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Missouri State Auditor

City of St. Louis

Department of Health

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CITIZENS SUMMARY

Findings in the audit of City of St. Louis Department of Health

Food Inspections	The Department of Health (DOH) has not performed food safety inspections in accordance with city code requirements.
Capital Assets	The DOH has not accounted for capital assets in accordance with city policies and procedures.
Accounting Controls	DOH personnel do not record all payments received on prenumbered receipt slips or in a log and do not always restrictively endorse checks or money orders immediately upon receipt.
Payroll Procedures	Controls and procedures over the payroll process need improvement.

In the areas audited, the overall performance of this entity was **Good**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

City of St. Louis Department of Health

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We have audited certain operations of the City of St. Louis Department of Health in fulfillment of our duties under Section 29.200.3, RSMo. The State Auditor initiated audits of the City of St. Louis in response to a formal request from the Board of Aldermen. The city engaged KPMG LLP, Certified Public Accountants (CPAs), to audit the city's financial statements for the year ended June 30, 2019. To minimize duplication of effort, we reviewed the CPA firm's report. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2019. The objectives of our audit were to:

1. Evaluate the department's internal controls over significant management and financial functions.
2. Evaluate the department's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

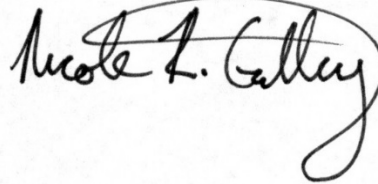
Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the department, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal control that is significant within the context of the audit objectives and assessed the design and implementation of such internal control to the extent necessary to address our audit objectives. We also 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 applicable 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.

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 Organization and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in our audit of the department.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the City of St. Louis Department of Health.

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

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

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City of St. Louis Department of Health

Management Advisory Report

State Auditor's Findings

1. Food Inspections

The Department of Health (DOH) has not performed food safety inspections in accordance with city code requirements. In addition, the DOH did not charge food establishments for food safety re-inspections as required by the city code. The city code defines food establishments as restaurants, bars, grocery stores, food trucks, cafeterias, sport venues, etc. As of March 23, 2020, the city had 2,797 food establishments.

Food establishments are required to obtain permits from the DOH to legally operate in the city. The city code requires the DOH to perform an annual priority assessment for each food establishment. Based on a priority assessment, health inspectors conduct routine inspections of each establishment. The frequency of these inspections range from once per year to every 120 days. Health code violations identified by the inspectors require subsequent re-inspections to evaluate corrective actions taken.

We selected 25 food establishments and reviewed the DOH's food safety inspection documentation for each entity to determine the department's compliance with city code requirements. We noted the following concerns:

- Re-inspections of critical violations did not occur within 48 hours for all 7 food establishments reviewed with a documented critical violation and a downgraded inspection rating. The re-inspections for 6 establishments occurred from 2 to 40 days late and the other establishment did not receive a re-inspection.
- The DOH did not assess or collect required fees for food establishment re-inspections. A DOH official indicated re-inspection fees have not been collected for several years. The official indicated a notification campaign was established in July 2018 to ensure establishments were aware of the fees, however, due to supervisory turnover, the DOH did not implement fee assessment and collection procedures. The city code requires a \$50 fee for the first re-inspection of food establishments with a critical violation and a downgraded inspection rating and a \$100 fee for all subsequent re-inspections. Based on DOH inspection records, 365 inspections required a subsequent re-inspection during the year ended June 30, 2019. Therefore, the city lost revenue of at least \$18,250 for the fiscal year.
- 11 of 23 (48 percent) food establishments requiring an annual priority assessment did not receive the required assessment during the fiscal year.
- DOH staff did not perform all required annual inspections for 2 of 25 (8 percent) food establishments reviewed. One establishment received 1 of 2 required inspections while the other received 2 of 3 required inspections.



City of St. Louis Department of Health
Management Advisory Report - State Auditor's Findings

Section 11.42.232 of the city code establishes requirements for food establishment permits and includes requirements for annual priority assessments, routine food inspections based on the assessed priority level, re-inspections for critical violations involving a downgraded inspection rating within 48 hours after discovery, and the assessment of fees for re-inspections. Failure to adhere to food establishment assessment and inspection regulations increases the risk health violations will not be detected or corrected. In addition, failure to assess and collect fees established by city code reduces city funding available to pay for the services.

Recommendation

The Department of Health should ensure food inspectors perform all required assessments, inspections, and re-inspections. In addition, DOH staff should ensure all fees required by city code are assessed and collected.

Auditee's Response

- *Food Establishment Inspectors (FEIs) operated with the understanding that the 48-hour re-inspection for downgraded establishments did not include weekend hours. FEI's have been instructed to make arrangements to re-inspect any downgraded establishment within 48 hours, unless the establishment will not be open during that time period. FEIs have been instructed to note in the record in Healthspace if there are extenuating circumstances that would prevent performing the re-inspection within 48 hours, such as the establishment not being open during that 48-hour period of time.*
- *The current Food Code under Ordinance 68597 was approved in March 2010 using the U.S. Food and Drug Administration (FDA) 2009 Food Code. During drafting of that code, shortly after the recession that occurred in 2008-2009, staff was advised to find ways to increase fee revenue to the city. It was at this time that the additional fees for re-inspections of downgraded establishments was adopted. Since then, the Ferguson Report identified the burden that these penalty fees place on African American citizens and vendors. The Food Control program is in the process of updating the city's Food Code to the current 2017 FDA Food Code. During this process, the Food Control program will recommend that these penalty fees for re-inspections be removed from the code, as the vendors already pay an annual fee for their permit, which is based on the risk level of the food establishment. The risk level of the food establishment takes into consideration inspection results from the previous year and the risk factor may be increased as a result of critical violations and downgrades.*

In addition, it has been determined that the majority of the downgrades that occurred in fiscal year 2019 were due to a procedural flaw by a new FEI. In fiscal year 2018, there were a total of 92 downgrades, compared to 365 in fiscal year 2019. In fiscal year 2020, after this procedural flaw was discovered and corrected, there were 116 downgrades.



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The Department of Health acknowledges the auditor's remark that "due to supervisory turnover" these fees were not charged for the fiscal year 2019 time period. It should be noted that in fiscal year 2018, turnover in the entire Department of Health was nearly 40 percent. At the start of fiscal year 2019, the Environmental Health Services Manager II was also serving as the Acting Director and Acting Commissioner of Health, as well as covering the vacancies in Environmental Health Services of the Program Manager I, the Animal Regulation Center Supervisor, and one of the Environmental Health Supervisors. During this time and the following fiscal year, the Department of Health has prioritized filling vacant positions and reducing the turnover rate.

- *As reflected in the auditor's second point that supervisory turnover impacted fee collection, it also impacted oversight of the annual priority assessments for food establishments that had been identified and assigned by the previous Food Control Environmental Health Supervisor. This was not corrected until early in fiscal year 2020, but had already been corrected by the time of the audit of fiscal year 2019. A report is run four months prior to renewal of food permits, and the FEIs each perform the annual priority assessment so that when the notifications go out for renewal, the establishment is made aware of any adjustments in their risk priority and fees.*
- *Monitoring of the late and missed food inspections was also impacted by supervisory turnover. The current Food Control Environmental Health Supervisor performs a monthly review identifying any food establishments for which inspections are overdue, and directs assistance to ensure that the inspections are performed as timely as possible, preventing extremely late or missed inspections.*

2. Capital Assets

The DOH has not accounted for capital assets in accordance with city policies and procedures. As a result, assets are more susceptible to theft or misuse and capital asset records are incomplete and inaccurate. DOH records indicate the department maintained approximately 820 assets as of February 2020.

We noted the following concerns related to capital assets:

- Department staff did not report more than 350 capital asset dispositions occurring in July 2018 to the Comptroller's office for input into the city's Fixed Asset Management System (FAMS).
- Department staff do not tag, number, or otherwise identify capital assets as required in the FAMS policies and procedure manual.
- Annual physical inventories of department assets are not conducted or reconciled to the capital asset listing.



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- During our review of 25 capital assets, department personnel could not locate 20 of them (80 percent). Department capital asset records indicate DOH staff disposed of 3 of the 20 missing items in July 2018, but did not update the capital asset listing. The Comptroller's office reported similar issues in internal audit reports issued in June 2016 and September 2017.

The city's FAMS policies and procedures manual requires each department to conduct an annual physical inventory of all departmental property, reconcile the inventory to the capital asset listing provided by the Comptroller's office, and notify the Comptroller's office of capital asset additions, dispositions, transfers, and adjustments or corrections necessary to ensure city records are accurate and complete.

The policies and procedures required by the city's FAMS policies and procedures manual are necessary to provide controls over city property; safeguard city assets that are susceptible to loss, theft, or misuse; and provide a basis for proper financial reporting and insurance coverage. In addition, property control tags should be affixed to all property items to help improve accountability and ensure assets are properly identified as belonging to the city.

Recommendation

The Department of Health ensure complete and detailed capital asset records are maintained. In addition, the department should work with the Comptroller's office to properly tag, number, or otherwise identify all applicable city property, and conduct and document an annual inventory.

Auditee's Response

The Department of Health agrees with this finding and has commenced the process of physical inventory count to be conducted twice yearly, in June and in December each year. The implementation of this process and other related asset/equipment management processes are expected to be completed by December 31, 2020. Part of this process would include working with the Comptroller's office to clear from the FAMS list items that had been destroyed or no longer in use and ensuring that proper tags/labels are placed on equipment and assets that are currently in use.

3. Accounting Controls

DOH personnel do not record all payments received on prenumbered receipt slips or in a log and do not always restrictively endorse checks or money orders immediately upon receipt.

The department's Fiscal Bureau staff receive mail for the department and transmit payments received to the respective divisions within each bureau. Mail that does not clearly identify the appropriate division within DOH is opened by fiscal staff to determine the correct recipient. However, these staff do not record checks and money orders received through the use of a receipt log or prenumbered receipt slips and do not restrictively endorse the checks or money orders immediately upon receipt. After Fiscal Bureau staff forward



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the money received to the appropriate divisions, division staff record the payments through the use of prenumbered receipt slips or receipt logs and add the restrictive endorsement.

Failure to record payments upon initial receipt by the Fiscal Bureau means the initial custody of funds received and the subsequent transmittal of funds to other DOH divisions is not documented. Without this initial recording of payments and supervisory review of transmittals, the DOH cannot ensure all payments received have been properly transmitted to the correct divisions and subsequently transmitted to the Treasurer's office for deposit.

To adequately account for collections and reduce the risk of loss or misuse of monies, all monies received should be recorded on either official prenumbered receipt slips or a log and restrictively endorsed immediately upon receipt. The DOH should verify the numerical sequence of receipt slips, document all changes in custody, and ensure all receipts have been properly transmitted to the Treasurer's office.

Recommendation

The Department of Health ensure all monies received are immediately recorded on an official prenumbered receipt slip or receipt log and checks and money orders are restrictively endorsed immediately. In addition, the department should ensure the numerical sequence of receipt slips is accounted for, changes in custody are documented, and all receipts are reconciled to transmittals to the Treasurer's office.

Auditee's Response

The Department of Health agrees with this finding and has implemented a procedure to record all monies (both cash and check) on a log maintained by the Fiscal Bureau. This procedure was implemented effective on July 1, 2020, to enhance the earlier process of relying only on the log maintained by the programs. The Department of Health Fiscal Bureau will further work with the Treasurer's office to obtain the right endorsement stamp for checks received, to ensure that checks are properly marked "for deposit only" at the time of initial receipt.

4. Payroll Procedures

Controls and procedures over the payroll process need improvement. DOH staff received approximately \$4,300,000 in wages during the fiscal year ended June 30, 2019.

Department staff complete daily or bi-weekly timesheets approved by their supervisors. For 4 of 25 (16 percent) timesheets reviewed, we noted the staff person prepared and the supervisor approved the timesheet prior to all recorded hours being worked, reducing the ability to ensure its accuracy.

In addition, the department's payroll clerk uses the timesheets to create an electronic departmental timesheet for processing into the city's payroll system. We noted 2 of 25 (8 percent) timesheets reviewed did not match the



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Management Advisory Report - State Auditor's Findings

information input into the department's payroll system. In one instance, the staff person's vacation balance was improperly reduced instead of his/her compensatory time balance. In the second instance, the staff person received pay for a quarter of an hour more overtime than the time recorded on the approved timesheet. A documented review is not performed to ensure timesheet information has been correctly entered into the department's payroll system. Such a review is necessary to ensure work hours and leave are accurately tracked by the department and city.

City of St. Louis Personnel Administrative Regulation 134 states "it is the responsibility of each appointing authority to assure that employees on payroll have actually worked the time for which they are paid." Without properly approved timesheets the city cannot ensure hours worked are properly documented. To ensure the accuracy of the hours worked, employees should prepare and sign timesheets after all hours have been worked. Timesheets should then be submitted to the employee's supervisor for review and approval. Without adequate review over timesheet data entry, DOH officials cannot ensure wages paid and leave balances are accurate.

Recommendation

The Department of Health ensure timesheets are adequately prepared and properly approved. In addition, establish documented procedures to review the accuracy of timesheet information entered into the department's payroll system.

Auditee's Response

The City of St. Louis Department of Health agrees with this finding and has implemented additional internal controls to ensure staff time is properly documented and reviewed. At present, daily time sheets are submitted for all programs. Requests to use benefit time is submitted in advance. However, the verification of sufficient available time is completed prior to approving an employee's request. These measures have helped ensure accuracy of wages paid and leave balances.

City of St. Louis Department of Health Organization and Statistical Information

The City of St. Louis Department of Health's (DOH) mission is to assure a healthy St. Louis community through continuous protection, prevention, and promotion of the public's health. This task is accomplished through the administration of federal, state, and city programs by various bureaus. The department operates under the direction of Dr. Fredrick Echols, MD.¹ Dr. Echols replaced acting director Jeanine Arrighi in February 2019. The department employed 93 individuals as of June 30, 2019 in the following offices and bureaus:

Director of Health

The Director of Health is responsible for providing leadership and direction to the DOH by establishing strategic goals and objectives for planning, developing, implementing, and evaluating programs and services provided. The Director of Health also oversees the Center for Health Information Planning and Research; department fiscal operations; and the department's payroll.

Communicable Disease Control

The Communicable Disease Control Bureau monitors, protects, and promotes public health to the citizens of St. Louis with regards to communicable diseases. Services include prevention programs, diagnostic testing, treatment, follow-up, and contact investigations for all reported communicable diseases.

Environmental Health Services

The Environmental Health Services Bureau protects citizens from environmental hazards and disease through effective and efficient prevention and treatment efforts. The following offices operate under Environmental Health Services: Air Pollution Control, Animal Care and Control, Community Sanitation, Food and Beverage Control, and Vector Control.

Women, Children, & Adolescent Health

The Bureau of Women, Children, and Adolescent Health houses child asthma, lead testing, smoking cessation, and school health services. Programs include Show Me Healthy Women, Health Equity, and Maternal/Child Health.

¹ In May 2020, the Mayor changed Dr. Echols' title to Acting Director after the City Counselor determined Dr. Echols did not meet all requirements for the Department of Health Director under the City Charter.