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Missouri State Auditor

City of St. Louis Summary of Certain Significant Audit Findings

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Office of the
Missouri State Auditor
Susan Montee, JD, CPA

April 2010

The following report is a Summary of Certain Significant Audit Findings for the City of St. Louis.

This report compiles certain audit issues included in the various reports issued of our petition audit of the City of St. Louis. We issued 24 audit reports of the various city officials and departments between September 2008 and April 2010, as well as an audit of the St. Louis Board of Police Commissioners. The audit issues presented in this report are findings of a city-wide nature or involve multiple departments which need to work together to resolve the issue.

The City of St. Louis has a unique structure which has contributed to a decentralized city government. In addition to the Mayor, Board of Aldermen, and Comptroller, there are eight offices with separately-elected officials that perform functions a county would typically perform (county offices), and a Board of Police Commissioners with four members appointed by the Governor. City officials and departments appear to lack a coordination of efforts related to certain matters. Better coordination by the elected officials on various policy issues noted in this report would help resolve these issues and result in a more efficient city government.

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YELLOW SHEET

CITY OF ST. LOUIS
SUMMARY OF CERTAIN SIGNIFICANT AUDIT FINDINGS

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STATE AUDITOR'S REPORT



SUSAN MONTEE, JD, CPA
Missouri State Auditor

To the Honorable Mayor
and
Board of Aldermen
and
Officials and Directors of
Various Departments
City of St. Louis, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the City of St. Louis. We have issued 24 audit reports of the various city officials and departments and an audit of the St. Louis Board of Police Commissioners. This report was compiled using those audit reports issued between September 2008 and April 2010. No additional audit procedures were performed for the preparation of this report. The objectives of this report were to:

1. Summarize certain significant city-wide issues presented in the various audit reports.
2. Summarize certain significant issues relating to or requiring cooperation of two or more city officials or departments presented in the various audit reports.

The following Executive Summary, Audit Issues, and Appendix sections are presented for informational purposes.

A handwritten signature in cursive script that reads "Susan Montee".

Susan Montee, JD, CPA
State Auditor

EXECUTIVE SUMMARY

CITY OF ST. LOUIS
SUMMARY OF CERTAIN SIGNIFICANT AUDIT FINDINGS
EXECUTIVE SUMMARY

This report compiles audit issues included in the various reports issued of our petition audit of the City of St. Louis. We issued 24 audit reports of the various city officials and departments between September 2008 and April 2010, as well as an audit of the St. Louis Board of Police Commissioners. The Audit Issues presented in this report are findings of a city-wide nature or involve multiple departments which need to work together to resolve the issue. The Appendix provides a list of each report used as a source for the issues presented.

The City of St. Louis has a unique structure which has contributed to a decentralized city government. In addition to the Mayor, Board of Aldermen, and Comptroller, there are eight offices with separately-elected officials that perform functions a county would typically perform (county offices), and a Board of Police Commissioners with four members appointed by the Governor. City officials and departments appear to lack a coordination of efforts related to certain matters. Better coordination by the elected officials on various citywide policy issues noted in the Audit Issues section of this report would help resolve these issues and result in a more efficient city government. This is especially important as the city is facing a period of declining financial condition and is in the process of making significant budget cuts.

The City of St. Louis was founded in 1764 by Pierre Laclede. The city was incorporated in 1823, and in 1876 the city separated from St. Louis County. The city is a constitutional charter city with the most current charter approved in 1923. The City of St. Louis must also handle the various county functions, and the city is not a home rule county which means the county offices are subject to state laws. The population of the city in 2000 was 348,189.

The city government consists of a Mayor, Board of Aldermen, President of the Board of Aldermen, Comptroller, and Board of Estimate and Apportionment. The Mayor is the city's chief executive officer and appoints most of the city department directors. The major responsibilities of the Mayor are policy formation and coordination of the activities of city departments and agencies. The Board of Aldermen is the law-making body of the City of St. Louis. The Board consists of 28 aldermen, elected by the voters of their respective wards, and a President, who is elected by a citywide vote. The Comptroller exercises supervision over all fiscal affairs including the city's property, assets, and claims. The Comptroller is the chief accountant and auditor for the city. The Board of Estimate and Apportionment is the city's main fiscal body, which consists of the Mayor, President of the Board of Aldermen, and Comptroller. All of these officials are elected to four-year terms. The City of St. Louis has approximately 7,300 employees.

The following table lists the departments which are under the authority of the Mayor:

<u>Department Name</u>	<u>Department Name</u>
St. Louis Agency on Training and Employment	Personnel
Civil Rights Enforcement Agency	City Counselor
Parks, Recreation, and Forestry	Public Utilities
Public Safety	Streets
Community Development Administration	Assessor
Planning and Urban Design Agency	Register
City Marshal	Supply
Information Technology Services Agency	Airport
Human Services	Health
Board of Public Service	Medical Examiner
Affordable Housing Commission	Budget Division

While the Mayor appoints municipal judges and oversees the operations of the City Courts as outlined in St. Louis City Revised Code Section 3.08, overall administrative authority for municipal courts is the responsibility of the Missouri Supreme Court. The Municipal Division of the City of St. Louis is part of the state's Twenty-Second Judicial Circuit, which is audited separately by the State Auditor.

The City of St. Louis is independent of any county and, as a result, has eight county offices performing the functions of a county government. Officials in each of these offices are elected to 4-year terms. Most city policies and procedures do not apply to these offices, and the elected officeholders generally run their offices independent of all other city offices. The eight offices are as follows:

- The Circuit Attorney represents the people in prosecuting criminal acts.
- The Circuit Clerk is responsible for recording the judgments, orders, and other proceedings of the Circuit Court. The main duties and functions of the Circuit Clerk are included in our separate audit of the Twenty-Second Judicial Circuit.
- The Collector of Revenue duties include collecting real estate and personal property taxes, city earnings taxes, payroll expense taxes, and water fees. In addition, the Collector of Revenue collects motor vehicle sales taxes and drivers' license fees under contract with the Missouri Department of Revenue.
- The License Collector is responsible for collecting various licensing fees and taxes assessed against businesses within the City of St. Louis.
- The Public Administrator is responsible for handling estates for people who left no wills or survivors and serves as guardian for some incapacitated people.

- The Recorder of Deeds is responsible for records and serves as a repository for legal documents which affect title to real estate, and issues marriage licenses, birth certificates, and death certificates.
- The Sheriff is responsible for the courtroom security of the Circuit Court and also the transportation of prisoners between the courts and the detention facilities. In addition, the Sheriff serves court papers and eviction notices, and issues jury summonses and gun permits.
- The Treasurer duties include serving as the custodian of city funds, ensuring the amount of money needed for current city operations is available, and investing money not currently needed in investment vehicles as allowed by the city's investment policy. In addition, the Treasurer is responsible for city parking meters and facilities.

The St. Louis Board of Police Commissioners was established by an act of the legislature in 1861 to provide law enforcement protection to the citizens of the City of St. Louis. The Board of Police Commissioners consists of five members. Four of the commissioners are appointed by the Governor, and with the Mayor as an ex officio commissioner, control the operations of the St. Louis Metropolitan Police Department. As a result, most Police Department operations are performed independent of other city functions.

AUDIT ISSUES

CITY OF ST. LOUIS
SUMMARY OF CERTAIN SIGNIFICANT AUDIT FINDINGS
AUDIT ISSUES

1. Comptroller's Office/Citywide Accounting Issues

The city's main accounting and payroll systems are old and out of date. The Comptroller is responsible for operating and maintaining most of the city-wide accounting systems and is responsible for processing payroll transactions.

- A. The financial computer system obtained in the early 1980's and utilized by the Comptroller's office does not provide information necessary to efficiently operate the city. The current system does not always provide information needed by city offices, and as a result, several city offices are maintaining separate financial records at additional expense to the city. In addition, the financial computer system does not have controls in place to prevent splitting purchases to avoid the city's bidding requirements.
- B. The payroll computer system obtained in the early 1970's and utilized by the Comptroller's office is heavily reliant on manual processes, and several city offices are required to compile and manually enter timekeeping information into the payroll system. Also, some city offices are maintaining separate payroll systems at additional expense to the city. Payroll transaction data is not readily available and the system does not track payroll costs by project or grant. The system also cannot provide information documenting reasons for payroll adjustments, such as incentive pay and back pay.
- C. The Comptroller's office does not have adequate procedures to verify payroll data and, as a result, does not have assurance transactions are processed accurately. Payroll data submitted electronically by city offices is printed and certified by an official from the respective city office. The Comptroller's office does not ensure the certified payroll data agrees with the electronic payroll data, which could allow for unauthorized changes to the electronic data after it has been certified. In addition, the Comptroller's office does not require processed payroll data to be certified by the city offices. Various processed payroll reports sent to city offices are not verified and returned to the Comptroller's office unless errors are noted.
- D. Time sheets are not prepared for some non-civil service employees. Time sheets are beneficial in showing compliance with the Fair Labor Standards Act of 1938.
- E. The Comptroller's office has not established city-wide procedures to ensure reimbursement requests for federal grants are submitted timely. Each city office has developed its own procedures for submitting and processing reimbursement requests for grants. Several offices, including the Comptroller's office and the St. Louis Agency on Training and Employment (SLATE), had not submitted

reimbursement requests in a timely manner, which could have resulted in the loss of grant revenues.

Recommendations:

- A. Evaluate the need for a new financial computer system that will provide the necessary information for all city offices.
- B. Evaluate the need for a new payroll computer system that will provide the necessary controls and information for all city offices.
- C. Ensure the electronic payroll data agrees with the certified payroll data, and ensure city offices certify the accuracy of the final processed payroll data.
- D. Require all employees that are not exempt from FLSA requirements to prepare time sheets of actual hours worked and leave taken.
- E. Develop procedures to ensure grant reimbursement requests are submitted in a timely manner.

Report Source: 2008-95

2.

City Vehicles

- A. It is unclear which official, board, or department should have overall authority to establish and enforce rules and policies related to the city's motor vehicles. St. Louis City Revised Code Section 3.54.060, gives the Comptroller the authority to establish rules for motor vehicles, but the Comptroller no longer establishes rules under this code. The Board of Estimate and Apportionment signs the city's Vehicle Policy Manual which is intended to be binding to all city departments and elected offices. The manual does not state the Board of Estimate and Apportionment has the authority to ensure the applicable policies are followed. The Board of Public Service - Equipment Services Division (ESD) does not establish the vehicle policy, but appears to have been given the majority of the responsibilities as outlined in the Vehicle Policy Manual.
- B. The city has not established a policy requiring vehicle mileage logs for all city vehicles. The Vehicle Policy Manual only states that city vehicles may not be used for personal business. The lack of vehicle logs contributed to the following issues:
 - Some city elected offices and the Police Department used city-owned vehicles for personal use and did not maintain vehicle usage logs to document commuting and personal use of the vehicle. The elected city

offices included the Board of Aldermen, Comptroller, Collector of Revenue, License Collector, Recorder of Deeds, and Sheriff.

- The Departments of Streets and Public Safety did not report commuting mileage to the Internal Revenue Service as reportable compensation.
- Several city offices are not regularly monitoring their fleet to ensure city vehicles are used efficiently and effectively. The offices include Departments of Streets and Public Safety, Comptroller, Treasurer, Airport, License Collector, and Department of Public Utilities - Water Division.

C. The ESD has not been able to complete annual vehicle assignment reports because most city departments were not providing the required information. The Vehicle Policy Manual states ESD is required to provide an annual vehicle assignment report to the Board of Estimate and Apportionment by April 1. The report should include information for each city department of vehicle assignments, mileage incurred, and vehicle operating costs.

The report was last completed and included with the 2001-2002 Commuting Survey Results Report. Many city departments have not submitted the information needed for the report since that time. The ESD no longer attempts to obtain the information after being informed by the Mayor 's office the annual report was no longer necessary. This report would be beneficial for the city to determine the optimal size of the city's fleet and to monitor overall vehicle costs.

Recommendations:

- A. Revise the city code to clarify and establish clear authority over policy making and policy enforcement for city vehicles.
- B. Amend the Vehicle Policy Manual to establish a policy requiring complete and detailed mileage logs be maintained for all city-owned vehicles.
- C. Ensure the vehicle assignment report is completed annually as required by the Vehicle Policy Manual.

Report Source: 2008-61, 2008-62, 2008-95, 2008-97, 2009-62, 2009-63, 2009-64, 2009-121, 2009-122, 2009-123, 2010-16, 2010-34, 2010-35

3. Property Custody, Tracking of Evidence, and Seized Property

There appears to be a lack of coordination between the Police Department, Circuit Attorney's office, and Sheriff's office regarding the handling of seized property and evidence. Cash and property items are handled by all three offices during the time they

are in the city's custody. Each office maintains its own property custody rooms and property accounting records.

A. Records of items transferred between the various offices need to be improved.

- 1) The Circuit Attorney's office does not notify the Police Department or Sheriff's office of evidence to be retained indefinitely in its property custody section. The Circuit Attorney's office retains evidence for completed cases when the defendant receives a sentence of 15 years or greater. Personnel of the Circuit Attorney's office indicated the Police Department and the Sheriff's office are aware of this policy. The Police Department indicated this has created confusion as to the location of some evidence.
- 2) The Police Department's Property Custody Unit (PCU) does not have adequate controls to track evidence released to the Circuit Attorney's office and Sheriff's office. Evidence released to these offices remains on the PCU's records. Items released could be retained permanently by these offices, and the PCU's records do not always indicate this.

B. Property inventory records were not always complete and accurate and cash and property were not adequately protected from theft or misuse.

- 1) The Circuit Attorney's office does not maintain one complete list of all property. A case tracking system is used to record evidence for closed cases; however, evidence for open cases is only recorded on property voucher forms in case files and a manual log. The manual log does not include information regarding the type of evidence, location, or disposition. A list of audio and video evidence tapes maintained on a separate computer database did not appear complete. Periodic physical inventories of all evidence are not performed, which would allow timely detection of errors and omissions in the property records.
- 2) As of February 2009, cash of approximately \$24,000 in the custody of the Police Department PCU was missing, mislabeled, or misplaced. Prior to November 2008, the Police department did not have adequate controls in place to ensure monies and other property were properly stored, accounted for properly, and protected from loss or theft. The department obtained an independent audit of the PCU which found the unit was unorganized, did not keep accurate records, did not properly store some items, and did not conduct periodic physical inventories. Since this audit, the department has taken steps to implement the audit recommendations, including drafting a strategic plan for improving the organization of the unit.
- 3) The Sheriff's office property records were not complete and accurate. Information recorded on evidence item tags and bags did not always

correspond to information recorded in the property room database or on property receipts received from the Police Department. In addition, the Sheriff's office conducts limited reviews by comparing the database information to actual property stored, but these procedures are not documented. Periodic physical inventories of the property room would allow for timely detection of errors and omissions in the property records.

- C. Some property is not disposed in a timely manner.
- 1) The Circuit Attorney's office has no written procedures to review or update disposal dates of case evidence. Property items for several cases listed on an evidence disposal report were not disposed and were still on hand.
 - 2) The Police Department has a large number of weapons and old evidence which the department has determined has no value and should be destroyed. The PCU identified approximately 4,000 guns that held no evidentiary value and submitted a listing in June 2008 to the Circuit Attorney's office for approval of destruction. As of August 2009, the PCU was still awaiting approval.
 - 3) The Sheriff's office records indicate at least \$372,000 in cash seized prior to May 2006 was held in the property room. The specific reasons for holding these monies were not documented in the Sheriff's records and approval to dispose of the monies has not been obtained from the Circuit Attorney's office. In addition, the property room has a large number of older evidence items and items seized during tenant evictions which appear to have limited value and should be destroyed or auctioned. The Sheriff has not conducted an auction to dispose of property since 2003.
- D. At June 30, 2008, the Police Department held \$4.3 million seized under the Criminal Activity Forfeiture Act (CAFA). It appears the department could improve its procedures to work with the Circuit Attorney's office to dispose of CAFA monies on a more timely basis. The department seized the majority of monies between 2000 and 2008; however, some monies were seized prior to 2000. Since June 2008, the department identified the owners and appropriate disposition for \$3.7 million of the \$4.3 million held; however, the owners of approximately \$591,000 remain unidentified as of June 2009.

Recommendations:

- A. Establish procedures to ensure the status of all evidence transferred between agencies is adequately tracked and recorded.
- B. Establish procedures to ensure accurate information is recorded on all property records and periodic physical inventories are conducted of all property.

- C. Establish procedures to periodically review the status of old monies, weapons, and other evidence, and periodically request items no longer needed for evidentiary purposes be disposed in accordance with state law.
- D. Continue to implement controls to track and account for all seized monies, and continue to research and identify recipients for remaining unidentified monies or turn over the monies to the State Unclaimed Property Division.

Report Source: 2009-123, 2010-17, 2010-35

4. Airport/City Fire Department
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The city is incurring unnecessary costs of \$1.8 million per year by funding the operations of the south firehouse at Lambert-St. Louis International Airport. The Airport does not have the authority to close the south firehouse or reassign the firefighters stationed there. The Airport has obtained confirmation from the Federal Aviation Administration that the south firehouse is not necessary, but the City of St. Louis Department of Public Safety - Fire Department is responsible for making decisions concerning the airport firehouses. The Fire Department was not able to provide specific information to support keeping the firehouse open.

Recommendation:

Conduct additional analysis regarding the feasibility of closing the south firehouse.

Report Source: 2009-121

5. Emergency Purchases

Some city departments may be using emergency purchases to circumvent normal city purchasing procedures. The city's Supply Division is responsible for processing emergency purchases.

- A. According to city policy, an emergency purchase can only be made when a condition exists which might cause injury to a person or property damage, or seriously impair public health or services. Several emergency purchases were made by various city departments which did not appear to meet the city's definition of "emergency".
- B. Justification of the emergency nature of the emergency purchase was not always adequately documented. The Supply Division Procedures Manual requires the city department provide documentation of the need for each emergency purchase.

- C. Several city purchases included invoices with dates prior to the creation and approval of the emergency requisition form. The Supply Division Procedures Manual requires the Comptroller's and Supply Division's approval before an item can be purchased on an emergency basis. A department head can approve a purchase if the offices are closed, but there was no documentation this was the case.
- D. Several of the emergency purchases were not bid as required. The Supply Division Procedures Manual requires two to three vendor letterhead price quotations be obtained prior to making an emergency purchase, unless a bid waiver is requested and approved by the Supply Division.

Recommendations:

- A. Ensure only emergency purchases that meet the definition of an emergency are approved, and determine if disciplinary action can be taken against city departments that abuse emergency purchasing procedures.
- B. Ensure all emergency purchases include adequate documentation to justify the emergency.
- C. Ensure all emergency purchases are approved prior to initiating the actual purchase, or the reason for initiating the purchase prior to approval is adequately documented.
- D. Ensure two or three vendor letterhead price quotes are received for all emergency purchases, and letters to waive advertising for bids are received for applicable emergency purchases.

Report Source: 2008-60

6. Capital Assets

Some city offices do not perform annual physical inventories of capital assets. The Comptroller's Office is responsible for maintaining a complete detailed record of city property for all city offices except the Airport, Police Department, Department of Public Utilities - Water Division, and License Collector. The Comptroller's office provides a quarterly capital asset list to the city departments and the departments are responsible for performing the annual physical inventories. The following city departments did not perform adequate physical inventories of capital assets:

- The city's Supply Division and Board of Aldermen have not conducted annual physical inventories of capital assets.

- The Comptroller's office, Board of Public Service, and Treasurer's office perform annual physical inventories only for vehicles.
- Although department officials indicated annual physical inventories are performed, adequate documentation was not retained by the Department of Personnel and the Department of Parks, Recreation, and Forestry - Parks Division.
- The Community Development Administration uses its own capital asset list to perform annual physical inventories instead of the listing supplied by the Comptroller's office.
- The Department of Public Safety - Corrections Division, only conducts a physical inventory when division staff have time.
- The Airport has two conflicting policies concerning capital assets. The Airport conducted a partial physical inventory of vehicles and equipment purchased with federal funds, but has not performed a full annual physical inventory in several years.
- The Police Department does not perform annual physical inventories. The department only requires its Supply Division to perform physical inventories every 3 years.

Recommendation:

Require annual inventories be submitted by each city office to the Comptroller's office. Departments not required to submit annual inventories to the Comptroller's office should conduct complete annual physical inventories.

Report Source: 2008-95, 2009-121, and 2009-123

7.	Lead Safe St. Louis Program
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The overall effectiveness of the Lead Safe St. Louis Program (LSSL) could be improved by better communication and sharing of information between the three city agencies responsible for administration of the program. The Department of Public Safety - Building Division (BD), is responsible for home inspections and lead remediation on contaminated properties. The Department of Health (DOH) provides education and outreach services, including lead testing of children and case management services. The Community Development Administration (CDA) oversees the applicable federal grant funding provided for the program.

The DOH notifies the BD when it determines a home inspection is necessary. The BD also receives requests from other sources for home inspections, but does not normally share this information with the DOH. As a result, the DOH is not aware of a potential

need for testing and providing services to the children residing in these homes. In addition, there is no formal procedure to ensure the DOH is notified by the BD of uncooperative residents who cannot be reached. Finally, the BD did not initially share access with the DOH or the CDA to a database system which tracked home inspections and lead remediation work.

Recommendation:

Work together to improve communication and ensure all pertinent information is shared between the agencies.

Report Source: 2009-60

8. Businesses Operating Without Valid Licenses

The License Collector's office could improve procedures to timely resolve non-compliance issues in the license application clearance process, including establishing guidelines for determining when it is appropriate to close non-compliant businesses. A significant number of businesses have operated without a current city business license for several years. While these businesses applied and paid the required licensing fees, their licenses were never issued due to non-compliance in other areas of the approval and clearance process. Areas of noncompliance noted during our review related largely to other areas of city government not under the control or responsibility of the License Collector's office.

The License Collector's office works with the Collector of Revenue's office to resolve clearance problems. When clearance cannot be given, a letter is sent to the businesses indicating the reason a business license has not been issued. However, while the License Collector's office has improved procedures, some businesses continue to operate without a valid license for long periods of time. This problem has continued to exist partly because the city has been hesitant to close non-compliant businesses when it is already difficult to keep existing businesses and bring new businesses into the city.

Recommendation:

Continue to strengthen procedures to resolve problems with businesses obtaining clearance and determine whether there are any other legal avenues the city can take against non-compliant businesses. In addition, the city should consider developing guidelines for determining what factors will be considered when deciding whether to close a business and when those determinations will be made.

Report Source: 2009-64

9.**Expiration of Various Boards**

- A. The Board of Parks and Recreation has been inactive since 1981. A six-member board is established by City Charter. The members are to be appointed by the Mayor and advise the Director of Parks, Recreation, and Forestry on matters relating to parks and recreation. The board also has the capacity to hear complaints regarding the use of parks and recreational facilities and then make recommendations to the director.

- B. The Board of Air Pollution Control Appeals and Variance Review was eliminated in 2003. The board is established by St. Louis City Revised Code and the members are to be appointed by the Mayor. The board is responsible for conducting hearings on appeals from actions and orders of the health commissioner and all petitions for variance. The board is also responsible for advising the Air Pollution Control Program (APCP) on rules and regulations. The board was eliminated when the APCP was transferred from the Department of Public Safety to the Department of Health. APCP officials indicated the former board was eliminated with the intention of starting a new board but this was not done.

Recommendations:

- A. Reestablish the Board of Parks and Recreation or determine if a change to the City Charter is necessary.

- B. Reinstate the Board of Air Pollution Control Appeals and Variance Review to comply with City Code.

Report Source: 2008-96 and 2009-59

10.**Department of Public Utilities - Water Division**

Some concerns were noted regarding the administration of the Department of Public Utilities - Water Division. The division operates as an enterprise fund and its revenues are restricted for the purpose of providing services to customers.

- A. The city is not paying the Water Division for water use at city-owned facilities. The city maintains approximately 300 structures which could potentially consume water. In addition, the city consumes water for other services such as fighting fires and watering right-of-way property. Since the city is not paying for its water usage, water rates paid by the utility customers are covering the cost of the city's water consumption. The division has presented some of the unbilled water usage to the city but has not received payment.

- B. Significant water rate increases have been implemented infrequently, rather than smaller more frequent increases, which potentially increases financial stress on some water customers.

Recommendations:

- A. Meter city water use or develop other water use estimates for city owned buildings, facilities, and other water-using features, and ensure payment is made to the Water Division for water used by the city.
- B. Ensure water rates are more evenly increased to allow customers to more easily absorb rate increases.

Report Source: 2010-34

11. Public Administrator

Although the Public Administrator has requested to be paid on a salary basis , the city has not complied with his request. Currently, the Public Administrator uses fees collected by the office to pay for salaries and expenses of the office. State law allows the Public Administrator to make a determination within 30 days after taking office whether to receive a salary or fees. If the Public Administrator elects to receive salary, all fees would be turned over to the city treasury and the city would pay for the salaries and expenses of the office.

The Public Administrator sent a letter in December 2000 to the Mayor and members of the Board of Estimate and Apportionment making the election to receive a salary. The response by the city was this would be a violation of the Missouri Constitution. The Public Administrator sent another letter in January 2009 requesting to receive a salary, but has not received a response. The Public Administrator has also been working with the Board of Aldermen to pass a city ordinance regarding this issue.

In addition, employees of the Public Administrator's office are not considered city employees and do not receive city benefits as required by state law. The Public Administrator has contacted the city about his employees receiving city benefits, but his request has been denied by the city.

Recommendation:

Work to ensure the Public Administrator's salary and employee benefits are handled in accordance with state law.

Report Source: 2010-14

12.**Recorder of Deeds**

- A. Records preservation and technology enhancement fees are deposited into a separate bank account maintained by the Recorder of Deeds; however, state law requires these funds be kept in a fund maintained by the City Treasurer. The Recorder of Deeds' responses to internal audit recommendations indicated she has consulted with the City Treasurer about holding these monies; however, an agreement has not been reached to allow for the transfer of custody of the account to the City Treasurer.
- B. The Recorder of Deeds does not reconcile the City Comptroller's liability totals to her escrow account records. The City Comptroller's escrow liability balance at June 30, 2009, was approximately \$362,000 while the actual balance of escrow funds held by the City Treasurer was approximately \$139,000.

Recommendations:

- A. Remit record preservation and technology monies to the City Treasurer's custody.
- B. Periodically reconcile Recorder of Deeds' escrow balance data to the City Comptroller's escrow liability balances, identify unreconciled balances, and ensure records of liabilities are accurate and fairly stated on the city's financial reports.

Report Source: 2010-16

13.**Travel Costs**

- A. The Comptroller's office does not have adequate procedures to ensure reimbursement forms for employee travel advances from federal grant funds are submitted on a timely basis. Up to 70 percent of estimated travel costs can be advanced to employees traveling on city business. The employee must complete a travel reimbursement report and submit receipts. Excess funds are returned by the employee or additional reimbursement is then made to the employee. Twenty-five employees receiving travel advances between November 2, 2006, and April 7, 2008 had not turned in travel reimbursement reports.
- B. Department of Health employees attended out-of-state conferences and incurred excessive lodging expenses by staying at the hotels that sponsored the conferences. City travel regulations allow transportation expenses between the airport and hotel, but the regulations state taxi services within a city are not allowable expenses. Since city employees would not be reimbursed for taxi service from the conference to a hotel, the policy appears to have motivated employees to stay at the conference sponsoring hotels which sometime have

excessive lodging rates. Coordination is needed between the city departments and the Board of Estimate and Apportionment to amend the travel policies to allow reimbursement for transportation within a city, which could allow employees to locate lodging at more reasonable rates.

Recommendations:

- A. Ensure reimbursement reports for federal travel advances are submitted to the Comptroller's office on a timely basis.
- B. Consider changing city travel policies to allow reimbursement for travel expenses incurred within a city.

Report Source: 2008-95 and 2009-59

14. Department of Parks, Recreation, and Forestry - Forestry Division
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- A. The Department of Parks, Recreation, and Forestry - Forestry Division, has not documented how the administrative fee charged for handling billings for the Department of Public Safety - Building Division was established or determined. The Forestry Division adds a 10 percent administrative fee for handling customer bills in relation to the Building Division's work on building demolition, vacant building fees, and building board-ups. In addition, the Forestry Division does not appear to have any authority in the City Charter, Revised Code, or other city policy to charge this fee.
- B. The Forestry Division has not entered into a written agreement for services performed on property owned by the city's Land Reutilization Authority (LRA). The LRA is responsible for properties with delinquent taxes which do not sell at land tax sales and attempts to bring the properties back to tax generating status. The Forestry Division has been responsible for the maintenance of these properties, including grass cutting, weed maintenance, and debris removal. There are no policies or written agreements documenting the duties and responsibilities of the Forestry Division for these properties.

Recommendations:

- A. Review and document the costs of the Forestry Division administering the Building Division's billing service and establish the administrative fee to recover those costs.
- B. Enter into formal written contracts for services rendered or obtained between departments or agencies.

Report Source: 2008-96

15.

Cellular Telephones

Procedures for approval of cellular telephone usage could be improved. City of St. Louis Ordinance 63999 prohibits the possession or use of city-owned cellular telephones by any official or employee of the City of St. Louis except for those designated by resolution by the Board of Aldermen; however, Board of Aldermen approval is not required for employees to receive reimbursement for use of personal cellular telephones. Several city departments reimburse employees for use of their personal cellular telephones which does not allow the Board of Aldermen an opportunity to approve all cellular telephone expenses.

Recommendation:

Revise the cellular phone ordinance to require approval by the Board of Aldermen for reimbursement of personal cellular telephone usage.

Report Source: 2008-62

16.

Incentive Payments

Incentive payments paid to employees are not supported by adequate documentation showing additional work was performed. In addition, the city's granting of payments appeared inconsistent. In 2007, the city paid \$14,591 to two employees as bonus/incentive payments.

The two employees receiving the payments worked in the Department of Health. The payments equaled approximately 10 percent of the gross income of the employees. St. Louis City Ordinance 67922, Section 2, indicates a program of cash awards or other incentives could be granted to recognize and reward increased productivity or effectiveness. The city indicated these employees performed extra duties on a temporary basis due to vacant positions. There was not adequate supporting documentation showing this additional work performed by the employees.

In addition, the city's granting of the payments did not appear to be consistent. The Deputy Building Commissioner has served as the Acting Building Commissioner since September 2005 with an estimated additional work load of approximately 5 hours a week. This employee has not received any bonus/incentive payment for the additional work.

Recommendation:

Ensure incentive payments are in compliance with the Missouri Constitution, applied consistently throughout the city, and adequately supported with documentation.

Report Source: 2008-59

17.

Wellness Program

The Department of Personnel does not have a written policy concerning paid time off for participation in the city's wellness program. As a result, it has been left up to the appointing authorities to decide if the time off to participate in the program is paid time or personal time. City departments have not been consistent in the decisions regarding which type of time off should be used for employees participating in the program. In addition, the city has not adequately tracked the cost of the wellness program. Employees using paid time off to participate in the program are not adequately tracking this information on timesheets submitted to the Comptroller's Office.

Recommendation:

Perform a cost analysis of the wellness program to determine if it is beneficial to the city, and establish a written policy which addresses participation by employees in the wellness program. In addition, documentation should be maintained of the amount of paid time off used by employees participating in the wellness program to determine the total costs of the program.

Report Source: 2008-59

APPENDIX

CITY OF ST. LOUIS
SUMMARY OF CERTAIN SIGNIFICANT AUDIT FINDINGS
APPENDIX

The following table provides information on the 25 audit reports issued for the City of St. Louis and summarized in this report.

<u>Report Name</u>	<u>Report Number</u>
Department of Personnel	2008-59
Supply Division	2008-60
Board of Public Service	2008-61
Board of Aldermen	2008-62
Office of the Comptroller	2008-95
Department of Parks, Recreation, and Forestry	2008-96
Office of Treasurer	2008-97
Information Technology Services Agency	2009-37
Community and Economic Development Offices	2009-38
Department of Health	2009-59
Lead Safe St. Louis Program	2009-60
Department of Human Services	2009-61
Office of Collector of Revenue	2009-62
Department of Streets	2009-63
Office of License Collector	2009-64
Lambert-St. Louis International Airport	2009-121
Department of Public Safety	2009-122
St. Louis Board of Police Commissioners	2009-123
Office of Public Administrator	2010-14
Judicial Expenditures	2010-15
Office of Recorder of Deeds	2010-16
Office of Circuit Attorney	2010-17
Department of Public Utilities	2010-34
Office of Sheriff	2010-35
Office of Mayor and Other City Offices	2010-42