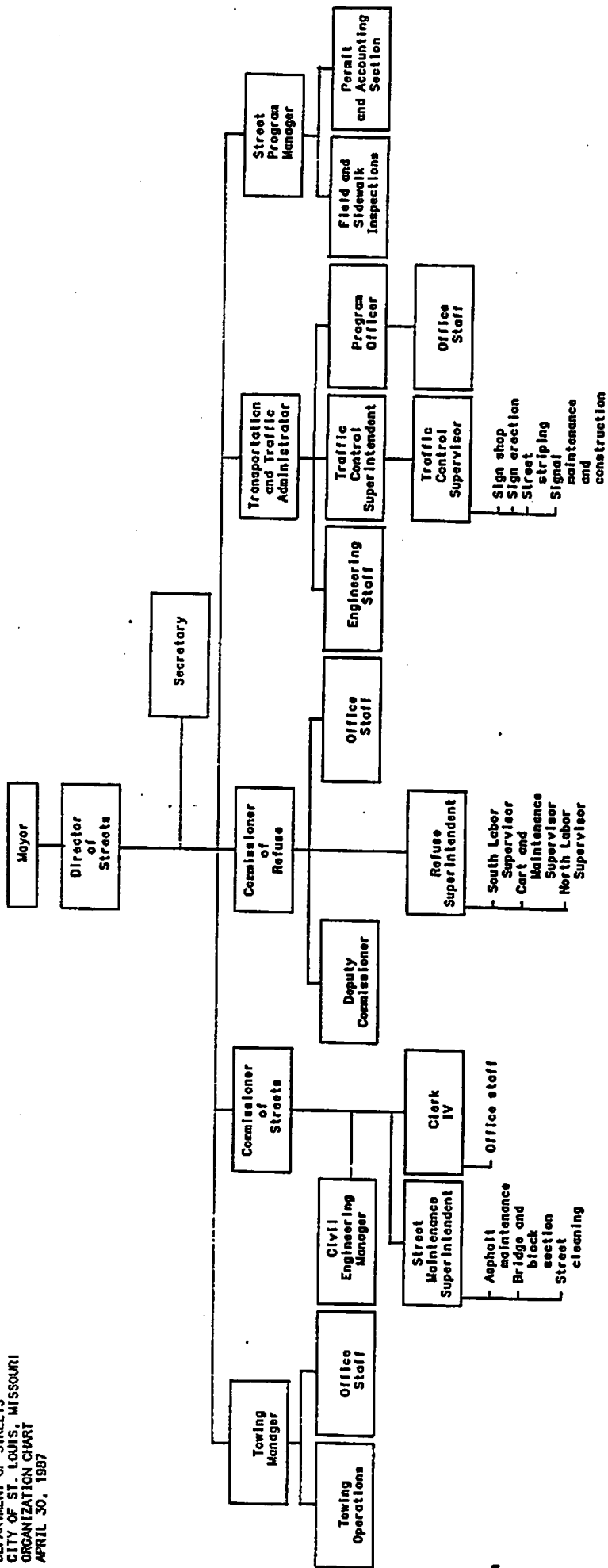
The Refuse Division collects and disposes of all refuse collected from city residents. The city contracts with a private waste disposal company to haul all refuse to a landfill.

The division also removes dead animals from public areas and assists in snow removal by attaching plows to their collection trucks and using them on the snow routes.

Towing Section

The Towing Section is responsible for the towing of abandoned, wrecked, and illegally parked vehicles; twenty-four hours a day, seven days a week.

DEPARTMENT OF STREETS
CITY OF ST. LOUIS, MISSOURI
ORGANIZATION CHART
APRIL 30, 1987



MANAGEMENT ADVISORY REPORT

DEPARTMENT OF STREETS
CITY OF ST. LOUIS, MISSOURI
SUMMARY OF FINDINGS

1. Refuse Division (pages 12-15)

- A. The Refuse Division has not effectively analyzed the route assignment for refuse drivers. As a result, there are inconsistencies in the amount of hours worked, and the division has possibly not obtained the most efficient use of available resources.
- B. The division has not implemented a cyclical refuse truck replacement program. As a result, the division has experienced significant downtime on refuse trucks. This results in an inefficient use of drivers.

2. Management Study Recommendations (pages 15-18)

The department has not implemented all pertinent recommendations of the report to the St. Louis Task Force for improved city services. The department chose not to implement recommendations to abolish the position of traffic control supervisor, improve the procedures for scheduling sign repair crews, and reduce the size of street paving crews. All of these recommendations would have resulted in cost savings to the city.

3. Waste Disposal Contract (pages 18-20)

The department has not established clear and measurable standards for determining excessive delays in turnaround time for the city's refuse contract. Although the department has handled such delays prudently so far, the absence of standards could result in confusion and lost revenue for the city.

4. Personal Service Expenditures (pages 20-21)

The department paid \$33,512 for the salary of the Executive Director of Operation Brightside with Street Department personal service appropriations. Since Operation Brightside is not a part of the Street Department, this represents a circumvention of the budgetary process.

5. Appropriation Ordinances (pages 22-24)

The department spent \$110,906 in violation of the provisions of various specific appropriation ordinances. Although these funds were spent for similar purposes, they failed to comply with the requirements of the ordinances which appropriated them.

6. Legal Compliance Issues (pages 24-26)

The Towing Section has not complied with Section 17.56.120, requiring the section to bill the housing authority for the removal of cars, and Section 17.56.050 and 17.56.130, requiring an annual report be filed with the Comptroller.

7. Towing Services (page 26)

The Towing Section spent \$25,000 without obtaining bids for the use of private towing contractors during fiscal year 1987. Without competitive bids, the section cannot be assured of receiving the most economical service possible.

8. Towing Section Redemption Proceeds (pages 27-28)

A. Towing Section employees were allowed to use their personal credit cards for making cash advances from the section's change fund. In addition, employees are allowed to cash personal checks from the change fund. These practices greatly reduce the accountability over the section's daily receipts.

B. The Towing Section did not reconcile the bank card sales to the corresponding transfer from the section's bank account. Without performing such a reconciliation, the section cannot be assured that only valid charges are deducted from their account.

9. Refundable Receipts (pages 28-30)

A. The Director's office has not adequately accounted for refundable receipts. Deposits for sidewalk repairs are placed in a revenue account, rather than being deposited to a liability account. The Director's office does not maintain a list of deposits on hand for these types of receipts. Therefore, the office cannot periodically reconcile the amounts on hand with the corresponding liability.

B. The Towing Section incorrectly deposited escrow payments in the fees account. The section also did not reconcile records of excess sale proceeds to the balance in the escrow account. This reconciliation would help ensure that deposits and refunds of escrow funds are properly handled.

10. Miscellaneous Revenues (pages 31-33)

A. The Street Division did not have the authority to sell salt to a private company.

B. The Refuse Division stopped separating salvageable scrap and selling it when it started operating under the new waste disposal contract.

C. The Street Division did not bill the full cost of a paving project to Land Clearance Reutilization Authority.

11. Sale of Cobblestones (pages 34)

The receipts from the sale of used cobblestones was not deposited until the individual picked up the stones.

12. Supply Inventory (pages 34-36)

The record-keeping and controls over supplies inventory was not adequate in the Traffic and Street Divisions. The Towing Division did not compare physical counts of vehicles to its records of vehicles on hand.

13. Cash Accounting Controls and Procedures (pages 36-38)

The divisions do not restrictively endorse all checks upon receipt and have not segregated all the functions necessary for handling cash. The Traffic and Towing Divisions do not deposit cash receipts daily and do not have someone independent perform the monthly reconciliations of cash receipts and deposits.

14. Office of Director Accounting Procedures (pages 39-42)

A. The collection of cash receipts is handled by an excessive number of individuals. The office also issues receipt slips for cash received for a prenumbered permit. The collection procedures do not include periodically accounting for all prenumbered receipt slips or permits.

B. The Office of Director does not use prenumbered permits for some types of permits issued.

15. Office of Director Accounting Records (pages 42-43)

The accounting records maintained by the Office of Director were poorly written and barely legible. This restricted us in our audit work and caused inefficiency for other office employees.

16. Payroll Procedures (pages 43-44)

A. There is inadequate segregation of duties concerning the handling of payroll in the Transportation and Traffic, Street Maintenance, and Refuse Divisions.

B. Time sheets are not adequate and are not reviewed and approved by supervisors in the Office of the Director and Towing Section.

17. Accounts Receivable Controls and Accounting Procedures (pages 44-46)

A. There are inadequate controls and procedures relating to accounts receivable in the various divisions. These problems include lack of segregation of duties, invoices for services that are not prenumbered, and the lack of control accounts for reconciliation.

B. The Office of Director did not record all transactions to the accounts receivable subsidiary ledger.

18. Purchasing and Disbursement Controls and Procedures (pages 46-47)

The purchasing and disbursement procedures in the Towing Section are not segregated adequately.

19. Fixed Assets Inventory Procedures (page 47-48)

Physical inventories of fixed assets are not done annually or by individuals independent of the fixed assets record-keeping function.

DEPARTMENT OF STREETS
CITY OF ST. LOUIS, MISSOURI
MANAGEMENT ADVISORY REPORT

As part of our examination of the Department of Streets, city of St. Louis, for the year ended April 30, 1987, we studied and evaluated the internal accounting control system to the extent needed to evaluate the system as required by generally accepted government auditing standards. For the purpose of this report, we have classified the significant internal accounting controls as cash, payroll, revenues, and expenditures. Our study included each of these control categories. Since the purpose of our study and evaluation was to determine the nature, timing, and extent of our audit procedures, it was more limited than would be needed to express an opinion on the internal accounting control system taken as a whole.

It is management's responsibility to establish and maintain the internal control system. In so doing, management assesses and weighs the expected benefits and related costs of control procedures. The system should provide reasonable, but not absolute, assurance that assets are safeguarded against loss, and that transactions are carried out as authorized by management and are recorded in a manner that will permit the subsequent preparation of reliable and proper financial reports.

Because of the inherent limitations in any internal control system, errors or irregularities may still occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation was made for the limited purpose described in the first paragraph and, thus, might not disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the internal accounting control system of the city taken as a whole. However, our study and evaluation disclosed certain conditions that we believe are material weaknesses and these findings are presented in this report.

We reviewed probable compliance with certain constitutional provisions, statutes, ordinances, and attorney general's opinions as we deemed necessary or appropriate. This review was not intended to provide assurance of full compliance with all regulatory provisions and, thus, did not include all regulatory provisions which may apply. However, our review disclosed certain conditions that may represent noncompliance and these findings are presented in this report.

During our examination, we identified certain management practices which we believe could be improved. Our examination was not designed or intended to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in this report should not be considered as all inclusive of areas where improvements may be needed.

The State Auditor was petitioned under Section 29.230, RSMo 1986, to audit the city of St. Louis. We included those procedures necessary in our judgment to evaluate the petitioner concerns and those concerns requiring corrective action are addressed in this report.

The period of examination for the purposes stated above included, but were not limited to, the period covered by the financial statements for the year ended April 30, 1987.

1. Refuse Division

- A. Prior to July 1987, truck drivers employed by the Refuse Division were assigned to work ten hours a day, four days a week. Each driver was assigned a specific collection route, and as an incentive to complete the route on time, drivers were allowed to leave when their route was completed, even if the route did not take ten hours to complete. Drivers were also paid overtime at one and one-half times their hourly rate to assist with the completion of other routes after their assigned route was completed. As an example, if a driver completed his assigned route in nine hours and worked two additional hours to assist with completing another route, he was paid ten hours at the regular hourly rate and two hours at one and one-half times the hourly rate. In effect, while the driver actually worked eleven hours, he was paid for thirteen hours.

In July 1987, the Refuse Division and the refuse truck drivers agreed on continuing the above incentive plan with one modification. The modified incentive plan established minimum work hours for all drivers. Drivers assigned an alley container route are required to work a minimum of nine hours on Monday and Tuesday and eight hours on Thursday and Friday, a total of thirty-four hours a week. Drivers assigned a curbside roll-out cart route are required to work a minimum of eight hours on Monday and Tuesday and seven hours on Thursday and Friday for a total minimum of thirty hours a week.

According to division personnel, the modified incentive plan was implemented in an attempt to remove any incentive for the refuse truck drivers to drive at excessive speeds thereby reducing the number of accidents and citizen complaints and to decrease the abuse of refuse trucks. Since the modified incentive plan was recently implemented in July 1987, we were unable to determine whether its implementation has achieved the desired results. However, while the plan may be a reasonable means of reducing accidents and citizen complaints and the amount of refuse truck abuse, it does little to ensure the efficient use of personnel resources.

In order to evaluate the efficiency of current work scheduling, we performed a review to determine the average number of hours drivers actually worked during a day. For our review, we selected daily truck reports prepared by drivers as they complete their assigned routes. The reports contain various information including route number, truck number, miles traveled, weight of refuse collected, as well as the number of hours to complete the route. The sample included all daily truck reports provided by Refuse Division personnel for a three-week period with one week from each of the months of March, May, and July 1987. This review indicated that while drivers often finish their assigned routes in less time

than the minimum hours required, other drivers were working overtime to complete their routes.

This situation appears to be occurring for two reasons. First, current route assignments do not evenly distribute the division's workload. Our analysis of routes revealed wide variances in the number of trips made from the route to the transfer facility to unload, the amount of total refuse collected, the number of miles traveled, and the number of hours required to complete the routes. For example, the average number of hours required to complete those routes included in our sample ranged from six hours twenty minutes on March 13, 1987, to nine hours thirty-five minutes on May 18, 1987. In addition, on March 13, 1987, we noted one route recorded as being completed in four hours thirty minutes while another route took ten hours to complete. Similar variances were noted for other days included in our review. Also noted was that hours worked on Mondays and Tuesdays tended to be greater than hours worked on Thursdays and Fridays because the volume of refuse collected is greater on the first day of collection than the second day. For example, the average time required to complete routes on Monday was nine hours, twenty-one minutes while the average for Friday was six hours, fifty-four minutes.

Division personnel indicated that collection routes are based on the number of containers collected by each driver and that routes are continuously revised to handle changes caused by new housing construction and for various other reasons; however, the changes being made have not resulted in uniform route assignments or provided for the most efficient use of all truck drivers. Because the time needed to complete collection routes is affected by many factors in addition to the number of containers collected, these factors must also be considered when collection routes are established and later revised. For example, factors such as miles traveled, amount of refuse collected, distance from the transfer facilities, and other variables all affect the time necessary to complete collection routes. Unless all variables are considered when routes are established and revised, division personnel have little assurance that the collection workload is being evenly distributed nor does division management have a reliable and objective basis for evaluating driver performance and efficiency.

Division personnel also indicated a request has been made for an additional full-time employee for the purpose of monitoring and revising current collection routes. Whether an additional employee is obtained or whether existing resources are to be used to monitor and revise collection routes, care should be taken to ensure all variables are considered in the revision process and every attempt should be made to obtain the most efficient use of personnel resources possible. This should include attempts to limit the need for payment of overtime while making optimum use of all available personnel resources.

- B. Excessive truck downtime is the second major reason some drivers finish their routes early while others are required to work overtime

to complete their routes. It appears excessive breakdowns being experienced by the division are a direct result of the failure to gradually phase-in the use of the current model of refuse trucks. A gradual phase-in of the new model would have enabled the division to replace refuse trucks on a cyclical basis, rather than having all the trucks become obsolete at the same time.

As of the time of our review, the Refuse Division was completing sixty collection routes twice each week using seventy-two refuse trucks. The twelve spare trucks were being used in the event of truck breakdowns. While the division had twelve spare trucks on hand at all times, division personnel indicated this number was not always sufficient because the spare trucks were often under repair and not available for use in completing collection routes. If spare trucks were not available when needed, one or more drivers assigned a different route would often assist in completing the route after finishing their own route. These drivers were then paid overtime as required by the division's modified incentive plan.

Of the seventy-two trucks owned by the division at the time of our review, three were purchased in 1980, ten in 1981, and the bulk of the remainder were purchased in 1982. According to division personnel, the average useful life of the refuse trucks is approximately five years; therefore, most of the trucks had reached the end of their useful life in 1987. The division plans to purchase an additional twenty trucks during the fiscal year ended April 30, 1988, bringing the total of refuse trucks to ninety-two. Division personnel estimate approximately one hundred trucks are needed to ensure efficient operations. The purchase of an additional twenty trucks represents the replacement of one-third the number of trucks required to complete sixty collection routes. Given that the useful life of refuse trucks is approximately five years, theoretically one-fifth of the fleet should be replaced each year. However, in this instance, since the majority of trucks were purchased in the same year, the division incurred substantial costs relating to repairs and overtime because of recurring breakdowns. Had the division implemented the use of the trucks on a gradual basis, and implemented a cyclical replacement program from the outset, many of the problems with excessive downtime and resulting maintenance and overtime costs could have been avoided. In addition, while the need for spare trucks is obvious, if trucks are replaced according to an established predetermined replacement program whereby the entire fleet is replaced every five years, it is unlikely that completion of sixty collection routes would require a fleet of one hundred trucks. Until a cyclical replacement program is implemented, it is likely the division will continue to experience excessive breakdowns resulting in the continual need for frequent repairs and additional overtime.

WE RECOMMEND the division:

- A. Review current collection routes considering all variables which affect the time necessary to complete each route. Based on this review, every attempt should be made to restructure the routes in order to ensure the most efficient use of personnel resources as well as limiting the need for overtime.

- B. Implement a cyclical refuse truck replacement program which minimizes the number of trucks needed to complete collection routes and reduces the number of recurring breakdowns.

AUDITEE'S RESPONSE

- A. The Refuse Division reviews truck routes based on travel distance, collection time, tons of waste collected, and number of containers. We also perform time-motion study on the routes yearly and these routes are adjusted to provide each driver with an equitable workload. The audit report neglects to mention other variables which are not predictable such as the compaction of refuse varies considerably from truck to truck and from day to day based on moisture content. In addition, the skill of drivers operating the automated lift mechanisms varies tremendously. Some drivers are considerably quicker than others. Taking all the variables in account, it is easy to see why there is disparity in the number of hours worked by the refuse drivers. We believe that we are making every effort to equalize the workloads and balance the routes to reduce overtime.
- B. We strongly agree that a cyclical refuse truck replacement program be implemented. Truck breakdown is a problem that plagues all refuse collection services, both public and private. We have recently purchased twenty (20) trucks and have an additional fifteen (15) trucks scheduled to replace this fiscal year as a stopgap measure to reduce truck downtime. Eventually a funding source must be found to enable the division to purchase trucks on a cyclical basis.

2. Management Study Recommendations

In 1986, the city of St. Louis Task Force for Improved City Services contracted with an independent consulting firm to review the operations and organization structure of the various city departments. The purpose of these management studies was to identify problems and inefficiencies within the departments and to present preliminary recommendations for improving operations and delivery of services. Based on our review of the Management Study Report dated August 1986, and discussion with department personnel, we noted three recommendations made in the report which warrant further consideration by department management.

A. Transportation and Traffic Division

- 1) As the Management Study Report indicated (and as indicated by the organization chart in the History and Organization section of this report) the traffic control supervisor of the Transportation and Traffic (Traffic) Division reports directly to the traffic control superintendent resulting in an unnecessarily tight span of control. As a means of reducing management costs and to provide a more reasonable span of control, the consulting firm recommended in its Management Study Report to eliminate the traffic control supervisor position and assign full responsibility for management of the traffic control operations to the traffic control superintendent.

By eliminating the traffic control supervisor position, the department could realize cost savings of \$25,792 to \$32,994 annually for the three-year period ending April 30, 1989.

Department personnel indicated that the position of traffic control supervisor could be eliminated. However, because of the Mayor's policy not to lay off city employees, this position was retained by the department. Although employees are protected against job layoffs, the department could assign this employee to another available position within the department and eliminate the position of traffic control supervisor.

Personnel requirements must be established and evaluated based on the demonstrated need for and efficiency of each position. If decisions regarding the hiring or termination of personnel are not based on demonstrated need and efficiency or other objectively determined criteria, the available workload will not correspond to the available work force resulting in inefficient operations and waste of the city's resources.

- 2) The Management Study Report also addressed the Transportation and Traffic Division's procedures for scheduling sign erection and repair crews. According to the report, present procedures for scheduling do not allow for efficient use of crews. Each crew is permanently assigned to an area of the city and scheduled to complete work orders in that area. Often, few work orders are available and the crew is directed to drive the streets of the assigned section and make repairs as necessary. As the report also states, this procedure creates a situation that is difficult for supervisors to monitor and control, and results in additional crew delays and idle time.

As a means of increasing productivity of sign erection crews by reducing travel time and other delays, the consulting firm recommended that crews prepare work orders for problems identified during the execution of daily scheduled work and enter these work orders into the list of previously scheduled work. These work orders could then be completed with other routine work in the assigned areas.

Department personnel indicated that while they felt this would be the ideal situation, current sign material resources were only sufficient to allow completion of Citizen Service Bureau complaints. Therefore, they felt there was no reason to prepare work orders for repairs which could not be accomplished anyway.

By failing to complete work orders for necessary repairs noted by crews while they are in the field, the division is ensuring the perpetual continuation of citizen complaints and is ignoring any opportunities to eventually reduce the number

of complaints. By developing procedures to include all necessary repairs in the normal work schedule, the division could eliminate the need to have crews drive the streets of their assigned areas when prescheduled work orders are not available. In addition, performing repairs using a predetermined schedule would help increase crew efficiency and ensure repairs are performed on the basis of prioritized need rather than on the basis of when they are received.

B. Street Division

In its section of the Management Report Study related to the Street Division, the consulting firm indicated that paving crew sizes are larger than necessary to adequately perform work and some worker assignment practices promote idle time. According to the report, one laborer on each paving crew is assigned to walk beside the truck carrying asphalt and instruct the driver when to raise and lower the truck bed during paving operations. In order to increase efficiency of paving operations, the consulting firm recommended the laborer be eliminated from the crew and instruct the paving machine driver to use horn signals to direct the driver of the asphalt truck.

The department's management chose not to implement this recommendation. They stated that since Street Division paving crews are the same size as crews of all independent paving contractors, no reduction was necessary. In addition, management stated that elimination of the laborer that gives instructions to the asphalt truck driver would not be feasible since the laborer is the main person signing asphalt delivery tickets and requiring the driver of the paving machine to sign delivery tickets would shut down paving operations dramatically.

We noted two problems regarding management's reasoning for deciding not to reduce current paving crew size.

First, although approximately twenty-five to forty loads of asphalt may be delivered during a single day's paving operations and requiring the driver of the paving machine to sign asphalt delivery tickets would slow paving operations, we feel other alternatives are available which would allow the reduction of paving crew size without significantly slowing paving operations. Current paving crews consist of eleven employees. Reducing crew size to ten employees would still provide a sufficient number of alternative employees to sign delivery tickets. Each crew member's job classification is identical; therefore, it appears any employee on the crew would be as qualified to sign the delivery tickets as the laborer currently performing this function. Given the amount of time necessary to complete this task it does not seem that this would significantly reduce crew efficiency.

WE RECOMMEND:

A. The Traffic Division:

- 1) Reconsider the efficiency and cost effectiveness of eliminating the position of traffic control supervisor.
- 2) Consider alternative operating procedures to reduce the number of Citizen Service Bureau complaints and allow for more routine scheduling and completion of sign repairs.

B. The Street Division reconsider the feasibility of reducing the size of street paving crews.

AUDITEE'S RESPONSE

A.1. This position was eliminated as a result of the Arthur Young study.

2. This was also a recommendation from the Arthur Young study. We disagree with this concept as the sign crews would spend most of the day writing work tickets instead of replacing the signs. In addition, in the past there was not enough money in our sign account to catch up on the number of bad signs. That problem has been corrected in the current fiscal year by placing additional sign money for the replacement of bad signs.

B. This is also a recommendation as a result of the Arthur Young study. The position they refer to in this section is the "dump man" on the paving crew. The dump man in addition to collecting asphalt tickets, instructs the truck where and when to dump the asphalt. As a result of the Arthur Young study, this person in addition to instructing drivers, shovels and fans asphalt as necessary.

3. Waste Disposal Contract

Prior to July 1986, the department's Refuse Division disposed of solid waste collected from residential areas and municipal buildings by burning. Solid waste was burned at two locations referred to as the north and south incinerators. Due to environmental regulations and the prohibitive cost of complying with these regulations, the Refuse Division discontinued the operation of its north and south incinerators effective July 1, 1986, and August 1, 1986, respectively.

As an alternative to burning, the division entered into a contract for the design, financing, procurement, construction, operation, maintenance, and security of waste transfer facilities to accommodate the receipt of solid waste to be delivered by the city, and for the transportation and disposal of solid waste at selected landfills.

In order to ensure that city collection trucks do not experience excessive delays caused by the waste disposal contractor when unloading at the transfer facilities, the contract places restrictions on truck turnaround time. Section 5.03 of the contract states the contractor:

"... shall provide city vehicles with an average truck turnaround time at the transfer facilities equal to 10 minutes per city vehicle with a 15 minute maximum time limit. A \$20 penalty per truck may be assessed by the city for each 5 minute delay above the maximum 15 minute truck turnaround time. . . ."

Section 5.03 of the contract also states "this penalty shall only be applied by the city upon persistent violations of this section" by the contractor. This portion of the section was intended to protect the contractor from numerous charges for minor delays which did not have a material effect on the Refuse Division's efficiency and ability to complete collection routes on a timely basis. However, because of the ambiguity of the meaning of "persistent violations," penalty fees must be assessed largely on a subjective rather than objective basis and may have resulted in excessive overtime and a decrease in the quality of service being provided by the Refuse Division. The following discussion illustrates the problems which were the direct result of attempting to define the meaning of "persistent violations."

On June 17, 1987, the Refuse Commissioner notified the contractor that the Refuse Division was having problems with excessively long waiting times for trucks dumping at the south transfer facility. The correspondence also indicated these problems had been occurring for approximately four weeks. As an example of the delays being experienced, the correspondence indicated that according to the division's calculations, city trucks were delayed 1,383 minutes on June 9, 1987, for a total penalty of \$4,800.

On July 17, 1987, and on other occasions, the Refuse Commissioner discussed the problem of excessive truck turnaround times for trucks dumping at the south transfer facility with management personnel of the waste disposal contractor. Again, on August 5, 1987, the Refuse Commissioner informed the contractor in writing that while some improvement had been noticed, delays in truck turnaround time were still occurring which caused labor problems, late collections, and overtime expenditures for the Refuse Division. The letter was accompanied by worksheets which showed total delays of 658 minutes on August 4, 1987, beyond the 15-minute maximum resulting in penalty fees of \$2,400.

According to the Refuse Commissioner, the penalty fee of \$4,800 incurred by the contractor was never actually charged by the division because the delays were not considered to be a significant violation of the contract. However, the \$2,400 penalty incurred on August 4, 1987, was assessed and collected by the division.

Although it appears the Refuse Commissioner used reasonable judgment in assessing penalties for excessive truck turnaround time, it appears the problem could have been resolved easier and on a more timely basis if a more objective measure was available for determining at what point violations become persistent. As previously explained, truck turnaround times were being delayed for a period of over fifty working days before any penalties were actually assessed and collected.

In order for contract terms to be enforceable, they must be measurable in objective terms by both parties. The current terms of the contract not only require considerable subjective judgment, they provide little assurance to the division that it is receiving fair compensation for truck delays nor can the contractor be assured that all penalties being assessed are fair and reasonable. So that both parties can be assured that contract terms are being properly adhered to, every effort should be made to define in objective terms, the meaning of "persistent violations."

WE RECOMMEND the Refuse Division meet with representatives of the waste disposal contractor and amend the contract to establish a clear and measurable standard for determining penalties for excessive truck turnaround time.

AUDITEE'S RESPONSE

The Refuse Commissioner and the contractor have begun negotiations concerning the penalty clause for excessive truck turnaround time.

4. Personal Service Expenditures

Our review of the Office of Director's payroll records, organization charts, and other records relating to payroll expenditures revealed one instance where the Street Department's personal service appropriations are being used to pay the salary of an employee of another city department.

Prior to September 1986, the position of street cleaning superintendent within the Office of Director was vacant. Effective September 15, 1986, this position was reclassified as street program manager and was filled by the transfer of an individual employed as an executive secretary to the Mayor.

According to the Department of Personnel, a job description had not been developed for the position of street program manager as of October 20, 1987. Personnel of the Office of Director stated (and as indicated in the organization chart in the History and Organization section of this report) job duties of the street program manager include the monitoring and supervision of the Field and Sidewalk Inspection Section as well as the Permit and Accounting Sections within the Office of Director. However, these duties are not being performed by the employee appointed as Street Program Manager. Instead, the duties of street program manager are being fulfilled by a Clerk II who supervises the Permit and Accounting Sections and the Inspection Services Supervisor who assumed most of the oversight responsibilities of the Field and Sidewalk Inspection Section. On October 22, 1987, two days after the Department of Personnel indicated a job description had not been developed for the position of street program manager, we received the job description from the Personnel Department. Duties of the street program manager, as outlined in the job description, include developing street department policies and guidelines, preparing the department's budget, and coordinating supply and equipment requisitions. The job description also included supervising contract resurfacing projects, major street improvements, and public works contracts of the department's Engineering Section, and drafting legislation

for street department projects as responsibilities of the street program manager. However, these duties, which do not agree with those previously noted as stated by Street Department personnel, are not being performed by the employee appointed as Street Program Manager. Instead, the majority of these duties are the department Director's responsibilities.

The employee who was transferred from the Mayor's office to the position of street program manager, stated she is the Executive Director of Operation Brightside (OBS) and has held that position since leaving the Mayor's office effective September 15, 1986.

OBS is a newly organized, long-range program designed to clean up and beautify the city of St. Louis. The program receives no direct appropriations from the city's General Fund, but does receive funding through various federal grant programs. In addition to federal funding, OBS receives in-kind services from city departments including the Department of Parks and Department of Streets. Among in-kind services received by OBS are personnel and equipment used each year for a neighborhood cleanup project called Project Blitz. The job duties of the Executive Director of OBS do not include the monitoring and supervision of the Field and Sidewalk Inspection Section or the Permit and Accounting Sections of the Department of Streets, Office of Director. In fact, the OBS Director's office is not even located within the offices of the Street Department and this individual has no monitoring or supervisory responsibility for any of the sections or programs of the Street Department.

Department personnel gave no indication of the reasons the Executive Director of OBS is being paid from Street Department personal service appropriations since her duties are not directly related to functions of the department. This is a circumvention of the city's budgetary process and represents a misapplication of city general revenue funds. Based on a biweekly salary of \$2,031 for the position of street program manager, the Street Department, Office of Director inappropriately paid the Executive Director of OBS \$33,512 during the year ended April 30, 1987. Because personal service appropriations were made to the department for the purpose of paying the salaries of department employees, the use of those appropriations should be limited to that purpose.

WE RECOMMEND the department discontinue paying the salary of the Executive Director of OBS from Street Department personal service appropriations.

AUDITEE'S RESPONSE

Since the very beginning of OBS, the Street Department has always had a representative working with them. The day-to-day functions of the Street Department and the mission of OBS are so closely related that it is to the Street Department's advantage to have one of their members stay in close contact in order to establish a clear line of communication. In order for OBS to work effectively, we should continue to have a Street Department representative working closely with them. Presently, the Street Department is not paying the salary of the Executive Director of OBS.

5. Appropriation Ordinances

Ordinances are passed appropriating amounts from capital project funds to various city departments, including the Street Department. Appropriations from capital project funds do not lapse at fiscal year-end but are carried forward to the following fiscal year. Our review of expenditures from these accounts revealed the following instances of noncompliance with appropriation ordinances:

A. Transportation and Traffic Division

Ordinance No. 56930, approved March 14, 1975, provides for the construction of electric traffic signals at intersections specified in the ordinance. The cost of constructing the traffic signals is to be funded through a federal grant matching program wherein the federal government provides 90 percent of the total project cost. The remaining 10 percent of the project cost is to be funded by the city of St. Louis. During fiscal year 1987, traffic signal lamps costing \$34,974 were purchased from this account as part of a citywide project for replacing lights in existing traffic signals with energy-saving lamps. Because the expenditure was made for existing traffic signals and not for the construction of new traffic signals, the purchase of signal lamps from this account does not meet the requirements of Ordinance No. 56930. In addition, the city inappropriately received 90 percent of the cost of the lamps, or \$31,477, from the federal grant program.

The Transportation and Traffic Division prepared and submitted to the Comptroller's office for payment, three vouchers in October 1986. The vouchers indicated that the lamps were to be purchased from Ordinance Account No. 56930. During October, two of the three vouchers were returned, unpaid, to the Traffic Division because the lamps were determined by the Comptroller's office to be an inappropriate expenditure from the ordinance account. One of the vouchers, however, was erroneously paid from this account. Street Department officials, upon receipt of the two returned vouchers, contacted the city Comptroller's office in writing to determine whether the lamps could be legally purchased from Ordinance Account No. 56930. Correspondence received by the division from the Comptroller's office indicated the purchase could not appropriately be made from the ordinance account. The division upon receipt of this information, submitted to the Comptroller in February 1987, the corrected vouchers for payment of the lamps from the city's General Fund. These expenditures, however, were eventually paid from Ordinance Account No. 56930 as originally submitted as the result of a data entry error made in the Comptroller's office.

Because funds for the construction of electric traffic signals were appropriated to the Traffic Division through Ordinance No. 56930, it is the Traffic Division's responsibility to ensure these funds are used for their intended purpose. While the actual payments from the ordinance account occurred as the result of processing errors, these errors would have been detected if monthly expenditure data had been properly monitored. In addition, this problem could have been avoided if division personnel would have determined whether

the expenditures could appropriately be made from the ordinance account prior to the request for payment.

B. Office of Director and Street Maintenance Division

Ordinance No. 59390, approved February 21, 1985, allows expenditures necessary for the paving and improvement of the city streets designated in Ordinances Nos. 56807 and 57026. Our review of the department's expenditures from Ordinance account No. 59390 revealed two areas of noncompliance:

- 1) The Street Department, Office of Director purchased a computer and software during August 1986 with funds from Ordinance account No. 59390. Department personnel indicated that the computer was purchased for recording expenditures made from Ordinance account No. 59390. However, personnel later stated that the computer would also be used to record budgetary account expenditures and permit fees collected by the Director's office. Because the computer is not being used solely for purposes allowed by Ordinances Nos. 56807 and 57026, the entire expenditure should not have been made with funds from the ordinance account.
- 2) The department's Street Division purchased asphalt and construction materials from Ordinance account No. 59390 during fiscal year 1987. Our review of the expenditures from this account revealed two expenditures of \$33,315 and \$42,617 for asphalt to pave city streets not designated in the ordinances. The Commissioner of the Street Division stated that since the street work had been performed by city employees, the city was not limited to spending monies solely on streets specified by the ordinance. In an attempt to resolve the question of whether the Street Division had inappropriately expended funds appropriated by Ordinance No. 59390, the Commissioner requested a legal opinion from the City Counselor. However, the opinion requested did not directly address the above issue.

The department Director asked the City Counselor whether ordinance authority is necessary to resurface a city street with city funds. Citing both the city charter and city code, the City Counselor concluded that specific ordinance authority is not necessary to resurface city streets. We concur with this opinion, but this is not the issue. The request should have addressed whether the department can use funds appropriated for a specific street to resurface a different street. We recognize that the department has the general authority to carry out street resurfacing projects on an on-going basis as funds are available. There is no provision in either the charter or the code, however, that indicates this general responsibility takes precedence over a specific appropriation ordinance. To do so, is a violation of the specific ordinance, and a circumvention of the city budgetary process.

Therefore, it is our opinion that funds appropriated by Ordinance No. 59390 are to be used solely on those streets designated by Ordinance Nos. 56807 and 57026.

WE RECOMMEND:

- A. The Transportation and Traffic Division request the transfer of \$34,974 from the General Fund to Ordinance account No. 56930. In the future, the division expend funds as appropriated by ordinance.
- B. The Office of Director and Street Division adequately monitor expenditures from funds appropriated by ordinance to determine they are proper as allowed by the ordinance.

AUDITEE'S RESPONSE

- A. Ordinance No. 56930 provides for the construction of electric traffic signals at intersections specified in the ordinance. While the Traffic Division took a liberal view of the ordinance and used these funds to purchase energy-efficient lightbulbs for all traffic signals, their intent was honorable. By expending \$34,974 the city realized an annual electrical energy savings of over \$75,000.
- B. The Director's office purchased a computer for \$3,945 to handle information concerning the St. Louis Works Program. After purchasing the computer with ordinance funds and placing it in service, it was determined that additional office information could be placed in it without any additional purchases. In the future, all purchases will be split up properly. The recommendation also refers to streets that were paved but not listed in the ordinance. The Street Division used funds left over from the St. Louis Works Paving Program to pave additional streets that were not listed in the ordinance. In the future, the Street Department will write the ordinance so that funds that are left over from the paving program can be used to pave additional streets.

AUDITOR'S COMMENT

- A. While the intent of the department to reduce electrical consumption is admirable, the ordinance specified certain intersections at which electric traffic signals were to be constructed. The cost of the specific traffic signals were to be paid through a federal grant program. Since the federal funds were used for a citywide project of replacing lights in existing signals, the city inappropriately used \$31,477 of federal grant dollars.

6. Legal Compliance Issues

Our review of legal compliance issues related to the Towing Section of the Department of Streets revealed the following areas of noncompliance:

- A. Billing of St. Louis Housing Authority

The Towing Section of the Street Department does not properly bill the St. Louis Housing Authority for towing parked vehicles from its

alleys and roadways. Section 17.56.120 of the Revised Code of Ordinances, city of St. Louis, authorizes the Towing Section to recover costs incurred for removal and storage of vehicles from interior streets, alleys, roadways, and driveways of the St. Louis Housing Authority. This section also states the St. Louis Housing Authority is to reimburse the Director of Streets for the towing of vehicles upon receipt of a statement of costs and proceeds of unredeemed car sales. The Towing Section does not properly provide the housing authority with statements of costs and sales proceeds and, therefore, does not collect the costs incurred in removing cars from the housing authority's streets, alleys, and roadways. Failing to bill the St. Louis Housing Authority results in a loss of potential General Fund revenues and does not comply with the legal requirements of the Revised Code of Ordinances for the city of St. Louis. Although the amounts to be recovered from the housing authority may not represent a major source of revenue, the Towing Section is obligated to recover all costs due the city's General Fund and, therefore, should make every attempt to recover the cost of removing and storing vehicles towed from housing authority property in accordance with Section 17.56.120 of the Revised Code of the city of St. Louis.

B. Statements of Amounts Deposited and Expenses Incurred

The Towing Section of the Street Department removes and stores vehicles which are illegally parked, wrecked, or abandoned on the city of St. Louis streets. Vehicles which are not properly claimed by the owner are subsequently sold to the highest bidder at a public auction.

Sections 17.56.050 and 17.56.130 of the Revised Code of Ordinances, city of St. Louis, provide for proceeds, less towing and storage costs, from unredeemed car sales to be deposited annually with the city treasurer. In addition, these sections provide for a statement of amounts deposited with the city treasurer and all expenses incurred in the sale of unredeemed vehicles, to be given annually to the city comptroller. The Towing Section does not provide the Comptroller with a statement of amounts deposited and expenses incurred. Towing Section personnel indicated they were aware of the requirements of Sections 17.56.050 and 17.56.130 but were of the opinion that these sections are outdated and, therefore, no longer serve a useful purpose. As a result, the Towing Section is not complying with the legal requirements of the Revised Code of Ordinances for the city of St. Louis.

Sections 17.56.050 and 17.56.130 were last revised in 1975. While section personnel were unsure about their present usefulness, since no provision has been made otherwise, Towing Section personnel are legally required to comply with Sections 17.56.050 and 17.56.130 of the Revised Code of Ordinances, city of St. Louis.

WE RECOMMEND the Towing Section:

- A. Provide a statement of costs and proceeds of unredeemed car sales to the St. Louis Housing Authority, and collect from the housing authority the costs incurred in removing and storing cars towed from its streets, alleys, and roadways, as provided for in Section 17.56.120 of the Revised Code of Ordinances, city of St. Louis.
- B. Provide an annual statement of amounts deposited with the city treasurer and all expenses incurred from the sale of unredeemed vehicles, as required by Sections 17.56.050 and 17.56.130 of the Revised Code of Ordinances, city of St. Louis, to the comptroller.

AUDITEE'S RESPONSE

- A. We are now billing the St. Louis Housing Authority averaging about \$1,000 a year in cost.
- B. While this is an outdated section of the ordinance, the Street Department will follow this recommendation until the ordinance can be changed.

7. Towing Services

Our review of Towing Section expenditures indicated several payments are made annually by the section to privately owned towing services. According to section personnel, private towing services are used when the section does not have the type of specialized equipment required to complete a tow and during peak periods when the number of section employees on duty is not sufficient to complete all required tows.

For the year ended April 30, 1987, the section received a general fund appropriation of \$51,000 to cover the cost of vehicles towed by private towing services and other miscellaneous expenditures. During the year, the section paid approximately \$25,000 to private towing services; however, no contracts were entered into for those services, nor did the section retain any documentation indicating that bids had been obtained.

Section personnel indicated attempts were made to use the most economical sources for specialized and excess towing requests; however, unless towing requests are awarded to private companies based on competitive bidding procedures, the section has little assurance that towing services are being obtained at the lowest possible cost. By awarding a contract for towing services to the lowest and best bidder, the section could also ensure specialized and excess towing services will be available when necessary.

WE RECOMMEND the Towing Section award contracts for specialized and excess towing to privately owned towing services based on competitive bidding procedures.

AUDITEE'S RESPONSE

The contract was awarded in June 1987, prior to the state audit.

8. Towing Section Redemption Proceeds

The Towing Section of the Department of Streets accepts cash, personal checks, and two major credit cards as payment for the redemption of towed vehicles. Our review of the Towing Section's handling of redemption proceeds revealed the following areas of concern:

- A. Towing Section employees are allowed to use their personal credit cards for making cash advances from the section's change fund. While allowing cash advances is a convenience for employees, it results in increased credit card service charges. Employees are also allowed to cash personal checks from the section's change fund. Again, while this practice provides a convenience for employees, it represents a commingling of funds and increases the number of cash transactions, resulting in a greater risk that errors in making change could occur. Discontinuing the practice of allowing personnel to obtain cash through the use of personal checks or credit cards ensures that redemption proceeds remain intact until deposited and will reduce the number of cash transactions, thereby improving internal controls over cash on hand.
- B. All credit card sales slips are submitted to the bank for deposit into the Towing Section's bank account. Upon each deposit of credit card sales slips, the bank sends the section a validated deposit ticket indicating the amount credited to the account. The bank also sends a monthly advice of charges which list the Towing Section's total credit card sales for the month, the corresponding service fee which is retained by the bank, and the net amount finally received by the Towing Section.

Credit card sales deposited, less the corresponding service charges, are transferred monthly by wire to the city's clearing account and credited to the city's General Fund. A wire transfer advice, indicating the amount transferred, is then sent by the bank to the Towing Section. Although Towing Section employees have access to all records necessary to ensure proper credit is received for all charge sale deposits and to ensure the proper amount is transferred monthly to the city's clearing account, these records are not being reconciled.

Reconciliations of credit card sales listed on the monthly advice of charges to validated copies of deposit tickets provides assurance that proper credit is received for all deposits and that credit card service charges are being properly assessed by the bank. It would also allow employees to detect possible errors on a timely basis should they occur. Reconciliations of wire transfer advices to the advice of charges provides assurance that all credit card deposits, less service fees, are being properly transferred to the city's clearing account. Any discrepancies could then be investigated and properly resolved on a timely basis. It is the Towing Section's responsibility to ensure that all credit card redemption proceeds are properly handled and accounted for. Without performing such reconciliations, the Towing Section has no assurance that the proper amounts are being transferred to the city's clearing account and credited to the General Fund.

WE RECOMMEND the Towing Section:

- A. Discontinue the practices of allowing employees to cash personal checks and to receive cash advances by using their personal credit cards.
- B. Perform periodic reconciliations of credit card sales and transfers to the city's clearing account.

AUDITEE'S RESPONSE

These recommendations have been implemented.

9. Refundable Receipts

The Director's office and the Towing Section frequently receive money which may be refunded at a later date. Our review of the Director's office and Towing Section's handling of refundable receipts revealed the following areas where improvements are needed:

A. Office of Director

The Director's office receives two types of deposits which may be refunded. An initial deposit is collected from plumbers applying for their first excavation permit. The deposit helps ensure that plumbers pay the cost for repairing the street where excavations are made. This deposit may be used by the Director's office to cover the cost of repairing excavations if the plumber refuses to pay the repair costs. These deposits may be refunded to plumbers who have paid their accounts in full and if no additional plumbing permits will be needed.

A deposit may also be collected from building permit applicants. If there is no sidewalk or the sidewalk is in need of repair at a location for which a building permit is being requested, the Director's office requires a deposit to ensure that a sidewalk will be installed or repaired. If the sidewalk is properly installed or repaired upon completion of the construction project, the deposit is refunded to the permit applicant. If the sidewalk is not satisfactorily completed, the deposit is used to perform the necessary work.

- 1) Deposits for sidewalk repairs are currently deposited with the city treasurer into a miscellaneous revenue account when collected, and are recorded as a miscellaneous expense when refunded to the applicant.

By depositing this money in a revenue account as opposed to a liability account, office personnel do not know the total of deposits on hand which may later be refunded. In addition, classifying a refundable deposit as a revenue rather than a liability overstates revenues and understates liabilities. Unless refundable deposits are deposited into a liability

account, appropriate reconciliations as explained below cannot be performed.

- 2) The Office of Director does not maintain a list of deposits on hand for either type of deposit collected. This list, which should contain the name of the payee and the amount and date of deposit, should be reconciled to the balance of deposits in the office's liability account according to the city's monthly general ledger report. Any discrepancies between the office's record and the liability account balance should be appropriately investigated and resolved. Periodic reconciliations provide assurance that receipts and disbursements related to refundable deposits are properly handled and accounted for and that the account balance is sufficient to pay potential future refunds. It also allows for the timely detection and correction of errors and discrepancies.

B. Towing Section

The Towing Section receives one type of refundable receipt. As authorized by Section 17.56.030 of the Revised Code of the city of St. Louis, vehicles towed by the section which are not claimed after thirty days may be auctioned. If the sale price of the vehicle exceeds the Towing Section's cost of towing and storage, the excess is to be deposited into an escrow account. Owners of the auctioned vehicles are entitled to receive the excess proceeds if claimed within one year of being towed. After one year, amounts in escrow are transferred to the city's General Fund and the owner relinquishes all rights to the excess proceeds.

- 1) We performed a test of the section's records of auction proceeds for the purpose of determining whether the proper amounts were deposited in escrow during the year ended April 30, 1987. We selected a sample of ten escrow sheets and attempted to trace the escrow amount to a deposit in the escrow account. Two of the ten items we tested were not deposited in the escrow account. We noted one deposit of \$582.50 incorrectly made to the "sale of towed vehicles" account and another deposit of \$832.50 which was erroneously made to the section's "towing fees" account.

We also selected a sample on tow slips for vehicles which were auctioned during the year ended April 30, 1987, to determine whether the proper amount had been escrowed. The auction proceeds exceeded the cost of towing and storage for two of the ten items we tested; however, the excess proceeds were not deposited in the escrow account for either item. The excess funds were deposited in another city bank account incorrectly.

Although the dollar value of the excess proceeds was not material in either instance, the section is responsible for refunding excess proceeds when proper claim is made by the vehicle owner. Unless controls and procedures are

implemented to ensure all excess proceeds are properly escrowed, the section has no assurance that the balance in escrow is sufficient to meet potential future claims.

- 2) The section maintains a record of excess sale proceeds which have not been claimed by the vehicle owners. This record consists of a listing of individual sale proceeds from each auction. The total of amounts in escrow according to the section's record should equal the balance in the escrow account. However, no reconciliation of these records is being performed by section personnel. In fact, the manner in which the section maintains this record makes it difficult to perform such a reconciliation. The inadequacies of the section's records combined with the fact the Comptroller had made transfers from the escrow account made it impractical for us to reconcile this account. In order to ensure deposits and refunds of escrow funds are properly handled and accounted for and to ensure the balance of the escrow account is sufficient to meet potential future claims, periodic reconciliations of escrow funds should be performed.

WE RECOMMEND:

- A. The Office of Director deposit sidewalk repair deposits in a liability account and periodically reconcile the balance of the account to the office's record of future refunds.
- B. The Towing Section:
 - 1) Implement procedures to ensure all auction proceeds in excess of towing and storage costs are correctly deposited in escrow.
 - 2) Periodically reconcile records of excess sale proceeds to the balance of the escrow account.

AUDITEE'S RESPONSE

- A. The Office of the Comptroller will be contacted about setting up a liability account for sidewalk deposits. The Street Department will periodically reconcile the balance of the account to the office's record of future refunds.
- B.1. We have implemented new procedures to ensure that the funds, however small, that are deposited in escrow account are deposited properly.
2. This recommendation has been implemented.

10. Miscellaneous Revenues

A. Sale of Salt

The department's Street Division purchases large quantities of salt for the purpose of controlling the formation of snow and ice on the streets of the city of St. Louis. Stockpiles of salt are stored at various locations throughout the city.

During our review of revenues generated by the Street Maintenance Division, we noted that salt was being sold to a privately owned company from the division's own stockpiles. According to division personnel, salt is being sold to the company as a friendly service to the company and because the company no longer maintains a salt station in an area near one of the division's salt stockpiles.

Division personnel defended the sale of salt by indicating that the sale price of the salt exceeded the city's purchase costs. However, the division has no legal authority to engage in the sale of salt for a profit, nor does an approved written agreement authorizing the sale exist. In the absence of a written agreement and proper legal authority, the division has little support for continuing to sell salt to privately owned companies.

B. Sale of Scrap Metal

The Refuse Division collects bulk refuse from residential locations throughout the city on a monthly basis. Often, included with the bulk refuse, are items, such as refrigerators and scrap metal which can be sold for their salvage value. During the year ended April 30, 1986, receipts generated from the sale of salvage by the Refuse Division were approximately \$32,000. These receipts were, in turn, deposited into the city's General Fund.

During the year ended April 30, 1987, the Refuse Division discontinued the operations of its north and south incinerators. As a result, the division now contracts with a private firm for the disposal of all refuse collected by the division's truck drivers. Because division personnel felt it was no longer cost-beneficial to separate scrap metal from bulk refuse for its salvage value, and because the division's contract for waste disposal states "the city and/or any of its agents or designees shall deliver all solid wastes they collect to the Transfer Facilities . . . , " the division no longer sells salvageable material. Instead, all solid wastes are being delivered to the private contractor.

Discontinuing the sale of salvage not only results in the loss of over \$32,000 in annual revenues, it also results in increased disposal fees. During the year ended June 30, 1987, the division paid an average disposal fee of \$17.50 for each ton of waste delivered to the private contractor. This fee for the year ended June 30, 1988, will be an average of \$18.70 a ton according to the terms of the contract.

According to division personnel, salvaged scrap metal can be sold for \$20 a ton. Based on receipts of approximately \$32,000 during the year ended April 30, 1987, the division sold approximately 1,600 tons of salvage during that period. Assuming the amount of salvageable materials remains the same for the year ended June 30, 1988, failing to salvage scrap metal will result in additional disposal fees of \$30,000 (1,600 tons times \$18.75) and the loss of \$32,000 in salvage revenues.

While the terms of the division's waste disposal contract state all solid wastes collected are to be delivered to the private contractor at the transfer facilities, division personnel indicated the private contractor does not attempt to salvage scrap metals for resale. Although paying employees to separate salvageable materials from other bulk refuse on a full-time basis may not be cost-beneficial, it appears current employees could perform this task during periods when other work is not available. As indicated in MAR No. 1., the division employs approximately seventy-seven drivers of which sixty are needed on each collection day. Although there may not always be spare drivers due to employee absences, there are times when the number of available drivers exceeds the number needed to complete collection routes. In addition, as also indicated in MAR No. 1., the division's work policy requires drivers to work a minimum number of hours each day. If a driver finishes his route before working the minimum number of hours, he is required to do odd jobs or simply sit and wait until the minimum number of hours have passed. Considering the number of spare drivers and the division's work policy, it does not appear the process of separating salvageable materials from bulk refuse will result in additional personnel costs.

C. Paving Project

In August 1986, the department's Street Division completed a paving project at the request of the Land Clearance Reutilization Authority (LCRA). The paving project was in relation to the LCRA's development of the St. Louis Center area in downtown St. Louis. This project was being funded with federal grant monies appropriated to LCRA.

In September 1986, the Street Division billed LCRA for labor and equipment costs relating to the paving project. Material costs were paid directly by LCRA. Our review of supporting documentation for the billing and discussion with division personnel indicated the billing did not include actual costs incurred by the division. LCRA was billed for labor costs of \$5,968 using the regular hourly wage rate of the employees completing the project. However, since the project was completed on a weekend, the division was required to pay the employees overtime at the rate of one and one-half times the regular hourly rate. As a result of paying overtime, the division incurred actual labor costs of \$8,348, or \$2,380 more than the costs billed to LCRA.

Division personnel indicated they were not concerned about recovering the entire cost of the project because the work was performed on public streets for which the Street Division is responsible for maintaining. Although the Street Division is charged with the responsibility for the maintenance and repair of city streets, since this particular project was to be funded by federal grant monies appropriated to the LCRA, it was not the responsibility of the Street Division to subsidize the project using city General Fund appropriations.

WE RECOMMEND:

- A. The Street Division discontinue the sale of salt.
- B. The Refuse Division request authority to separate salvageable materials from bulk refuse delivered to the transfer facilities and begin selling salvaged materials as has been done in the past.
- C. The Street Division bill for the actual costs of all projects funded by other revenue sources and replenish the city's General Fund by appropriately depositing all proceeds.

AUDITEE'S RESPONSE

- A. This recommendation has been implemented.
- B. Scrap is not recovered by the Refuse Division because it is impractical and not cost effective for a number of reasons. In the past salvage material was salvaged because it could not be burned and the city had no other alternative to disposing of bulky items. Cost of scrap is not sufficient to compensate for the cost associated with separating the material. One suggestion was to store the bulk waste and separate it when personnel are available. We collect between forty to fifty trucks of bulky items every day and it would be impossible to find an area large enough to accommodate this much storage until crews became available to separate the refuse. Additionally, the waste disposal contract prevents any salvaging efforts by the city; all waste collected must be delivered to the transfer stations.
- C. The auditors refer to the Street Division not charging LCRA the overtime costs associated with repaving a downtown street. The agreement entered between LCRA and the city Street Department was that they would pay for the asphalt and the labor required to resurface streets around St. Louis Centre. After the agreed-upon price, the Street Department determined that it would be to the best interest of everyone, including businesses, workers, motorists, and pedestrians, if the street was resurfaced on a weekend when there was less traffic than during the week. Because it was in the best interest of the Street Department, it was decided upon that LCRA would not be required to pay this additional cost.

11. Sale of Cobblestones

Cobblestones removed from city streets by street maintenance crews are salvaged and later sold by the Street Division. Small quantities of cobblestones are sold to individuals while larger quantities are sometimes purchased by private contractors. After selecting the cobblestones, prospective buyers generally leave their payment with division employees and later return to load the purchased stones.

The money collected by the division for the sale of cobblestones is not recorded or deposited upon receipt, but is held until the buyer returns for the stones. After the stones are picked up, the money is recorded and deposited. During our review of the division's cash on hand, one instance was noted where a single receipt of \$1,000 was held for over fourteen days before being deposited. The money was being held because the buyer had not returned to pick up the cobblestones.

The procedure of holding cash receipts until the buyer takes possession of the cobblestones weakens internal controls and results in the untimely recording and depositing of funds. To adequately safeguard against the possible loss or misuse of funds and to provide assurance that cash receipts are properly recorded and accounted for in a timely manner, receipts collected for the sale of cobblestones should be recorded and deposited as received.

WE RECOMMEND the Street Division record money received from the sale of salvaged cobblestones at the time of receipt and deposit these monies on a timely basis.

AUDITEE'S RESPONSE

Cobblestones are no longer being sold.

12. Supply Inventories

We noted the following areas where improvements are needed regarding controls and record-keeping procedures for the Traffic and Street Division supply inventories:

- A. The Traffic Division maintains an inventory of various tools and supplies including street signs, posts, tarps, shovels, hardware items, and other small maintenance supplies. Our review of division controls and procedures relating to these supplies revealed two areas where improvements are needed:

1) Segregation of Duties

The Traffic Division's inventory procedures result in inadequate segregation of duties. Under current procedures, the same employee performs all of the following duties:

- a. Maintains perpetual inventory records,
- b. Has physical custody of inventory items,
- c. Performs physical inventory counts, and

- d. Makes adjustments to inventory records to agree to physical count without approval or review by appropriate management personnel.

By assigning the above responsibilities to one individual, the division obtains no assurance that all inventory purchases and issuances are being properly handled and accounted for. In order to achieve adequate control over supply inventories, the duties of record-keeping, physical custody, and performing physical inventory counts must be separated. In addition, although it is likely that adjustments will be necessary for differences between the perpetual records and the actual quantities on hand, it is important that reasons for the differences are determined and documented. The reasons for the adjustments should then be received and approved by someone independent of other duties related to inventories before the adjustments are actually made. Unless adjustments are reviewed and approved by appropriate personnel, the division has little assurance that all adjustments are necessary and proper.

2) Inventory Acquisitions

Traffic Division inventory items are recorded by the store clerk on separate inventory cards. However, according to the store clerk, inventory acquisitions are not always recorded. Street signs received by the store clerk are not recorded on the inventory cards if the signs are to be used the following day.

Although street signs may not always be held in inventory for long periods of time, in order to maintain adequate control of sign supplies, it is important to ensure all acquisitions and requisitions are recorded in the perpetual records. Recording all acquisitions and requisitions, assigns responsibility for inventory items and helps ensure they are used for their intended purpose.

- B. The Street Division maintains an inventory of calcium chloride. Perpetual inventory records of calcium chloride are maintained and physical counts of quantities on hand are performed. However, according to division personnel, the results of physical counts are not compared to the quantity per the perpetual records. We performed a comparison of the division's count of calcium chloride performed on February 23, 1987, to the balance of the perpetual records at that date. This comparison indicated an apparent shortage of 36,441 gallons. Based on cost information obtained from division personnel, the dollar value of the shortage was approximately \$11,884.

Without a comparison of physical quantities on hand to the perpetual records, the division has no assurance that supplies of calcium chloride are being properly handled. Reasons for differences between quantities on hand and quantities per the perpetual records

should be determined and reviewed by someone independent of custodial or record-keeping responsibilities. Unless such procedures are implemented, preparation of perpetual records provide no control over inventory usage.

- C. Towing Division employees take periodic physical counts of vehicles in inventory, but a proper comparison is not made between the physical counts and the logbook of vehicles on hand. Employees record physical inventory on a physical count sheet, which is compared to the vehicle logbook to determine that all vehicles counted are properly recorded. However, the logbook is never compared to actual car inventory to verify that all cars recorded remain in the physical inventory. Periodic comparisons of the vehicle logbook to actual car inventory provides assurance that inventory items are properly accounted for.

WE RECOMMEND:

- A. The Traffic Division:
 - 1) Segregate inventory, custodial, record-keeping, and physical inventory responsibilities and require prior approval of inventory adjustments by appropriate personnel.
 - 2) Record all inventory acquisitions and requisitions.
- B. The Street Division periodically compare quantities of calcium chloride on hand to the perpetual records and obtain reasonable explanations for any discrepancies noted.
- C. The Towing Division compare quantities of vehicles on hand per the logbook to actual quantities on hand and obtain reasonable explanations for any discrepancies noted.

AUDITEE'S RESPONSE

- A.1. Traffic Division is in process of putting all the inventory on computer. The entries may then be made by individuals other than the storekeeper.
- 2. Traffic Division is in the process of installing a computer-controlled inventory file.
- B. The Street Division has implemented procedures to correct any discrepancies in the amount of calcium chloride on hand.
- C. An inventory of the cars on the lot is being made on a regular basis.

13. Cash Accounting Controls and Procedures

Our review indicated several areas throughout the department where controls and procedures related to cash are not adequate. Each division of the department, and the Office of Director, maintains a separate set of accounting records and follows its own procedures related to cash although some procedures are similar.

A. The following areas of concern were noted in each division of the department and in the Office of Director:

- 1) No immediate record is established of receipts received through the mail. A daily listing of all mail receipts collected would provide initial control over cash receipts and serve as the basis for making appropriate accounting entries. Someone other than the person responsible for the custody and recording of cash should prepare daily listings of mail receipts collected. Mail listings should be used to reconcile receipts to deposits. Such a reconciliation helps ensure that all cash receipts are properly deposited.
- 2) Cash receipts received in the form of checks are not restrictively endorsed immediately upon receipt by the divisions. Each division of the department is responsible for collecting some type of fee. When checks are received through the mail, the mail opener forwards the checks to the division account clerk. The account clerk records the receipt and places the check in a money drawer until it is deposited. Checks received in person are usually received directly by the account clerk. Although checks are endorsed by the divisions at the time of deposit, the endorsements are not restrictive. Currently, endorsements indicate the appropriate division and section, if applicable, of the Street Department collecting the receipt. However, these endorsements do not state "for deposit only." While all checks are endorsed prior to deposit, control over checks could be improved by restrictively endorsing them immediately upon receipt.
- 3) A lack of segregation of duties relating to cash procedures exists in each of the divisions. One employee may perform several of the following functions:
 - a. Physically receives monies;
 - b. Records cash receipts;
 - c. Prepares deposit tickets, receipt coding forms, and makes deposits; and
 - d. Reconciles cash receipt records to the comptroller's monthly general ledger.

An adequate system of internal control requires proper segregation of duties. Adequate segregation provides for timely detection of errors, assures that all receipts are properly recorded, and provides safeguards against possible loss or misuse of funds. While the complete segregation of duties is not always possible, each division of the department appears to have sufficient personnel to adequately segregate all sensitive cash-related duties. If complete segregation is not possible, the functions noted above should be segregated to the extent possible.

- B. Cash receipt records of the Transportation and Traffic Division and the Towing Section are not reconciled to deposits appearing on the comptroller's monthly general ledger report. A person independent of cash handling and recording functions should be responsible for performing monthly reconciliations of receipts to deposit records to detect possible errors on a timely basis.

During our review of cash receipts, several instances were noted where Traffic Division receipts were credited to the wrong account as a result of keypunch errors. Although we were able to reconcile the division's receipt records and the comptroller's general ledger in total for the year ended April 30, 1987, individual accounts could not be reconciled because of the errors noted above. Periodic reconciliations of cash receipts would have easily detected these errors.

WE RECOMMEND:

- A. The department prepare listings of all mail receipts immediately upon receipt and perform reconciliations of receipts collected to deposits.
- 1) Restrictively endorse all checks immediately upon receipt.
 - 2) Segregate the functions of cash handling and recording and assign the responsibility for reconciling receipts and deposits to someone independent of both these functions.
- B. The Traffic Division and Towing Section:
- 1) Deposit cash receipts daily.
 - 2) Require someone independent of all cash-related responsibilities to perform monthly reconciliations of receipts and deposits, investigating and resolving any discrepancies noted.

AUDITEE'S RESPONSE

- A. All checks received are endorsed immediately. To segregate the functions of cash handling and recording the receipts is impossible unless additional personnel are added. Some of our offices have only three personnel assigned to them. It takes a minimum of four people to handle the cash and record it properly taking in consideration vacation and lunch breaks; consequently, this recommendation will not be followed until all the office staff is consolidated into one area, which should take place in the near future.
- B. This recommendation has been implemented.

14. Office of Director Accounting Procedures

The Office of Director is responsible for collecting various types of fees including taxicab license fees; permit fees for excavations in street and alley areas, street obstructions, and special traffic movements; and other miscellaneous receipts. Our review of the Office of Director's accounting controls over fees collected revealed the following weaknesses:

A. Receipt Collection Procedures

- 1) The number of employees who collect money in the Director's office is excessive. Approximately nine to ten employees are responsible for collecting permit fees and other miscellaneous receipts. During fiscal year 1987, permit fees of \$292,031 were collected by the Director's office for 7,596 permits issued. Department personnel indicated that because specific criteria must be met by applicants before a permit is issued, they believe employees knowledgeable of the criteria for specific permits should be responsible for issuing those types of permits and, therefore, for collecting the appropriate permit fee. In addition, the department is concerned that an employee be available at all times to collect cash receipts, including during lunch hours and other work breaks.

While it is certainly desirable for the employee(s) approving applications for permits to be knowledgeable of the requirements to be met prior to issuance of the permit, it is not necessary to have this individual collect the corresponding fee.

Current procedures relating to issuing permits not only result in an excessive number of people handling cash, they also result in a lack of segregation of duties. By allowing the same individual the authority to approve permit applications, collect the fee, and issue the permit, there is less assurance that any errors or irregularities that might occur would be promptly detected.

Once applications are approved and the appropriate fee determined, a different employee could collect the fee and issue the permit. This procedure would reduce the number of employees responsible for collecting cash receipts, provide for better accountability of the numerical sequence of permits by centralizing their location, and improve controls over the issuance of permits by properly segregating the application approval and permit issuance functions.

Staggering the times of lunch and work breaks of the employees responsible for approving applications and collecting permit fees would allow for the issuance of permits and collection of fees during all daily work hours without disruption of service to the public. The procedure of as many as ten individuals collecting cash receipts results in an inefficient use of time, increases the risk of loss or

misuse of funds, and increases the chance for human error. The responsibility for handling cash should be delegated to as few employees as possible to ensure proper accountability.

- 2) The Director's office prepares both a prenumbered receipt slip and a prenumbered permit slip for all permits issued and permit fees collected. This procedure results in a duplication of effort since employees prepare handwritten copies of the permit slip and the receipt slip providing essentially the same information. The office could reduce its workload without sacrificing accountability by using prenumbered permit slips indicating the amount of the fee collected as evidence of cash receipt, and eliminating the preparation of receipt slips for permit fees collected. Permit fees collected could then be recorded in the accounting records from information obtained directly from the permit slips rather than from both the cash receipt slips and money collected.

Other cash receipts collected by the Director's office include sale of city maps, and refundable sidewalk and plumber's deposits. Since these receipts are not the result of the issuance of a prenumbered document, such as an invoice or permit, the department should continue to utilize prenumbered receipt slips for these types of receipts.

- 3) Current collection procedures do not include periodically accounting for the numerical sequence of receipt slips or permit slips. Unless the numerical sequence is periodically accounted for by someone independent of other cash procedures, prenumbered receipt and permit slips do not increase control over cash receipts collected.

B. Issuance of Permits

Permits issued for various activities such as parking, blocking, special traffic movements, and parades are referred to as "S" permits. During the year ended April 30, 1987, permit fees of \$95,355 were collected by the Director's office for 1,427 "S" permits issued. Our review of procedures regarding the issuance of "S" permits revealed two areas where improvements could be made.

"S" permits are prenumbered with the exception of permits for parades, which require a unique permit form. When a parade permit is issued, a parade permit slip is assigned the same number as the next prenumbered "S" permit, and the prenumbered permit is then discarded.

Blocks of "S" permits are sometimes issued to companies who frequently require permits for special traffic movements. While a block of ten permits may be reserved by and paid for by the company, they are not always used at that time. When the company wants to use one of their reserved permits, they notify the Director's office and provide the necessary information so the permit can be completed. However, if a mistake is made during the

completion of the permit, or the company wants to change the purpose of the permit after it has been completed, the permit is destroyed and is replaced by an "S" permit which has not been prenumbered. The number of the destroyed permit is then assigned to the replacement permit. These procedures negate the control provided by use of prenumbered "S" permits.

The practice of replacing prenumbered permits with blank permits prohibits accounting for the validity of the numerical sequence of the prenumbered permits since the voided permit is not retained. In addition, since some permits are not prenumbered, office personnel have no means of accounting for their use or determining whether the proper fee was collected and deposited for each permit issued.

To provide adequate control over "S" permits, the Director's office should consider using a separate prenumbered sequence of permit slips for parades. In addition, voided prenumbered permits should be marked accordingly, retained, and replaced by the next available permit of the sequence. Unless these procedures are followed, and the numerical sequence of "S" permits properly accounted for, there is no assurance that all permits are being properly recorded.

WE RECOMMEND the Office of Director:

- A.1. Improve controls over cash receipts by reducing the number of employees collecting cash receipts,
 2. Discontinue preparing cash receipt slips for receipt of permit or other fees resulting from the issuance of a prenumbered document, and
 3. Require someone independent of other cash collecting and recording functions to periodically account for the numerical sequence of receipt slips and permits.
- B. Improve controls over "S" permits by:
- 1) Issuing parade permits from a separate, prenumbered sequence and periodically accounting for their numerical sequence.
 - 2) Retaining voided permits and replacing them with the next available prenumbered permit.

AUDITEE'S RESPONSE

- A.1. This will be done when all the office personnel are consolidated into one area.
2. We are presently using prenumbered receipts per the Comptroller's internal audit. We feel that prenumbered receipts provide us better control over how the money is collected, recorded, and deposited.
3. This recommendation has been implemented.

- B. Both of these items are now being done per the recommendation.

15. Office of Director Accounting Records

Several instances of poor record-keeping were noted during our review of the Office of Director's accounting records.

Many of the records were poorly written and barely legible. We performed a test of cash receipts to determine that the proper fee was being collected, recorded, and deposited for each type of permit issued by the Office of Director. While no significant errors were noted, our test work was extremely time consuming because of the difficulty in deciphering names, dates, dollar amounts, etc.

In addition, we could not perform a reconciliation of cash receipts between the department's receipt records and the city comptroller's monthly general ledger because the department's monthly receipt totals were not accurate or legible. Someone independent of all other cash functions should perform periodic cash receipts reconciliations. However, because the receipt records are difficult to read, the Office of Director cannot properly reconcile manual receipt records to the monthly comptroller's report. Periodic reconciliations provide assurance that all receipts are being deposited and allows for the detection of errors on a timely basis, should they occur.

In addition to affecting our ability to perform adequate reconciliations and testing of records of the Office of Director, poor record keeping by the accountant has had an adverse effect on the efficiency of other office employees as noted below:

- A. The accountant generally prepares daily receipt coding forms (RCFs) and posts receipts from the forms to the appropriate receipt records. During the period of March through November 1986, because of errors and problems noted in reading the RCFs the account clerk, at the Director's request, prepared the daily RCFs. The accountant, who has resumed the duty of preparing the RCFs, then initialed the completed forms and posted totals to the receipt ledger.
- B. Monthly lists of delinquent accounts are prepared by the accountant, typed, and forwarded to the appropriate personnel for monitoring purposes and to aid in future collection efforts. However, because of past errors resulting in conflicts over account balances, another office employee maintains a separate updated list of delinquent accounts as a check against the accountant's monthly lists. Because more than one list is prepared, a duplication of effort exists.

During our review of past-due account balances, one instance was noted where a delinquent balance had been paid but was not properly posted to the accounting records or removed from the delinquent list. Because the accuracy of information regarding delinquent accounts is important for monitoring purposes and because office procedures require account balances to be fully paid before an

individual is issued another permit, it is important that information regarding account balances be accurate and up to date at all times. This situation can be the result of cash receipts being stolen and the account remaining recorded as unpaid to reconcile the accounting records. We were unable to determine if cash receipts were actually stolen due to poor condition of records.

Unless financial accounting records are legible, they provide no assurance that cash receipts collected by the Office of Director are properly handled or that account balances are accurate.

WE RECOMMEND the Office of Director take the necessary procedures to ensure that all financial accounting records are accurate, complete, and legible.

AUDITEE'S RESPONSE

This recommendation has been implemented.

16. Payroll Procedures

A. Segregation of Duties

Payroll checks and annual wage statements are received and distributed by the payroll clerks for the Transportation and Traffic, Street Maintenance, and Refuse Divisions of the department. Payroll clerks are also responsible for preparation of time sheets which serve as the requisition for checks to be generated. Failing to adequately segregate payroll functions reduces assurance that all payroll disbursements are valid and that discrepancies are promptly noted and followed up on.

An adequate system of internal controls over payroll includes proper segregation of duties and assigns responsibility for receiving and distributing payroll checks and annual wage statements to someone with no record-keeping responsibility or approval authority.

B. Time Sheets

- 1) Employees in the Director's office are not required to complete daily attendance records. Instead, employees are only required to submit leave slips for approval by their immediate supervisor. Approved leave slips are then submitted to the payroll clerk who prepares biweekly time sheets submitted to the payroll department. Time sheets are completed by the payroll clerk on an exception basis from employee leave slips. That is, employees are paid for working full time unless a leave slip is received by the payroll clerk.

Section 15(f) of Ordinance No. 59925 (referred to as the "pay ordinance") requires all departments to keep daily attendance records of classified employees and to submit periodic reports of unexcused absence and leaves, overtime earned,

granted, and paid to the director of personnel. The time sheets which are submitted to the Payroll Section of the Comptroller's office serve as a record of unexcused absences and leaves, overtime earned, granted, and paid, but they do not represent a record of attendance.

In order to comply with Section 15(f) of Ordinance No. 59985, and to provide a control record to ensure all absences and leaves have been properly recorded, all employees should be required to submit a record of daily attendance. Preparation of daily attendance records also provides evidence of actual work performed and provides a more reliable and comprehensive source for posting to biweekly time sheets. Daily attendance records should be reviewed and properly approved by the appropriate supervisor before they are submitted to the payroll clerk for posting to biweekly time sheets.

- 2) Employee sign-in sheets maintained at the department's Towing Section are not reviewed and approved by employee supervisors. Proper review and approval by supervisors improves internal controls over payroll expenditures and provides greater assurance that employees report accurate information of hours worked.

WE RECOMMEND:

- A. The department assign responsibility for receiving and distributing payroll checks and annual wage statements to someone with no record-keeping responsibility or authority to authorize payroll disbursements.
- B.1. Employees in the Director's office be required to complete and submit properly approved time sheets supporting actual hours worked as well as approved or unapproved absences.
2. The Towing Section require all employee attendance records be adequately reviewed and approved by appropriate supervisors prior to submitting them to the payroll clerk.

AUDITEE'S RESPONSE

- A. After the Arthur Young study, the Street Department implemented the procedure of issuing checks by other than the payroll clerks. This was implemented prior to the state audit.
- B.1,
& 2. These recommendations have been implemented.

17. Accounts Receivable Controls and Accounting Procedures

The divisions of the department, with the exception of the Towing Section, bill for various costs and services including street excavation and paving, curb and sidewalk repairs, property damage, street sweeping, sale of refuse containers, and other miscellaneous items.

- A. During our review of the department's controls and accounting procedures related to accounts receivable, we noted the following areas where all divisions could make improvements:

1) Segregation of Duties

Current accounting procedures create an inadequate segregation of duties by assigning the same person the responsibility of performing two or more of the following duties:

- a. Receiving and depositing payments,
- b. Recording payments in the receivable records, and
- c. Resolving discrepancies in account balances.

In order to obtain adequate control over receivables, duties must be properly segregated by assigning the responsibility for receiving and handling payments to someone with no record-keeping responsibilities or authority to resolve discrepancies in account balances.

Although the accounting and clerical staffs of the divisions are small, they are sufficient to allow for adequate segregation by merely reassigning current job responsibilities.

2) Prenumbered Invoices

Invoices being utilized for billing of various costs and services are not prenumbered. Although invoices are numbered sequentially as they are used, such a procedure provides no control over unused invoices. Unless invoices are prenumbered and procedures are implemented to ensure their numerical sequence is accounted for, the department has no assurance that unissued invoices are being properly controlled or that payment is received and deposited for all invoices issued.

3) The Street, Transportation and Traffic, and Refuse Divisions maintain records of individual (subsidiary) account receivable balances. They do not, however, post periodic (weekly or monthly) totals of billings and payments to a control account.

In order to ensure that postings to subsidiary records are accurate and that total billings and payments are being properly handled and accounted for, periodic reconciliations of the subsidiary accounts to a control account must be performed.

Although receivables accounted for by the Director's office are recorded in both subsidiary accounts and a control account, office personnel do not reconcile the two records. Periodic reconciliations are necessary to ensure errors are detected on a timely basis and allow any discrepancies to be followed up on and resolved.

- B. Our review of receivable records of the director's office indicated payments received by the office are not consistently posted to subsidiary receivable records and receipt numbers for amount which are posted are not indicated in the subsidiary records. As we noted in MAR No. 16, this situation can be the result of cash receipts being stolen and receivable records showing amount delinquent.

Failing to post all payments received on account result in inaccurate receivable records and may result in conflicts regarding status of those accounts when applications for permits are received in the future. Failing to record receipt numbers with the corresponding payment prohibits the director's office from tracing payments to the record of deposit thereby eliminating adequate audit trails.

WE RECOMMEND:

- A. The divisions:
- 1) Segregate duties related to accounts receivable by assigning the responsibility for receiving and handling payments to someone with no record-keeping responsibility or authority to resolve discrepancies in account balances.
 - 2) Use prenumbered invoices for all billings.
 - 3) Maintain subsidiary and control accounts for all receivables and perform periodic reconciliations of the two records.
- B. The Office of Director consistently post all payments and corresponding receipt numbers to the subsidiary receivable records.

AUDITEE'S RESPONSE

- A. The discrepancies are now being resolved by the Executive Assistant. Prenumbered invoices are being ordered. Periodic reconciliations of the two records are being made.

- B. Payments are now being posted with the receipt number.

18. **Purchasing and Disbursement Controls and Procedures**

Purchasing and disbursement procedures of the Towing Section do not provide for adequate segregation of duties. Under current procedures, the same employee performs all of the following functions:

- A. Has authority to purchase supplies,
- B. Physically receives supplies purchased,
- C. Reviews invoices and prepares and records disbursement vouchers,
- D. Signs disbursement vouchers in the absence of the Towing Manager, and

- E. Reconciles disbursement records to the comptroller's monthly general ledger report.

In order to provide adequate control over purchases and to ensure disbursements are proper and for valid purposes of the operations of the section, duties relating to purchasing and the disbursement process must be properly segregated. Ideally, each function listed above should be performed by a different person. While segregation of duties to this extent is not always feasible, especially for smaller organizations, these duties should be segregated as fully as possible to ensure adequate controls are in place. At a minimum, authority to approve disbursement vouchers should not be given to someone with responsibility for purchasing and receiving goods and services.

WE RECOMMEND the Towing Section segregate responsibilities relating to purchasing and disbursement procedures to the extent possible.

AUDITEE'S REPONSE

The Towing Division has very few office personnel and every effort is being made to segregate purchasing and disbursement duties.

19. Fixed Assets Inventory Procedures

Fixed assets owned by the city of St. Louis are recorded and controlled through the city's Fixed Asset Management System (FAMS). The FAMS Policy and Procedures Manual states that each organizational unit is to designate an employee as the FAMS coordinator. Responsibilities of the FAMS coordinator include, but are not limited to, ensuring that physical inventories of fixed assets are performed annually, reviewing all fixed assets transactions to ensure they are properly recorded on FAMS, and instituting physical safeguards over city assets.

Our review of the department's internal controls and fixed assets inventory procedures indicated that, except for the Refuse Division, annual physical inventories of fixed assets are not being performed throughout the department. The FAMS Policy and Procedures Manual clearly assigns the responsibility of taking annual physical inventories to each user department.

Physical inventories of city-owned assets located at the Refuse Division are completed by the division's FAMS coordinator. However, the FAMS coordinator is also responsible for maintaining the division's fixed assets records. In order to provide greater assurance that all fixed assets are being properly controlled and accounted for, annual physical inventories should be performed by someone independent of all fixed assets custodial and record-keeping functions.

WE RECOMMEND the department implement procedures to ensure that physical inventories of fixed assets are performed annually by individuals independent of all custodial and record-keeping responsibilities.

AUDITEE'S RESPONSE

This recommendation has been implemented.

APPENDICES

DEPARTMENT OF STREETS
CITY OF ST. LOUIS, MISSOURI
SCHEDULE OF REVENUES BY DIVISION
YEAR ENDED APRIL 30, 1987

(UNAUDITED)

	Office of Director	Traffic Division	Street Maintenance Division	Refuse Division	Towing Section	Total (Memorandum Only)
GENERAL FUND						
Permits and fees	\$ 292,031	19,830	-0-	315	-0-	312,176
Sales of publications and plans	825	-0-	-0-	-0-	-0-	825
Street excavation and paving charges	120,018	-0-	13,631	-0-	-0-	133,649
Rent	6,303	-0-	-0-	-0-	-0-	6,303
Curb and sidewalk repairs	51,866	-0-	-0-	-0-	-0-	51,866
Property damages	-0-	53,625	2,917	-0-	-0-	56,542
Street sweeping	-0-	-0-	11,463	-0-	-0-	11,463
Salvage sales	-0-	-0-	-0-	32,323	-0-	32,323
Cart sales	-0-	-0-	-0-	2,513	-0-	2,513
Towing fees	-0-	-0-	-0-	-0-	638,648	638,648
Sales of towed vehicles	-0-	-0-	-0-	-0-	135,138	135,138
Miscellaneous	7,200	2,670	5,822	809	-0-	16,501
Total General Fund	478,243	76,125	33,833	35,960	773,786	1,397,947
TRUST AND AGENCY FUNDS						
Refundable deposits	110,219	-0-	-0-	-0-	-0-	110,219
Total Trust and Agency Funds	110,219	-0-	-0-	-0-	-0-	110,219
SPECIAL REVENUE FUNDS						
Public utilities tax	3,531,260	-0-	-0-	-0-	-0-	3,531,260
Sidewalk repair charges	226,979	-0-	-0-	-0-	-0-	226,979
State motor vehicle sales tax	3,265,401	-0-	-0-	-0-	-0-	3,265,401
State motor fuel tax	4,514,647	-0-	-0-	-0-	-0-	4,514,647
Total Special Revenue Funds	11,538,287	-0-	-0-	-0-	-0-	11,538,287
Total All Funds	\$ 12,126,749	76,125	33,833	35,960	773,786	13,046,453

Appendix A-2

DEPARTMENT OF STREETS
CITY OF ST. LOUIS, MISSOURI
SCHEDULE OF ESTIMATED AND ACTUAL REVENUES - GENERAL FUND
YEAR ENDED APRIL 30, 1987

(U N A U D I T E D)

Revenue Type	Estimated	Actual	Actual Over (Under) Estimated
Permits and fees	\$ 293,300	312,176	18,876
Sales of publications and plans	500	825	325
Street excavation and paving charges	151,000	133,649	(17,351)
Rent	7,200	6,303	(897)
Curb and sidewalk repairs	25,000	51,866	26,866
Property damages	55,000	56,542	1,542
Street sweeping	10,000	11,463	1,463
Salvage sales	29,500	32,323	2,823
Cart sales	2,000	2,513	513
Towing fees	650,000	638,648	(11,352)
Sales of towed vehicles	250,000	135,138	(114,862)
Miscellaneous	2,500	16,501	14,001
Total	\$ 1,476,000	1,397,947	(78,053)

Appendix B-1

DEPARTMENT OF STREETS
CITY OF ST. LOUIS, MISSOURI
SUMMARY OF EXPENDITURES BY FUND TYPE
YEAR ENDED APRIL 30, 1987

(UNAUDITED)

	General Fund	Federal Funds	Capital Projects Funds	Trust and Agency Funds	Total (Memorandum Only)
PERSONAL SERVICE					
Salaries	\$ 8,663,740	-0-	415,474	-0-	9,079,214
Fringe benefits	1,594,388	-0-	85,485	-0-	1,679,873
Workers' compensation	279,848	-0-	1,262	-0-	281,110
Total Personal Service	10,537,976	-0-	502,221	-0-	11,040,197
EXPENSE AND EQUIPMENT					
Office and operating supplies	76,170	-0-	7,846	-0-	84,016
Construction and maintenance supplies	506,196	244,698	1,930,739	-0-	2,681,633
Operating expenses	232,267	-0-	5,206	-0-	237,473
Contractual services	12,321	85,795	722,588	-0-	820,704
Equipment purchases and repair	6,158,946	-0-	3,946	-0-	6,162,892
Capital improvements	-0-	649,388	-0-	-0-	649,388
Miscellaneous and special purpose expenses	4,144,246	-0-	-0-	47,503	4,191,749
Total Expense and Equipment	11,130,146	979,881	2,670,325	47,503	14,827,855
Total Expenditures	\$ 21,668,122	979,881	3,172,546	47,503	25,868,052

Appendix B-2

DEPARTMENT OF STREETS
 CITY OF ST. LOUIS, MISSOURI
 SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES -
 GENERAL FUND
 YEAR ENDED APRIL 30, 1987

(U N A U D I T E D)

	Appropriations	Expenditures	Lapsed Balances
PERSONAL SERVICE			
Salaries	\$ 8,729,694	8,663,740	65,954
Fringe benefits	1,677,872	1,594,388	83,484
Workers' compensation	275,136	279,848	(4,712)
Total Personal Service	10,682,702	10,537,976	144,726
EXPENSE AND EQUIPMENT			
Office and operating supplies	92,063	76,170	15,893
Construction and maintenance supplies	558,700	506,196	52,504
Operating expenses	266,669	232,267	34,402
Contractual services	12,594	12,321	273
Equipment purchases and repair	6,158,946	6,158,946	-0-
Miscellaneous and special purpose expenses	4,297,700	4,144,246	153,454
Total Expense and Equipment	11,386,672	11,130,146	256,526
Total General Fund	\$ 22,069,374	21,668,122	401,252

Appendix C-1

DEPARTMENT OF STREETS
CITY OF ST. LOUIS, MISSOURI
COMPARATIVE SCHEDULE OF GENERAL FUND EXPENDITURES -
OFFICE OF DIRECTOR
FIVE YEARS ENDED APRIL 30, 1987

(UNAUDITED)

	Year Ended April 30,				
	1987	1986	1985	1984	1983
PERSONAL SERVICE					
Salaries:					
Regular employees	\$ 473,843	480,849	585,800	578,493	595,744
Noncommissioned	-0-	-0-	-0-	8,325	178,949
Temporary employees	-0-	-0-	125,163	-0-	-0-
Per performance	97,522	99,352	-0-	-0-	-0-
Employer:					
Social security coverage	39,770	40,999	49,330	45,550	50,631
Medical insurance	28,102	23,370	27,173	22,177	-0-
Retirement contribution	26,926	27,196	49,366	-0-	-0-
Life insurance costs	3,442	2,941	3,277	4,411	-0-
Workers' compensation	7,800	6,918	3,553	-0-	-0-
Workers' compensation settlements	121,030	162,765	-0-	-0-	-0-
Overtime	1,196	1,701	8,879	3,978	-0-
Total Personal Service	799,631	846,091	852,541	662,934	825,324
EXPENSE AND EQUIPMENT					
Office supplies	3,241	3,071	4,908	3,460	4,321
Printed supplies	-0-	-0-	-0-	-0-	2,866
Postage	3,937	880	2,925	4,115	6,100
Telephone and other communications	583	460	598	343	35,367
Office services	1,294	1,829	677	579	848
Allowance for personal owned cars	2,861	3,814	5,220	5,959	-0-
Repairs to office and other operating equipment	1,409	1,915	3,512	2,510	2,946
Equipment rental	33,228	62,815	71,098	49,741	49,589
Printing services	6,488	9,544	8,252	7,393	-0-
Equipment services by Equipment Services Division	4,261,595	4,528,944	3,659,401	2,559,609	-0-
Capital equipment - Equipment Services Division	1,897,351	-0-	-0-	-0-	-0-
Prior year encumbrance	-0-	-0-	-0-	-0-	-0-
Repairs to sidewalks	-0-	-0-	80,800	-0-	-0-
Deposit refunds	700	2,800	1,200	400	800
School crossing guards	-0-	-0-	-0-	97,496	1,523
Sidewalk repairs ineligible for federal assistance	-0-	-0-	-0-	13,949	51,706
Total Expense and Equipment	6,212,687	4,616,072	3,838,591	2,745,554	156,066
Total Expenditures	\$ 7,012,318	5,462,163	4,691,132	3,408,488	981,390

Appendix C-2

DEPARTMENT OF STREETS
CITY OF ST. LOUIS, MISSOURI
COMPARATIVE SCHEDULE OF GENERAL FUND EXPENDITURES -
TRANSPORTATION AND TRAFFIC DIVISION
FIVE YEARS ENDED APRIL 30, 1987

(UNAUDITED)

Year Ended April 30,					
	1987	1986	1985	1984	1983
PERSONAL SERVICE					
Salaries - regular employees	\$ 1,206,724	1,117,753	1,040,252	1,089,709	1,076,517
Employer:					
Social security coverage	88,424	82,540	76,171	75,377	71,928
Medical insurance	71,769	55,290	48,636	42,114	-0-
Retirement contribution	67,025	63,366	93,778	-0-	-0-
Life insurance costs	8,918	7,103	5,741	8,036	-0-
Workers' compensation	3,814	7,122	20,650	-0-	-0-
Overtime	29,401	40,515	42,312	23,724	-0-
Total Personal Service	1,476,075	1,373,689	1,327,540	1,238,960	1,148,445
EXPENSE AND EQUIPMENT					
Office supplies	1,892	2,310	2,277	1,550	1,269
Printed supplies	-0-	-0-	-0-	-0-	174
Laundry and cleaning supplies	1,849	1,774	1,492	1,084	334
Small tools and implements	2,833	1,306	2,323	2,829	321
Wearing apparel	95	50	111	57	42
Miscellaneous supplies	1,691	2,733	1,890	1,818	3,032
Construction materials and building hardware	13,994	17,499	15,870	15,549	18,549
Electrical materials	47,272	63,192	17,275	40,823	39,364
Painting materials	37,457	55,005	26,768	61,593	70,691
Sign materials	56,972	54,052	19,275	27,485	24,131
Miscellaneous materials	444	565	504	381	-0-
Postage	1,250	500	844	500	-0-
Telephone and other communications	24,617	27,449	23,888	25,321	-0-
Office services	704	746	948	627	486
Allowance for personal owned cars	2,197	1,579	4,185	4,113	-0-
Repairs to office and other operating equipment	10,988	12,693	11,637	8,955	9,149
Equipment rental	130	8,572	-0-	1,372	-0-
Printing services	1,450	2,242	969	452	-0-
Total Expense and Equipment	205,835	252,267	130,256	194,509	167,542
Total Expenditures	\$ 1,681,910	1,625,956	1,457,796	1,433,469	1,315,987

Appendix C-3

DEPARTMENT OF STREETS
CITY OF ST. LOUIS, MISSOURI
COMPARATIVE SCHEDULE OF GENERAL FUND EXPENDITURES -
STREET MAINTENANCE DIVISION
FIVE YEARS ENDED APRIL 30, 1987

(UNAUDITED)

Year Ended April 30,					
	1987	1986	1985	1984	1983
PERSONAL SERVICE					
Salaries:					
Regular employees	\$ 2,420,181	2,327,615	2,499,088	2,558,507	2,841,425
Temporary employees	-0-	151,368	36,631	-0-	-0-
Per performance	233,766	-0-	-0-	-0-	-0-
Employer:					
Social security coverage	207,878	189,995	194,994	185,467	189,360
Medical insurance	153,095	123,538	129,701	104,107	-0-
Retirement contribution	136,643	132,916	219,157	-0-	-0-
Life insurance costs	18,060	15,129	13,963	18,108	-0-
Workers' compensation	65,035	61,676	91,090	-0-	-0-
Overtime	252,027	207,570	250,535	184,567	-0-
Total Personal Service	3,486,685	3,209,807	3,435,159	3,050,756	3,030,785
EXPENSE AND EQUIPMENT					
Office supplies	1,793	2,293	1,942	1,658	1,778
Printed supplies	-0-	-0-	-0-	-0-	889
Fuel supplies	2,488	2,484	4,096	4,234	4,903
Small tools and implements	4,645	4,234	4,314	5,013	5,407
Wearing apparel	838	866	600	752	908
Street sweeper brooms	22,672	19,631	14,662	20,749	15,706
Pavement milling supplies	-0-	-0-	1,810	2,610	3,948
Miscellaneous supplies	5,818	5,182	5,505	4,076	3,731
Construction materials and building hardware	332,234	503,088	280,734	284,080	461,955
Painting materials	522	298	707	951	-0-
Miscellaneous materials	257	271	265	263	300
Postage	600	500	500	500	500
Telephone and other communications	13,654	13,285	12,713	11,134	8,134
Office services	1,816	1,891	1,662	1,226	1,702
Allowance for personal owned cars	7,063	7,017	6,626	6,094	-0-
Repairs to office and other operating equipment	5,385	5,231	5,521	5,822	10,855
Equipment rental	9,973	7,782	8,347	25,485	10,193
Printing services	2,150	1,528	1,569	606	-0-
Prior year encumbrance	-0-	-0-	-0-	-0-	-0-
Snow and ice removal	401,361	442,292	245,525	178,436	665,326
Repairs to bridge handrails	-0-	-0-	-0-	29,422	942
Relocation of cars	-0-	-0-	11,345	-0-	-0-
Comptroller's emergency	-0-	-0-	-0-	-0-	45,731
Total Expense and Equipment	813,269	1,017,873	608,443	583,111	1,242,908
Total Expenditures	\$ 4,299,954	4,227,680	4,043,602	3,633,867	4,273,693

Appendix C-4

DEPARTMENT OF STREETS
CITY OF ST. LOUIS, MISSOURI
COMPARATIVE SCHEDULE OF GENERAL FUND EXPENDITURES -
REFUSE DIVISION
FIVE YEARS ENDED APRIL 30, 1987

(UNAUDITED)

	Year Ended April 30,				
	1987	1986	1985	1984	1983
PERSONAL SERVICE					
Salaries:					
Regular employees	\$ 3,133,814	3,896,525	3,872,199	3,788,615	5,388,261
Per performance	68,535	-0-	-0-	-0-	-0-
Employer:					
Social security coverage	250,096	312,404	300,857	283,405	360,948
Medical insurance	204,048	211,318	201,780	167,614	-0-
Retirement contribution	178,120	229,669	338,242	-0-	-0-
Life insurance costs	23,271	25,150	21,313	28,653	-0-
Workers' compensation	82,169	87,387	60,275	-0-	-0-
Overtime	291,005	497,344	408,360	371,983	-0-
Total Personal Service	4,231,058	5,259,797	5,203,026	4,640,270	5,749,209
EXPENSE AND EQUIPMENT					
Office supplies	1,509	1,548	1,742	2,038	2,238
Printed supplies	-0-	-0-	-0-	-0-	978
Motor vehicle supplies	10,114	26,930	24,710	8,713	208,727
Laundry and cleaning supplies	1,384	1,478	1,686	582	2,513
Small tools and implements	4,002	5,926	5,667	3,014	2,417
Wearing apparel	1,604	980	1,059	4,187	27
Gasoline supplies	-0-	1,226	-0-	-0-	374,082
Miscellaneous supplies	6,320	8,203	8,922	8,908	14,548
Construction materials and building hardware	4,067	50,569	43,288	72,205	68,323
Electrical materials	1,610	9,566	15,414	11,930	6,259
Plumbing, heating, ventilating, and air conditioning materials	856	1,274	1,568	1,954	2,421
Painting materials	656	440	291	314	287
Motor vehicle materials and repair parts	-0-	-0-	-0-	679	246,566
Miscellaneous:					
Materials	9,855	109,116	76,977	115,011	101,359
Equipment	-0-	-0-	-0-	15,000	-0-
Postage	718	130	30	1,000	600
Telephone and other communications	14,726	16,715	16,880	11,352	-0-
Carfare	1,999	2,499	3,149	-0-	-0-
Allowance for personal owned cars	600	820	2,040	3,328	-0-
Repairs to:					
Motor vehicles	-0-	-0-	-0-	-0-	52,994
Buildings and structures	-0-	-0-	-0-	46,405	82,424
Office and other operating equipment	31,879	151,166	114,051	71,215	73,634
Printing services	2,519	3,647	3,687	1,452	-0-
Miscellaneous contractual services	12,321	10,157	19,540	10,793	63,624
Prior year encumbrance	41,600	-0-	-0-	-0-	-0-
Hauling of incinerator ashes	1,185,958	2,299,509	1,474,634	1,338,150	1,102,268
One man truck implementation	50,683	39,858	28,253	68,457	112,345
Dumpsters at landfill	132,290	-0-	1,998,282	2,997,802	2,311,801
Dumpsters - neighborhood cleanup project	-0-	75,105	75,467	86,025	99,024
Transfer station	2,279,986	9,430	1,700	2,295	49,981
Landfill culvert	-0-	-0-	-0-	8,566	-0-
Consulting services - trash to energy	-0-	52,074	23,287	45,093	-0-
Total Expense and Equipment	3,797,256	2,878,366	3,942,324	4,936,468	4,979,440
Total Expenditures	\$ 8,028,314	8,138,163	9,145,350	9,576,738	10,728,649

Appendix C-5

DEPARTMENT OF STREETS
CITY OF ST. LOUIS, MISSOURI
COMPARATIVE SCHEDULE OF GENERAL FUND EXPENDITURES -
TOWING SECTION
FIVE YEARS ENDED APRIL 30, 1987

(UNAUDITED)

	Year Ended April 30,				
	1987	1986	1985	1984	1983
PERSONAL SERVICE					
Salaries - regular employees	\$ 440,400	444,816	421,958	457,107	447,086
Employer:					
Social security coverage	32,508	32,144	30,046	31,488	29,955
Medical insurance	29,238	24,130	21,852	20,247	-0-
Retirement contribution	23,878	24,463	35,964	-0-	-0-
Life insurance costs	3,177	2,770	2,242	3,429	-0-
Workers' compensation	-0-	-0-	3,484	-0-	-0-
Overtime	15,326	9,139	6,324	4,963	-0-
Total Personal Service	544,527	537,462	521,870	517,234	477,041
EXPENSE AND EQUIPMENT					
Office supplies	1,066	1,405	1,320	970	1,083
Printed supplies	-0-	-0-	-0-	-0-	1,211
Motor vehicle supplies	-0-	-0-	-0-	-0-	3,801
Small tools and implements	-0-	-0-	-0-	-0-	147
Gasoline supplies	-0-	-0-	-0-	-0-	28,503
Miscellaneous supplies	316	265	263	342	493
Motor vehicle materials and repair parts	-0-	-0-	-0-	-0-	11,209
Postage	3,960	2,600	3,250	2,500	2,500
Telephone and other communications	2,791	3,015	4,282	5,478	5,017
Office services	527	765	665	665	908
Allowance for personal owned cars	-0-	-0-	40	-0-	-0-
Repairs to:					
Motor vehicles	-0-	-0-	-0-	-0-	2,878
Office and other operating equipment	856	1,933	2,272	1,257	-0-
Advertising services	7,243	22,681	22,688	17,949	17,564
Light and power services	4,106	3,563	3,279	3,778	3,035
Heating services	1,041	1,386	1,365	1,805	1,418
Printing services	3,919	2,993	3,767	1,111	-0-
Participation in rejis	23,606	25,871	23,519	23,982	-0-
Judgments and miscellaneous claims	7,153	3,788	4,565	2,209	7,512
Private towing and miscellaneous	30,621	28,923	29,796	25,382	9,443
Land lease	13,894	9,390	9,445	9,522	9,390
Rejis users fees	-0-	-0-	-0-	-0-	17,879
Lease of data processing equipment	-0-	-0-	-0-	-0-	5,172
Total Expense and Equipment	101,099	108,578	110,516	96,950	129,163
Total Expenditures	\$ 645,626	646,040	632,386	614,184	606,204
