



Susan Montee, JD, CPA  
Missouri State Auditor

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City of St. Louis  
Office of Mayor and  
Other City Offices

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April 2010  
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The following findings were included in our audit report on the City of St. Louis, Office of Mayor and Other City Offices.

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The city did not periodically solicit proposals for certain contracts. The Mayor's office has contracted with a firm to lobby for state legislative issues. The office first entered into an agreement with the firm in January 2002 and has renewed the contract annually without soliciting new proposals. The original contract was for \$150,000 and the renewal for the year ended June 30, 2009, was for \$90,000. The city's Public Facilities Protection Corporation (PFPC) uses a third-party administrator to investigate and pay claims relating to damage caused by city refuse vehicles. The PFPC first entered into an agreement with the administrator in March 2003 and has renewed the contract annually without soliciting new proposals. During the year ended June 30, 2009, the city paid the administrator approximately \$135,000 in damage claims and administration costs. For the award of any professional services contract in excess of \$5,000, City of St. Louis Ordinance 64102 requires the formation of a selection committee to recommend and approve each contract.

The Medical Examiner's Office has not adequately segregated the duties of processing and approving expenditures and did not submit some invoices in a timely manner to the City Comptroller's office for payment. The office has not adequately documented the minimum work requirements for full-time employment, and immediate supervisors do not always sign off on employee timesheets to indicate their review and approval.

The audit also included the Civil Rights Enforcement Agency, St. Louis Agency on Training and Employment (SLATE), Office of City Counselor, Register's Office, Assessor's Office, Budget Division, and City Marshal's Office. No findings were reported for these offices.

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YELLOW SHEET

CITY OF ST. LOUIS  
OFFICE OF MAYOR AND OTHER CITY OFFICES

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STATE AUDITOR'S REPORT



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

To the Honorable Mayor  
and  
Civil Rights Enforcement Agency Commission  
and  
Executive Director of St. Louis Agency on Training and Employment (SLATE)  
and  
City Counselor  
and  
City Register  
and  
Chief Medical Examiner  
and  
Assessor  
and  
Budget Director  
and  
City Marshal  
City of St. Louis, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of St. Louis. The city engaged KPMG LLP, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended June 30, 2009. To minimize duplication of effort, we reviewed the CPA firm's audit report for the year ended June 30, 2009. We have conducted an audit of the City of St. Louis Office of Mayor, Civil Rights Enforcement Agency, SLATE, Office of City Counselor, Register's Office, Medical Examiner's Office, Assessor's Office, Budget Division, and City Marshal's Office. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2009. The objectives of our audit were to:

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

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

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

We obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

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

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

The accompanying Management Advisory Report presents our findings arising from our audit of the Office of Mayor, Civil Rights Enforcement Agency, SLATE, Office of City Counselor, Register's Office, Medical Examiner's Office, Assessor's Office, Budget Division, and City Marshal's Office.



Susan Montee, JD, CPA  
State Auditor

The following auditors participated in the preparation of this report:

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MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS



CITY OF ST. LOUIS  
OFFICE OF MAYOR AND OTHER CITY OFFICES  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1. Contractual Services</b>
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The city did not periodically solicit proposals for the following contracts:

- A. The Mayor's office has not periodically solicited proposals for lobbying services. The office has contracted with a firm to lobby for state legislative issues concerning the City of St. Louis. The office first entered into an agreement with the firm in January 2002 and has renewed the contract annually; however, no other proposals have been solicited since 2002. The original contract was for \$150,000 and the renewal for the year ended June 30, 2009, was for \$90,000. The Mayor's staff indicated the lobbying firm is considered a sole-source provider because of the firm's experience and expertise, but has not prepared any official written documentation of this decision.
  
- B. The city's Public Facilities Protection Corporation (PFPC) has not periodically solicited proposals for administration of city refuse vehicle damage claims. The PFPC is a not-for-profit organization established to handle city liability claims. The city transfers funds to the PFPC which uses the funds to pay claims related to litigation, surety bond insurance, and workers compensation. The PFPC is composed of a five-member board with representatives from the Mayor's office, City Comptroller's office, President of the Board of Aldermen's office, City Counselor's office, and Budget Division. The PFPC uses a third-party administrator to investigate and pay claims relating to damage caused by city refuse vehicles. The PFPC first entered into an agreement with the administrator in March 2003 and has renewed the contract annually; however, no other proposals have been solicited since 2003. During the year ended June 30, 2009, the city paid the administrator approximately \$135,000 in damage claims and administration costs. City officials indicated the third-party administrator is considered a sole-source provider; however, no documentation of this decision has been prepared.

For the award of any professional services contract in excess of \$5,000, City of St. Louis Ordinance 64102 requires the formation of a selection committee to recommend and approve each contract. The selection committee is required to follow the rules and regulations adopted by the city's Board of Public Service (BPS) for the selection of professional service providers. BPS rules require the maximum compensation paid for services for any sole-source engagement shall not exceed \$50,000. To help ensure city resources are spent efficiently and effectively, city procurement policies should be followed for all professional services contracts.

**WE RECOMMEND** the Mayor's office periodically solicit proposals for lobbying services and work with the PFPC to periodically solicit proposals for administration of city refuse vehicle damage claims, in accordance with city procurement policies.

**AUDITEE'S RESPONSE**

*The Mayor's Office provided the following written response:*

*The Mayor's Office agrees with the finding and recommendation regarding lobbying services (Item 1A). When the Mayor took office in 2001, there were 27 authorized positions in the Mayor's Office budget, including a full-time Executive Secretary to the Mayor (\$90,000 annual salary) and a Special Assistant to the Mayor (\$56,000 annual salary), whose primary duties involved legislative lobbying in Jefferson City. A decision was made to issue a RFP for lobbying services on all critical matters concerning the City. When the original contract was executed in January, 2002, we eliminated these two full-time positions. The Mayor's Office is currently authorized for 24 positions, with only 17 of those occupied, a 35% reduction in staff from when the Mayor first took office.*

*Given the complexities of the many legislative issues before the Missouri General Assembly that affect the City, the decision was made to extend this contract in order to retain a very experienced and highly successful lobbyist on the City's behalf. Each contract extension was reviewed, voted on and approved by the City's Board of Estimate & Apportionment.*

*The Mayor's Office will solicit proposals for lobbying services when the current contract expires on June 30, 2010.*

*The PFPC Board provided the following written response:*

*The Board of Directors of the Public Facilities Protection Corporation agrees with the finding. This issue was recognized by the Board of Directors, and at the December 7, 2009 meeting the contract was agreed to be terminated and put out to bid at a future date.*

**2.**

**Medical Examiner's Office**

Our audit of the Medical Examiner's Office noted concerns related to expenditures and payroll.

A. We noted the following concerns related to controls and procedures over expenditures:

- 1) The duties of processing and approving expenditures are not adequately segregated. The Executive Assistant is responsible for initially receiving all invoices, processing and approving all expenditures, and submitting expenditures to the City Comptroller for payment. There is no formal expenditure approval process by the Chief Medical Examiner or another

employee independent of the expenditure processing duties. The lack of independent review increases the risk of errors. For example, our review noted the Medical Examiner's office underpaid a vendor \$100 in December 2008 for undertaker services. The vendor identified the error which was corrected on a subsequent invoice.

To help ensure all expenditures are legitimate and accurately submitted for payment, expenditures should be reviewed and approved by the Chief Medical Examiner or by another employee independent of expenditure processing duties.

- 2) The Medical Examiner's Office should improve its procedures to ensure invoices are submitted in a timely manner to the City Comptroller's office for payment. St. Louis University Medical Center provides quarterly billings for forensic pathology services. Invoices for services provided from October 2008 to March 2009 totaling \$403,000 were not submitted and paid until May 2009. Office staff indicated the payment was late because the invoice for October 2008 to December 2008 was misplaced. In addition, invoices from another vendor for undertaker services provided from February to April 2009 totaling \$12,000 were accumulated and submitted for payment in May 2009, and it appears invoices for other expenditures had been accumulated and paid in May 2009. While there were no penalties or interest added to any of these invoices, good business practices require timely payment of invoices. Failure to make timely payments could result in unnecessary penalties and interest.

B. We noted concerns related to payroll and personnel procedures. The Medical Examiner's Office is a non-civil service office and is not subject to the city's civil service personnel policies. City of St. Louis Ordinance 68122 establishes various personnel policies for the Medical Examiner's Office, including a compensation plan, terms and conditions of employment, and employee benefits.

- 1) The Medical Examiner's Office has not adequately documented the minimum work requirements for full-time employment. City of St. Louis Ordinance 68122, Section 13, which specifically applies to the Medical Examiner's Office, states the average number of scheduled hours in a bi-weekly pay period shall not be less than 80 for full-time employment. Office staff indicated most employees are required to work a minimum of 70 hours during a bi-weekly pay period and the ordinance only addresses the requirements for earning overtime or compensatory time; however, there is no formal documentation of the 70-hour minimum requirement or any written legal interpretation of the applicability of the ordinance to minimum required employee work time.

Our review of payroll records noted at least two employees recorded less than 80 hours on their timesheets during the 2-week pay period ended

June 20, 2009 (70 and 73 hours, respectively). In addition, the employees' timesheets did not agree to the time report submitted to the City Comptroller's office which listed these two employees as working 80 hours for the 2-week period. Office staff indicated the reports submitted to the City Comptroller's office normally show 80 hours worked by each employee to ensure the employees receive their full salary and leave accruals.

The Medical Examiner's Office should review its current policies regarding minimum work hours required for full-time employment to ensure compliance with the city ordinance. All applicable policies and any legal interpretations should be fully documented in writing. In addition, time records submitted to the City Comptroller's office should accurately reflect actual time worked by each employee.

- 2) Immediate supervisors do not always sign off on employee timesheets to indicate their review and approval. Our review of payroll records for the 2-week pay period ended June 30, 2009, noted four of five timesheets reviewed were approved by the office's Executive Assistant and not by the employees' immediate supervisors. The Executive Assistant indicated he normally signs off on timesheets if the immediate supervisor's signature is missing. In addition, one employee recorded overtime earned on the timesheet; however, there was no overtime approval form filled out and approved by the employee's supervisor as required by office policy.

Accurate time records provide information necessary to monitor overtime worked and leave and compensatory time usage, and are beneficial in demonstrating compliance with personnel policies and the federal Fair Labor Standards Act of 1938. Timesheets and overtime forms should be prepared and signed by all employees, verified for accuracy, and approved by the applicable supervisor.

**WE RECOMMEND** the Medical Examiner's Office:

- A.1. Adequately segregate expenditure processing and approval duties, and ensure all expenditures are reviewed and approved by the Chief Medical Examiner or another employee independent of expenditure processing duties.
2. Adopt procedures to ensure the timely payment of all invoices.
- B.1. Review current personnel policies and practices regarding required work hours for full-time employees to ensure compliance with city ordinance, and ensure all applicable policies are fully documented in writing. In addition, time records submitted to the Comptroller's office should reflect actual time worked by all employees.

2. Ensure all timesheets and overtime approval forms are signed by the employees and approved by the employees' supervisors attesting to the accuracy of the time reported.

### **AUDITEE'S RESPONSE**

*The Chief Medical Examiner provided the following written response:*

- 2.A.1. *I agree with your observation; however, besides myself, there aren't any other high-level employees to handle these matters. The Executive Assistant position is the highest level administrative position in the office and is responsible for the daily operations of the office. Nevertheless, all future expenditures will be reviewed by me and I will sign all vouchers going to the Comptroller's Office.*
- 2.A.2. *I have no disagreement with this observation and steps will be taken to ensure more timely payment of invoices.*
- 2.B.1. *In the future, a reference to minimum work hours will be reflected in our pay ordinance. We have already taken steps to ensure that all employees' times reflect a total of 80 hours for each pay period.*
- 2.B.2. *Every effort has been made and will continue to be made to comply with Federal Fair Labor Act of 1938. We have been very proactive in this effort with the purchase of a independent computerized payroll system called TimeForce. Within the program are Leave Request and General Requests modules for employees to utilize. All employees have been instructed to use these modules so that all relative information is maintained within the program. There is even an electronic signature for all employees to verify their timesheets, thus eliminating the need for manual signatures; for supervisors, the same electronic signature is available and all employees are encouraged to use it. Keep in mind that the Executive Assistant is the immediate supervisor of all city employees and, when necessary, can approve an employee's timesheet. Every effort will be made to ensure that immediate supervisors verify their subordinates' timesheets in the future; however, on those rare occasions when necessary, the Executive Assistant will sign off on those timesheets.*

*The overtime request policy and procedure have not changed. All employees have been informed of the procedure and monitoring of these requests has already been implemented.*

## HISTORY AND ORGANIZATION

CITY OF ST. LOUIS  
OFFICE OF MAYOR AND OTHER CITY OFFICES  
HISTORY AND ORGANIZATION

1. Office of Mayor

The Mayor is the chief executive of the City of St. Louis. The main responsibilities of the Mayor are policy formation and coordination of the activities of city departments and agencies. The Mayor also serves as a member of the Board of Estimate and Apportionment.

Francis G. Slay currently serves as the Mayor of the City of St. Louis. Mayor Slay began his third term of office in April 2009. The Mayor's office has 18 full-time employees.

2. Civil Rights Enforcement Agency

The mission of the Civil Rights Enforcement Agency is to eliminate and remedy discrimination in city services, education, housing, employment, public accommodations, and real property transactions. The agency investigates violations of the laws governing discrimination. The agency is led by an Executive Director and a seven-member Commission. Six members of the Commission are appointed by the Mayor and the seventh is the Chairman of the Legislation Committee of the Board of Aldermen. The Commission acts in an advisory role to the Mayor, Board of Aldermen, and Executive Director.

The current Executive Director for the Civil Rights Enforcement Agency is Ruby Bonner and the agency has seven full-time employees.

3. St. Louis Agency on Training and Employment (SLATE)

SLATE is responsible for helping develop a qualified workforce that meets the labor market needs of the St. Louis area. SLATE administers and operates various employment and training programs for workers. The mission of the agency is to provide leadership and promote collaboration among public and private partners to develop a quality workforce. The current Executive Director of SLATE is Michael Holmes and the agency has 32 full-time employees.

4. Office of City Counselor

The Office of City Counselor provides legal assistance to all city departments. The office represents the city in all litigation including appellate court, equity matters, and damage suits, and reviews applicable legislation and all city contracts. The office's Workers' Compensation unit represents the city in claims brought by city employees. The office also has a Problem Properties Unit which works with the city's Department of Public Safety regarding properties within the city limits with structural problems and unwanted behavioral activities. In addition to the office at City Hall, the City Counselor has staff

located at the Municipal Courts Building, Lambert-St. Louis International Airport, and St. Louis Development Corporation.

The current City Counselor is Patricia Hageman and the office has 56 full-time employees.

5. Register's Office

The Register's Office was created under Article IX of the City Charter. The Register's Office has responsibility for custody of the city seal, original rolls of ordinances, contracts, conditional bonds, title deeds, and other various certificates and documents. The office also has responsibility for administering oaths of office. As provided in the City Code, the Register's Office has control and direction in the preparation and printing of the City Journal. The current City Register is Parrie May and the office has three full-time employees.

6. Medical Examiner's Office

The primary responsibility of the Medical Examiner's Office is to investigate the medical causes of deaths that occur in the city under suspicious or unusual circumstances. The current Chief Medical Examiner is Dr. Michael Graham and the office has 12 full-time employees.

7. Assessor's Office

The Assessor's Office is responsible for the appraisal of all real and personal property in the city. The office is responsible for accurately recording and keeping records of real estate transactions and maintaining a current record of property ownership. In every odd-numbered year, the Assessor's Office will re-assess all real property located within the city. The current Assessor is Ed Bushmeyer and the office has 64 full-time employees.

8. Budget Division

The Budget Division is responsible for the development and monitoring of the city's annual budget and operating plan. The division provides estimates of available revenues and will work with the various city departments in reviewing budgetary requirements for city services. The division also provides statements on potential impact of proposed legislation, fiscal analysis related to special projects, and revenue and expenditure trend analysis. The current Budget Director is Paul Payne and the division has five full-time employees.

9. City Marshal's Office

The mission of the City Marshal's Office is to protect the Municipal Court and city-owned property, and conduct operations as dictated by the Municipal Judicial System. The City Marshal's Office is also responsible for serving subpoenas and summonses for



municipal violations and handling the custody and transportation of city prisoners to various detention centers. The current City Marshal is Ronald Hill and the office has 24 full-time employees.