

OFFICES OF THE
STATE AUDITOR OF MISSOURI
JEFFERSON CITY

DEPARTMENT OF THE PRESIDENT
BOARD OF PUBLIC SERVICE
CITY OF ST. LOUIS, MISSOURI
YEAR ENDED JUNE 30, 1988

MARGARET KELLY, CPA



DEPARTMENT OF THE PRESIDENT
BOARD OF PUBLIC SERVICE
CITY OF ST. LOUIS, MISSOURI

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STATE AUDITOR OF MISSOURI

JEFFERSON CITY, MISSOURI 65102

MARGARET KELLY, CPA
STATE AUDITOR

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Honorable Vincent C. Schoemehl Jr., Mayor
and
Norbert A. Groppe, President
Board of Public Service
City of St. Louis, Missouri 63101

The State Auditor was petitioned under Section 29.230, RSMo 1986, to perform an audit of the city of St. Louis, Missouri. Accordingly, we have conducted a review of the President of the Board of Public Service, city of St. Louis. Our review included, but was not limited to, the year ended June 30, 1988. The purposes of our review were to:

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

Our review was conducted in accordance with generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the financial records, payroll procedures and documents, expenditures, contractual agreements, and other pertinent procedures and documents; interviewed personnel of the Department of the President and compiled the information in the appendices from the department's records and reports.

The data presented in the appendices were obtained from the city's accounting system. However, they were not verified by us via additional audit procedures and, therefore, we express no opinion on them.

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

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


Margaret Kelly, CPA
State Auditor

March 31, 1989

HISTORY AND ORGANIZATION

**DEPARTMENT OF THE PRESIDENT
BOARD OF PUBLIC SERVICE
CITY OF ST. LOUIS, MISSOURI
HISTORY AND ORGANIZATION**

The Department of the President, Board of Public Service (BPS) was established under the provisions of Article XIII of the St. Louis City Charter. Article XIII, Section 9, states "The department of the president shall have charge and supervision of all public work and improvements undertaken by the city or in which the city is interested and prepare all plans and specifications therefor. . . ." To carry out these assignments, the department is divided into a design division and an administrative division.

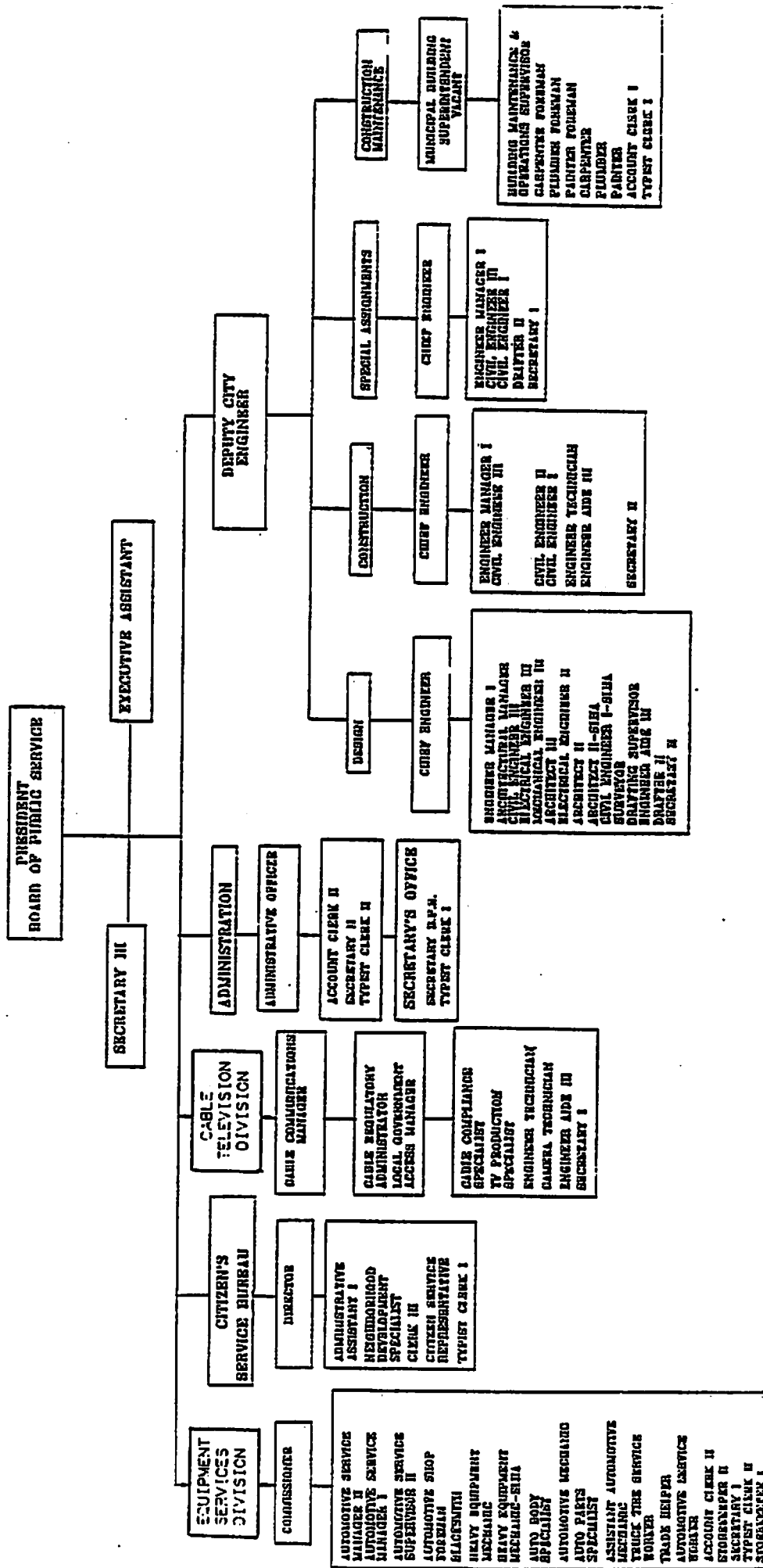
In 1982, the Cable Television Division was formed to administer the city's cable television regulatory ordinance.

The Equipment Services Division, responsible for the repair and maintenance of city equipment, was formed in 1983.

The Construction Maintenance Division was created in 1984, when the trades functions (carpenters, plumbers, and painters) were transferred to the BPS. This division maintains approximately one hundred buildings citywide.

In 1985, the Citizens' Service Bureau (CSB), formerly a part of the Mayor's office, was made part of the BPS. The CSB is responsible for registering citizen complaints concerning city services and forwarding complaint work orders to each resolving city department for handling. The Neighborhood Assistance Center was combined with the CSB in 1988, when it was transferred from the Community Development Agency.

At April 30, 1987, the department employed approximately 230 full-time employees. Norbert A. Groppe, P.E., the BPS President began in his position on January 7, 1986. He had previously served as Acting President since November 19, 1984.



MANAGEMENT ADVISORY REPORT

DEPARTMENT OF THE PRESIDENT
BOARD OF PUBLIC SERVICE
CITY OF ST. LOUIS, MISSOURI
SUMMARY OF FINDINGS

1. Consultant and Contractor Payments (pages 10-12)

Controls and procedures regarding contractor payments are inadequate to ensure payments are proper. Weaknesses include payments made without adequate supporting documentation or approval, and inappropriate emergency contract payments.

2. Contract Policies and Procedures (pages 12-15)

Violations of contracting policies and procedures and contract provisions occurred. The violations included work performed prior to contract approval, insufficient documentation of required information, and failure to take corrective action when contract violations occurred.

3. Contract Monitoring (page 15)

Contract monitoring is not adequately documented and procedures are not written.

4. Equipment Services Division Gasboy System (pages 15-18)

Policies, procedures, and controls over the Equipment Services Division's (ESD) fuel system are inadequate to ensure fuel usage and accounting for usage is proper.

5. Cable Television Division (pages 18-22)

The Cable Television Division does not adequately monitor the franchisees' compliance with ordinance provisions, including failure to verify information used to determine the franchise fees paid.

6. Expenditure Controls and Procedures (pages 22-23)

Expenditure controls and procedures do not ensure transactions are properly recorded, authorized, and paid.

7. Equipment Services Division (pages 23-24)

The ESD's billings to user departments are not adequately detailed or supported.

8. Revenues/Receipt Controls and Procedures (pages 24-27)

Controls and procedures are not adequate to ensure proper recording, depositing, and safeguarding of revenues and receipts. Monitoring and collection of some receivables is also inadequate.

9. Payroll and Personnel Policies and Procedures (pages 27-29)

Weaknesses were noted in the BPS's payroll and personnel policies and procedures. These include inadequate segregation of duties, inadequate documentation of pay rate increases and payroll reconciliations, and improper use of time cards.

10. Fixed Asset Controls (pages 29-30)

Controls are not sufficient to ensure fixed assets are properly recorded, accounted for, and disposed.

**DEPARTMENT OF THE PRESIDENT
BOARD OF PUBLIC SERVICE
CITY OF ST. LOUIS, MISSOURI
MANAGEMENT ADVISORY REPORT**

As part of our review of the Department of the President, Board of Public Service (BPS), city of St. Louis, for the year ended June 30, 1988, we studied and evaluated the internal accounting control system to the extent needed to evaluate the system as required by generally accepted government auditing standards. For the purpose of this report, we have classified the significant internal accounting controls as cash, payroll, revenues, and expenditures. Our study included each of these control categories. Since the purpose of our study and evaluation was to determine the nature, timing, and extent of our audit procedures, it was more limited than would be needed to express an opinion on the internal accounting control system taken as a whole.

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

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

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

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

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

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

The period of review for the purposes stated above included, but were not limited to, the period covered by the financial statements for the year ended June 30, 1988.

1. Consultant and Contractor Payments

During our review of contracts, we noted the following weaknesses related to contractor payments and the surrounding controls and procedures:

- A. Approximately \$36,000 of \$50,000 paid for furnishings was not supported by vendor invoices. The furnishing purchases were added to the original contract through change orders. Payments to contractors should be based on documentation of receipt to ensure items of the type and quantity ordered were actually received. Otherwise, payment could be made for items not received or items not meeting required specifications.
- B. The furnishings discussed above were purchased through an emergency contract rather than the city's supply division. The original contract was for office renovation; the purchase of furnishings was later added to the contract. The furnishings do not appear to be directly related to the structural renovation work and their classification as an emergency purchase is questionable. Normally, such purchases would be handled through the city's supply division. Purchasing through the supply division may have resulted in less expense, by avoiding the general contractor's overhead and profit charge.
- C. Change orders for one emergency contract reviewed were not properly approved by the BPS and the Comptroller. These change orders increased the contract cost from approximately \$128,000 to \$259,000. The city of St. Louis Revised Code Section 6.04.010, requires every contract entered into by the BPS to be approved by the BPS and the Comptroller. Section 6.08.030, states "All action by the board of public service on emergency work or repairs . . . shall be first approved by the comptroller . . . and all contracts shall be countersigned by the comptroller. . . ." Thus, it appears change orders, as amendments to original contracts, should be approved by the BPS and the Comptroller. Failure to obtain proper approval could result in unauthorized work or insufficient funds to pay for work performed.
- D. A considerable number of change orders were allowed for the emergency contracts reviewed. In one instance, thirteen change orders were allowed, increasing the contract costs from approximately \$128,000 to over \$259,000. Many of the change orders resulted from the BPS adding items to the original contract. These contracts were awarded based on a fixed amount. Because all factors should have been figured into the price agreed on, few change orders should be necessary.

During the fourteen months ended June 30, 1988, the BPS awarded contracts with a total estimated cost of \$22 million. Adequate controls over payments are needed to ensure only reasonable and necessary expenditures are incurred.

WE RECOMMEND the BPS:

- A. Pay for purchases based on acknowledgment of receipt.
- B. Purchase nonemergency items and services according to standard city procedure.
- C. Require all change orders to have proper BPS and Comptroller approval prior to implementation.
- D. Carefully review change orders to fixed amount contracts to ensure they are not due to excessive expenditures or unrealistic original expenditure estimates.

AUDITEE'S RESPONSE

- A. There are two accepted methods of handling change orders. They may be based on an agreed upon price ahead of time or they may be performed on a time and material basis. The referenced change order was based on an agreed upon price. This change order had lump sum prices bid for the various categories of work (i.e., rough carpentry, demolition, furnishings, electrical, etc.). As work included in a particular category is satisfactorily completed, the contractor is entitled to payment for the particular item commensurate with the percent completion for each particular item.

It appears that this change order is being viewed as a time and material project. If that were the case, the contractor's progress payment would be based on material invoices, labor time sheets, and equipment rental rates. The agreed upon percentage for overhead and profit for the contractor would then be applied to the value of the above totals.

- B. Bulletin No. 1 (change order No. 5) for the referenced project increased the scope of the original contract. It is true that a significant portion of this bulletin was for furnishings (wall covering, furniture, and furniture refinishing). It is probably true that money could have been saved by bidding this through the Supply Division by saving the general contractor overhead and profit. It was felt at that time that these "furnishings" were an integral part of the renovation project. Therefore, the general contractor became the responsible party in assuring the quality of all work in his project area.
- C. Standard procedures were changed in mid-1986 for change orders to contract emergencies. These change orders now include signature block for the project engineer, chief engineer, BPS President, and the Comptroller.
- D. There were thirteen change orders on the referenced project that increased the contract value from \$128,987 to \$259,954. There are two types of

change orders: 1) contingency items (items not specifically included but necessary for the satisfactory completion of the project), 2) change of scope (items requested by client agency either as an enhancement to the original project or as an expansion of the original project).

Change order No. 5 on this project was an enhancement of the original contract. Most of the other change orders were contingencies.

AUDITOR'S COMMENT

- A. The recommendation does not depend on the type of handling, but the need for documentation of satisfactory completion of contract requirements. Adequate documentation of furnishings would include copies of the vendor's invoices indicating compliance with specifications.
- D. The fact the original contract was increased by over 100 percent for both enhancement and contingency change orders indicates that all change orders should be reviewed to ensure they are not the result of excessive expenditures.

2. Contract Policies and Procedures

During our review of contracts, we noted the following violations of the city's contracting policies and procedures:

- A. Consultants were allowed to perform work prior to contract approval. Four invoices examined for one professional service agreement (PSA), totaling over \$1,600, were dated prior to the contract date. The BPS personnel indicated the original contract was lost and a new one had to be prepared and signed; however, this was not documented. A supplemental agreement to one emergency contract reviewed was not recommended to the BPS for approval until a month after the work was performed. This agreement increased contract costs by over \$46,000. The city of St. Louis Revised Code Sections 6.04.010 and 6.08.030 requires every contract entered into by the BPS to be approved by the BPS and the Comptroller and all action on emergency work to be approved by the Comptroller first. Allowing work to be performed prior to proper approval could result in unnecessary or improper work, excessive costs, or insufficient funds to pay for the work.
- B. The facts impacting the designation of a project as an emergency measure were not sufficiently documented in the BPS board minutes or the construction files. Board Order No. 724 and Revised Code Section 6.08.020, require this information to be documented. Emergency goods and services are procured using procedures designed to expedite the purchasing process. Such measures do not always result in the most economical price. As a result, using emergency contracting procedures in a nonemergency situation could result in increased costs to the city. Failure to document the reasons for an "emergency" determination provides no assurance the decision was proper.

- C. One contractor did not meet his planned minority participation and the contract file did not indicate that a "good faith" effort had been made. The BPS did not take any action and personnel indicated they were uncertain as to what action could be taken. A mayor's executive order requires contractors to make a "good faith" effort to meet a specified percentage of minority participation for public works contracts. Prior to execution of the contract document, the contractor must submit information regarding how he intends to meet the requirements. Failure to enforce penalties discussed in the mayor's executive order for noncompliance with minority contract participation provisions decreases the likelihood contractors will comply with the provisions.
- D. There was no documentation that extensions were granted for all construction projects exceeding the initial completion time and liquidated damages were not assessed. Liquidated damages are provided for in contracts to help ensure work is performed on a timely basis. Failure to assess damages when work is not completed on time and an extension is not granted results in an ineffective incentive for timely work. In two instances noted during our limited review, where the work was not completed on time and there was no documentation of extension approval, liquidated damages would have been approximately \$90,000.

Contracts with total estimated cost of \$22 million were awarded during the fourteen months ended June 30, 1988. Failure to adhere to established contracting policies and procedures provides the BPS with less assurance adequate results will be achieved at the least risk and cost possible.

WE RECOMMEND the BPS:

- A. Require all contracts and agreements be formally approved prior to the commencement of work.
- B. Comply with Board Order No. 724 and Revised Code Section 6.08.020 by documenting the facts on which each "emergency" determination is made.
- C. Consult the City Counselor's office regarding actions which may be taken against a contractor who underutilizes his planned minority participation. The actions should be enforced when applicable.
- D. Document approved contract extensions and assess liquidated damages in cases where contract time limits are exceeded without approval.

AUDITEE'S RESPONSE

- A. This is PSA No. 739 wherein invoices totaling \$1,600 were dated prior to final approval of the agreement from the Comptroller. The original copy of the PSA No. 739 was signed by the testing services consultant and approved by the BPS on June 17, 1986. This document, however, was lost in the system before the Comptroller's signature was obtained. A new document was prepared and circulated for signatures in August 1986.

Testing services started in July 1986 because projects covered by this PSA started during that month. Construction work began in July on several of the projects included in this agreement. It was necessary to proceed with this quality assurance work so as not to incur additional costs by delaying construction project.

The \$46,000 refers to PSA No. 740. The PSA was necessary in part to try to arrive at a conceptual design for a sports complex. This contract was, in part, driven by the city's desire to keep the football Cardinals in St. Louis. In order to adequately respond to the varying questions, it was necessary to tell the consultant to perform items of work before the paper work authorizing these items was signed by all parties. There were many sources in the city handling various aspects of this project. As events unfolded, it was necessary to have the consultant participate in meetings, presentations and public relations aspects beyond the original contract scope, construct stadium models, etc. One concept would often lead to more investigations that was envisioned when the concept was formulated. The consultant was instructed to keep track of his time and expenses in accordance with Article X of his contract, PSA No. 740.

- B. Generally documentation supporting emergency status is found in the design file. We will include sufficient documentation in the BPS minutes.
- C. Upon review of the project that was being referenced by the auditors, it was noted that there was a memorandum in the file that said "Attached are two copies of Forms 530-A & 530-C for the above referenced project. They show a dollar discrepancy of -\$6,233.43 for MBE utilization. Please advise on how to proceed." It is then noted in the file that the matter had been referred to the department compliance officer.

The BPS has procedures for dealing with contractors who do not meet the "planned minority participation." Liquidated damages can and have been assessed or a contractor can be debarred after proper notice and appeal.

The contractor referred to in the audit report made a "good faith effort" to meet the goal. The subcontractor's inability to perform his work in a timely manner required using another subcontractor.

These matters are handled internally in consonance with the department's Compliance Officer, the city's Civil Rights Enforcement Agency and the necessary action taken. The City Counselor's office has not been involved in these matters.

- D. To identify approximately \$90,000 as an amount of liquidated damages that would have been is hypothetical and inappropriate. The fact that adequate documentation was not present in the files to account for the count of contract time in the referenced instances cannot be denied. One of the referenced projects was a street improvement project, the other was a building/renovation project.

While not properly documented, in both instances extensions of time were justified, legitimate and granted, hence no liquidated damages were assessed.

AUDITOR'S COMMENT

- B. Our review of the files did not reveal adequate documentation of emergency designation nor was the information included in the minutes as required by City Code.
- C. Whether the board consults with the City Counselor or uses their own staff to determine the action necessary, there needs to be documentation of the action taken.
- D. The inclusion of liquidated damages in contracts is to provide an incentive for timely work. Without adequate documentation showing the granting of contract time and/or assessment of liquidated damages, there is reduced accountability of public resources on the part of the city.

3. Contract Monitoring

The BPS has not developed written policies and procedures for monitoring contracts and preparing monitoring reports. As a result, contract monitoring is not consistently and adequately documented. For example, monitoring reports were not available for five contracts reviewed and final reports, prepared subsequent to contract completion, were not located in two instances. Without effective and enforceable monitoring policies and procedures in place, the BPS has little assurance consultant and contractor payments were proper and commensurate with performance. This could result in consultant and contractor overpayments and additional expenses to complete or improve substandard work. Contract monitoring is necessary to ensure consultant and contractor performance is in compliance with contract provisions.

WE RECOMMEND the BPS develop written policies and procedures for monitoring contracts and preparing monitoring reports to ensure consultant and contractor payments are valid and appropriate.

AUDITEE'S RESPONSE

We are currently developing written policies and procedures for monitoring contracts and preparing reports.

Unfortunately the project diary for one of our completed projects could not be located. We will continue to search.

Our policies and procedures currently assure that contractor payments are proper and commensurate with performance. The project engineer must certify that each payment is correct. They are responsible for verifying quantities in place and percentage of work complete. All contracts are consistently and adequately monitored.

4. Equipment Services Division Gasboy System

The Equipment Services Division (ESD) uses a special fuel system, known as Gasboy, to monitor fuel usage. Gas pumps are self-service and are accessed with employee-assigned authorization cards. The user inserts his employee access card along with a specific vehicle card and enters

the vehicle odometer reading. The Gasboy system records the transaction and printouts are produced which indicate transaction time and date, employee and vehicle card numbers, odometer reading, and type and quantity of fuel placed in the vehicle. These printouts are sent to the Comptroller's office where the monthly vehicle usage summary, which gives monthly and year-to-date mileage and fuel information including miles per gallon (MPG), is generated. This information, which can be sorted by vehicle and employee card number, is given to the ESD to assist in monitoring city fuel usage. Our review of the related controls surrounding the issuance of fuel and the ESD's monitoring efforts revealed the following weaknesses:

- A. Odometer readings are not properly entered into the system. We reviewed the printouts for two one-week periods and noted the odometer readings were "000000" for 24 and 30 percent of the transactions for the weeks of April 12, 1987, and August 17, 1986, respectively. Accurate odometer readings are necessary to enable the correct computation of each vehicle's MPG. The inability to accurately compute MPG results in the system becoming an ineffective monitoring tool.
- B. When the recording and access system of any individual pump is not operating, fuel can still be obtained; however, using access cards is not required and the system does not record the "purchase." The ESD does not compensate for this system breakdown by closing the pump. As a result, the risk of misuse is increased and records become incomplete.
- C. The ESD does not reconcile fuel purchased to fuel used. According to the ESD personnel, a difference will always be noted because of inadequate fuel usage records. (See part B.) We performed a reconciliation for January 1987 and could not account for approximately 75,500 gallons of fuel. Based on an average cost per gallon, this represents approximately \$47,600 in unaccountable fuel usage.

While we anticipated a difference, the large difference noted is a definite indication that a serious problem may exist. The BPS is either not receiving all of the fuel purchased or large quantities of fuel are being misappropriated.

Reconciliations of fuel purchases to fuel usage should be performed by the ESD to ensure all fuel purchases have been accounted for properly. Prior knowledge that a difference will occur is not sufficient reason to fail to perform a reconciliation.

- D. Monitoring of the monthly vehicle usage summary and the Gasboy printouts is inadequate. We reviewed the Gasboy printouts for May 10, 1986, and the weeks of April 12, 1987, and August 17, 1986, and the monthly vehicle usage summary for November 1988, noting several questionable items:
 - 1) The same employee and vehicle cards were used at the same time to obtain two different fuel types. Vehicle cards are supposed to restrict usage to one type of fuel.

- 2) A 1988 pickup got 1.5 MPG.
- 3) Approximately 97 percent of the vehicles on the monthly vehicle usage summary had odometer readings at the end of the year which were less than readings at the beginning of the year.
- 4) The same employee and vehicle card were used to obtain gas at a ten-minute interval.

The ESD personnel were unable to satisfactorily explain these situations.

The use of the Gasboy system is dependent on the integrity of the data collected. Without thorough investigation of questionable transactions and possible errors, the system is rendered useless as a monitoring tool.

During the fourteen months ended June 30, 1988, fuel expenditures for the ESD totaled approximately \$975,000. The ESD's inadequate controls and monitoring of fuel usage fail to ensure the ESD is preventing or detecting errors and misuse.

WE RECOMMEND the ESD:

- A. Develop a system or method to ensure odometer readings are properly entered when fuel is obtained. The ESD should consider working with user departments to establish disciplinary policies for individuals who continually fail to enter correct odometer readings.
- B. Either close broken fuel pumps or monitor their use until repaired.
- C. Perform reconciliations between fuel purchased and fuel used. Any significant discrepancies should be resolved.
- D. Improve monitoring procedures to include documentation of monitoring performed, any problems or irregularities noted, and the resolution of these items.

AUDITEE'S RESPONSE

We agree that odometer readings are not always properly entered into the system and that this results in the MPG data becoming nonusable.

We also agree that there have been occasions when we have had to place the system into manual operation because of Gasboy equipment outages. It's not always possible to close the pumps because we must provide fuel service and cannot arbitrarily close them without adversely affecting the ability of using departments to operate. The finding relative to fuel reconciliations, specifically the inability of the State Auditor to account for 75,000 gallons of fuel, causes us to believe that not all available records were used for the reconciliation.

The ESD purchases at least 100,000 gallons of fuel each month and it is dispensed at locations that are automated and nonautomated (manual records). We are aware of the fact the audit staff had difficulty in locating certain reports. Our own efforts to reconcile issues shows a need to improve reconciliations; however, we believe the audit staff used a report for one refueling location instead of all reports and, thus, arrived at an erroneous finding that substantial fuel issues are not accounted for.

We generally concur with the recommendations. Our intent is to upgrade the automated fuel system in order to obtain more accurate information on mileage. Such an upgraded system would not allow fuel issue unless mileage entries are judged reasonable. We do have frequent problems with the operation of the current Gasboy system. Its been in use for many years. We recognize the need to have a more reliable system to meet our current needs. Our plan is to upgrade the automated fuel dispensing system in the near future, which should reduce the occasions when the system is nonoperational. We will improve monitoring procedures and investigate problem areas regarding usage of fuel.

AUDITOR'S COMMENT

We requested all usage information from the division and they stated that we had all the records.

5. Cable Television Division

Ordinances were passed in 1981 and 1984 to provide for cable television (CTV) systems in the city of St. Louis. These ordinances granted two fifteen-year franchises and set out all conditions of the franchisee arrangement. One condition required the franchisees to pay the city, as compensation, 5 percent of their gross revenue. The CTV Division's operations are regulated by the Federal Cable Act. Our review of the CTV Division's operations, the ordinances, and the compliance with the various conditions revealed the following:

- A. Compliance with the training requirements outlined in Ordinance No. 59197 is not monitored by the CTV division. This section requires each franchisee to conduct a "... job skills and training program to train (city residents) ... for employment in the cable industry. ...". There was no indication in the information available for our review the CTV Division determined compliance with this section. Job training for city residents is a valuable effect of the cable franchise arrangement. Failure to receive this benefit would be a lost opportunity for the city to provide jobs to its residents as well as a violation of the ordinance. If the city does not monitor the franchisees' compliance with the training requirements, it cannot be assured it is receiving this benefit for its citizens.
- B. Each franchisee is required to contract with an entity to serve as "monitor." The monitor is to assist the franchisees in complying with ordinance provisions addressing minority hiring and contracting practices and employee training policies. Quarterly reviews and semiannual audits documenting compliance or noncompliance are required. These reviews and audits are to be filed with the CTV Division. Our review of the monitors' reports disclosed the following:

- 1) The monitors' reports are not sufficient to determine compliance with specified ordinance conditions. None of the monitors' reports we reviewed discussed compliance with the training requirements. Also, the reports did not adequately address the issue of minority participation. The ordinance requires the franchisees to award a certain percentage of the dollar value of all contracts or positions awarded, by type of contract or position, to minority groups and women contractors. For example, at least 45 percent and 10 percent of construction employees are to be from minority groups and women business enterprises, respectively. The monitors' reports state the percentage of the quarter's expenditures paid to minority and women contractors. This does not verify contracts were awarded in the proper percentage. Failure to provide complete and accurate monitor reports results in a violation of the agreement with the city and hinders the CTV Division's monitoring of franchisee compliance.
 - 2) The CTV Division does not maintain a listing of women and minority businesses. Therefore, they cannot verify the accuracy of the monitors' information. The reports prepared by the monitors state the percentage of the quarter's expenditures paid to women and minority businesses. Maintaining a list of applicable businesses is important to ensure compliance with awarding procedures.
 - 3) The CTV Division does not take adequate action in response to the monitors' reports. As mentioned in 1) above, the monitors did not report on all ordinance provisions. Also, we noted percentage miscalculations and instances where reports indicated noncompliance with various ordinance provisions. However, there was no indication the CTV division noted these problems and took appropriate action. Proper review by the division should indicate the corrective action taken by the division. In the absence of a proper response, franchisee noncompliance could go undetected or uncorrected.
- C. The CTV Division does not adequately monitor franchise fee revenue by verifying information on the quarterly franchisee revenue reports. The franchisees are required to pay 5 percent of their gross revenue to the city. Ordinance No. 59197, Section 20 Paragraph 5, states "The Franchise Entity shall have the right to inspect (franchisees') records . . . and shall also have the right of audit and recomputation. . . ." While "Franchise Entity" is defined as the "City of St. Louis", the CTV Division, as the city's representative in charge of CTV matters, should be fulfilling this responsibility. At a minimum, the CTV Division should ensure the franchisee revenue information is verified by the appropriate city personnel or outside source. This could involve annual audits by the city's Internal Audit Section or obtaining copies of the franchisees' annual independent audits.

The city's Internal Audit Section performed an audit of one of the franchisees for the year ended June 30, 1987. They were unable to verify the amount of gross sales and, therefore, could not determine if the franchise fee paid was correct. Despite this, the CTV Division accepted the franchise fee paid and took no action to resolve the problem.

Because the franchise fee paid to the city is based on the franchisees' gross revenue, this information must be verified. Failure to do so could result in incorrect franchise fee payments.

WE RECOMMEND the CTV Division:

- A. Monitor compliance with the training requirements outlined in Ordinance No. 59197.
- B.1. Require the "monitors" to provide all information required by the ordinance.
- 2. Maintain a listing of women and minority businesses to verify the information supplied by the monitors.
- 3. Adequately review monitors' reports, resolving any problems or discrepancies noted.
- C. Monitor franchise fee revenue by ensuring verification of information provided by the franchisees. If information is found to be incorrect or cannot be verified, appropriate action should be taken by the CTV Division to resolve the problem.

AUDITEE'S RESPONSE

- A. We do not disagree with the State Auditor's findings for the period audited, fiscal years 1987 and 1988. The cable compliance specialist did not have much cooperation from either of our franchisees or their monitors in documenting training endeavors. The division staff was small and focused its own activities on extensive consumer complaints and construction. We agree it would have been useful to have at least summary memorandums from the cable compliance specialist about activities which we informally knew to have occurred or not occurred, despite lack of reports from the franchisees.

To this end, the cable regulatory Administrator designed comprehensive training report forms in September 1988. These forms were forwarded to both monitors by the cable compliance specialist; however, no action was taken by the monitors until a meeting in spring 1989. We are pleased to report that variation on the CTV Division forms was first used for calendar year 1988 training data, and is being continued in 1989.

In all honesty, we believe that the franchisees were not doing adequate training (except for television production training and internships) and only began to do so as a result of persistently applied CTV Division pressure during transfer negotiations summer 1988. Furthermore, specific definitions of training compliance and reports were not actually established by ordinance until November 1988 in transfer Ordinance No. 61093.

- B.1. The monitors, not CTV Division staff, are required to complete quarterly reviews and semiannual audits re: minority participation in employment practices and training programs. It is the monitors who determine compliance, not the CTV Division. City Counselor's office and the cable compliance specialist cooperated in fiscal years 1985 through 1986 to ensure audits were conducted in the context of accurate interpretation of the ordinance.

We concur that actual franchisee dollar amounts expended would be a useful addition to these EEO reports.

2. The CTV Division has always been especially careful to neither recommend nor encourage the use of any specific business subcontractor to the franchisees.

The CTV Division has neither the personnel nor access to information to maintain an accurate list of all contractors or vendors who might be eligible to supply the franchisees with parts, office equipment, services, etc.

The division has and does maintain files on all subcontractors actually used by the cable franchisees. These files include information and statements made by the subcontractors regarding ownership, control or operation by minorities and women.

The cable division has nothing to do with "awarding procedures" of the franchisees.

3. We agree with the auditors that better and more comprehensive response to EEO monitor's reports is in order. Inadequate staff has been the cause of previous deficiencies. Documentation could perhaps include written reports and correspondence from the cable compliance specialist re:
- a. Substantial compliance, actual compliance and inadequate compliance;
 - b. Appropriate notification to ensure future compliance; and
 - c. Corrective actions, if any.

In the past, we have tended to respond only when monitor reports were insufficient in providing adequate data for compliance review.

- C. We respectfully disagree that it is the cable division's duty to verify franchise fee revenues on accompanying information pursuant to Section 20 of Ordinance No. 59197. The legal opinion of the City Counselor's office clearly states: "to the contrary, Ordinance No. 59197 expressly and appropriate - assigns this function to the Comptroller."

The cable division has always assisted the Comptroller's office concerning the collection and verification of franchise fee payments required in Ordinance No. 59197. In particular, the cable division designed the "Franchise Fee Financial Statement" (revenue reporting form) which was implemented by the Comptroller's office on February 3, 1988.

AUDITOR'S COMMENT

- B.1. The division is the oversight agency for the cable television ordinance and should ensure the required information is being provided as stated in the ordinance.
2. The recommendation does not state the division should encourage the use of any specific business nor does it indicate the division should be involved in the "awarding procedures" of the franchisees. But without adequate information, it is not possible to determine if the monitor's reports are reasonable and whether there is compliance with the ordinance.
- C. The finding indicates the city's Internal Auditor Section (a section of the Comptroller's office) was not able to verify the amount of gross sales and therefore, could not determine if the franchise fee paid was correct. The division took no action to resolve this problem even though they are the city agency charged with the oversight of the cable television ordinance. Our recommendation is not for the division to actually verify the data, but to ensure the franchise revenue information is verified by the appropriate city agency.
6. **Expenditure Controls and Procedures**

The BPS expenditures exceeded \$27 million for the fourteen months ended June 30, 1988. Approximately 40 percent of that amount was for the Equipment Services Division (ESD). Our review of controls and procedures relating to expenditures revealed the following weaknesses:

- A. The BPS divisions do not document reconciliations between manual expenditure ledgers and the Comptroller's general ledger. Further, the ESD does not maintain an expenditures ledger. Without an expenditures ledger which is periodically compared and reconciled to the Comptroller's general ledger, there is little assurance expenditures are properly recorded and appropriation balances are sufficient to process payments. Without reconciliations, there is less assurance errors will be detected and expenditure budgets met.
- B. The duties of purchasing, receiving, record keeping, and maintaining inventory are not segregated. One individual is responsible for performing all of the functions in each division. Segregation of duties is necessary to help prevent unauthorized purchases and undetected errors and misuse. The ESD alone spent over \$1.9 million for various supplies, materials, parts, and small tools during the fourteen months ended June 30, 1988. To help ensure only authorized purchases are made and are handled properly, the various functions should be performed by different individuals.

WE RECOMMEND:

- A. Each BPS division maintain an expenditure ledger and perform and document reconciliations between the expenditure ledger and the Comptroller's general ledger.

- B. Each BPS Division ensure the duties of purchasing, receiving, record keeping, and maintaining inventory are not performed by one individual.

AUDITEE'S RESPONSE

- A. Departmental expenditure ledgers are reconciled with the Comptroller's general ledger on a monthly basis as printouts are received.

The ESD was not maintaining an expenditure ledger at the time of the audit. We are doing that now. We have always compared the monthly reports provided by the Comptroller with selected invoices processed and generally found the expenditures have been properly recorded.

- B. The duties of purchasing, receiving, record keeping, and maintaining inventory have been handled by one person. We have not initiated a system whereby purchasing and record keeping are handled by one person and receiving and maintaining inventory are under another person.

The ESD has always separated certain critically important functions related to parts procurement. Records of all purchases are maintained by our accounting function. Reviews of all invoices for payment are made by the parts specialists, service managers, and are approved by the Commissioner. The Supply Division arranges for most of the ESD purchases through contract suppliers. Our parts specialists do receive, issue, and maintain inventory and they do order parts, using a purchase order. Records of receipts and issues are maintained in a computer file today.

7. Equipment Services Division

The ESD provides fuel and vehicle maintenance for city departments and prior to May 1988 was designed to operate on a self-sustaining basis. In May 1988 the ESD became part of the General Fund. When services are provided, the departments are billed for the fuel and maintenance costs. Our review of the ESD billing procedures revealed the following areas where improvements are needed:

- A. The bills sent to user departments do not adequately detail fuel use and maintenance costs. They merely show an amount due rather than including a listing of the transaction date, vehicle and service performed. This lack of detail prevents user departments from adequately monitoring the bills and verifying their accuracy.
- B. The ESD does not maintain original work orders to support individual entries on the Vehicle Billing Report. This report is used as a basis for billings to user departments. Original work orders are needed to verify the accuracy of the report and related billings. Without this documentation, the ESD cannot determine the accuracy of departmental billings should a question or dispute arise.
- C. Work orders are not entered into the computer on a timely basis and are not adequately safeguarded prior to data entry. Work orders are the source document for department maintenance bills.

Prior to data entry, the work orders remain on an employee's desk. Safeguarding source documents prior to preparing billings is important to ensure all services are properly billed to the appropriate department.

WE RECOMMEND the ESD:

- A. Provide user departments with greater detail of items billed.
- B. Maintain supporting documentation for billings.
- C. Safeguard work orders prior to data entry.

AUDITEE'S RESPONSE

The ESD currently bills selected departments, such as Water Division, Housing Authority, and cable television. The billings reports in 1988 were that established by fleet manager system and were as reported of a general nature. Fleet manager system was implemented in 1982 using a computer based system that had limited capabilities. Maintenance activity reports were available for more detailed information, however, typically not sent to users unless requested. We did, for example, send them to the Water Division.

Our current management information system does, in our opinion, meet the requirements of the recommendations made by the State Auditor. Greater detail is provided on items billed, a work order file is maintained and is available to support documentation for billings, and we have necessary safeguards on work order data entry.

8. Revenues/Receipts Controls and Procedures

The BPS collects fees related to the sale of plans and specifications for public works projects and the issuance of various permit applications. Additionally, payments for BPS vehicle damage, construction reimbursements from the state of Missouri, and franchise fees are also received. Our review of the procedures and controls over these collections disclosed the following weaknesses:

- A. Monies are not deposited daily. City Charter Article XV, Section 24, requires daily deposits with the city treasurer. Failure to safeguard monies by depositing on a timely basis results in increased risk of misuse as well as forfeited interest revenue.
- B. The duties of receiving cash and maintaining related accounting records are not segregated. Proper segregation is necessary to detect errors and better ensure all money received is properly recorded and deposited.
- C. Checks are not always restrictively endorsed upon receipt. Checks received by the ESD are apparently sent to the Comptroller's office unendorsed. Without restrictive endorsements, monies are not adequately safeguarded. This could result in unauthorized check negotiation.

- D. Some revenues are not reconciled to the general ledger. The ESD does not maintain a revenue ledger and general ledger printouts are not received for all funds. Reconciliation of department documents to the Comptroller's general ledger is necessary to ensure revenues are properly recorded and errors are detected.
- E. The ESD does not maintain a receivables ledger. The ESD's receivables consist of accident and fuel/maintenance billings. The ESD's ability to effectively monitor receivables is severely hindered without a record of outstanding accounts. With accident billings, amounts may not be referred for collection on a timely basis. Failure to adequately monitor receivables results in less assurance the division is maximizing revenue.
- F. The ESD vehicles are sometimes damaged in accidents. This can result in the responsible party owing the ESD for the damages. Our review of the policies and procedures used to handle these accident billings, receipts, and receivables revealed the following areas where improvements could be made:
- 1) Written guidelines have not been established for determining when to bill for automobile accidents. This decision is left to the discretion of the person who reviews the cases. Written guidelines would provide some assurance all cases will be handled in a consistent manner.
 - 2) We were unable to account for the numerical sequence of accident bills. Accident billings are assigned a number in consecutive order. Twenty-four of forty-four billings related to the year ended April 30, 1987, could not be located. The consecutive numbering of accident billings is a valuable tool for accounting for all billings. However, when billings cannot be accounted for there is no assurance amounts were properly billed and the disposition of cases cannot be determined. Failure to maximize revenue results as the ESD cannot effectively monitor and follow-up on billed items.
 - 3) The ESD does not reconcile their accident receipt listing to the general ledger. Comparing the receipt listing to the general ledger provides assurance receipts are properly recorded and deposited. We noted five payments totaling \$811 on the general ledger which were not recorded on the year ended April 30, 1987, listing. When reconciliations are not being performed, the ESD has little assurance receipts are properly recorded and deposited.
 - 4) The disposition of receivables not paid but otherwise settled is not documented in the case files. We noted three bills totaling over \$4,600 which did not indicate payment status. Upon further investigation, we determined an agreement was reached whereby the other party was not at fault and was not required to pay the bill. The disposition of receivables must be documented in the case files so the ESD can monitor the cases and take appropriate action. When the disposition

is not documented, collection efforts may not be handled in the most effective manner.

- 5) The ESD does not have any written guidelines concerning collection and write-off policies and procedures. Written policies and procedures are necessary to ensure consistent treatment of all accounts and make collection attempts as effective as possible. During our review, we noted four accounts from 1983, totaling over \$3,600 which were not referred for collection until 1987. Such a delay could result in accounts becoming uncollectable.

During the year ended April 30, 1987, receipts from all sources totaled over \$3.5 million. Failure to adequately safeguard and ensure proper recording and deposit of these monies results in potential failure to maximize city revenue.

WE RECOMMEND:

- A. The BPS divisions deposit monies daily as required by City Charter Article XV, Section 24.
- B. The BPS divisions segregate the duties of cash handling and record keeping.
- C. The BPS divisions restrictively endorse checks immediately upon receipt.
- D. The BPS divisions reconcile all revenues to the general ledger, requesting general ledger information as needed.
- E. The ESD maintain a receivables ledger.
- F. The ESD:
 - 1) Prepare written guidelines concerning the determination of when to bill for accidents.
 - 2) Account for the numerical sequence of accident billings.
 - 3) Reconcile accident receipt listings to the general ledger.
 - 4) Document in the files the disposition of receivables which have been settled.
 - 5) Prepare written guidelines for the collection and write off of receivables.

AUDITEE'S RESPONSE

- A. This finding is correct. Monies are not deposited daily for the simple reason that many days we have only a few dollars in receipts. We have been advised by the Comptroller's office that it is permissible for use to develop a written policy allowing for something other than daily deposit,

as long as it is reasonable. We plan to develop such a policy and submit it to the Comptroller for approval.

- B. This finding is incorrect. Cash and/or checks are received by the secretary of the BPS, the secretary to the President and by the receptionist. These people record the receipt and forward them to the account clerk who handles their deposit with the Treasurer. We will initiate a procedure of restrictively endorsing checks upon receipt by the three employees indicated above.
- C-F. The findings reported are accurate. The amount of money actually received by the ESD typically runs under \$10,000/year. Most, in fact, the largest sum, is from the Water Division. This check goes from Water Division to Comptroller and is not handled by the ESD.

9. Payroll and Personnel Policies and Procedures

Our review of the department's payroll records and personnel policies and procedures revealed the following areas of concern:

- A. There is a lack of segregation of duties in regard to the ESD payroll function. The ESD payroll clerk prepares payroll requisitions, completes personnel reports, and has access to payroll checks. When these duties are not segregated, there is an increased opportunity for undetected errors and misuse. To avoid this risk, the payroll duties of record keeping and check distribution should be performed by different people.
- B. Personnel files do not always contain documentation relating to employee pay rate increases. We noted one instance where an employee received a pay increase without any documentation in his file authorizing the change. Documentation that pay rate increases are authorized is necessary to ensure only appropriate changes are made.
- C. There is no documentation that compensatory time balances are monitored or reconciled to the Comptroller's records. Reconciliations and monitoring are necessary to ensure balances are proper. We noted instances of negative compensatory time balances in the Comptroller's records. Failure to monitor balances and reconcile department records to the Comptroller's records could result in use of unearned time and undetected errors.
- D. A limited review of the ESD employee time cards revealed the following problems:
 - 1) One employee was paid for eighty hours although his time card documented only sixty-four hours. There was no indication of leave taken. Employees should be paid only for actual hours worked.
 - 2) Employees sometimes write the time on their time card rather than using the time clock. One employee used the time clock for only three of sixteen time card entries. A time

clock is used to help ensure the correct time is entered on the time card. Failure to use the clock negates this control feature.

- 3) A signature stamp was used on one time card rather than a handwritten signature. Handwritten signatures are important as a means of identification and are required by payroll Ordinance No. 59985 to verify time card accuracy. A signature stamp provides less assurance the employee exists and has accounted for their own time worked.
- 4) Supervisors do not sign employee time cards to indicated review and approval. All time cards should be reviewed for accuracy and correctness prior to payment. Without a supervisor's signature, there is less assurance the time cards appropriately reflect time actually worked.

Total BPS payroll expense exceeded \$6.6 million for the fourteen months ended June 30, 1988. Without proper administrative and accounting controls over these transactions, the BPS cannot be assured these expenditures are valid and proper.

WE RECOMMEND the BPS required applicable divisions to:

- A. Segregate payroll duties of record keeping and payroll distribution.
- B. Document all pay rate increases in employee personnel files.
- C. Document monitoring of compensatory time balances and reconciliations to the Comptroller's records.
- D.1. Pay employees only for actual hours worked, taking into consideration leave time and holidays.
 2. Require the time clock to be used.
 3. Comply with payroll Ordinance No. 59985 by requiring handwritten signatures on time cards.
 4. Require supervisors to check and approve, in writing, employee time cards.

AUDITEE'S RESPONSE

We, at the time of audit, had not segregated the duties in the ESD payroll function. Since the audit, the check distribution and payroll record-keeping functions have been separated and are handled by different people.

To our knowledge, there are not instances where an ESD employee has been given a raise without proper documentation.

Compensatory time balances are monitored and reconciled with Comptroller records. We will document these reconciliations in the future.

In regard to the time card reviewed by the audit staff the supervisor failed to annotate the individual attended school for two days. He was paid for hours worked plus a two-day school conducted off-site on street sweepers. He was, as he should have been, paid for eighty hours.

There are occasions when, due to time clock problems, electrical failure, etc., it becomes necessary for supervisors to write in times employees are at work. It is not a common practice but it does occur. Time cards are routinely used throughout the ESD.

The employees who used a signature stamp rather than a hand written signature, have been instructed to manually sign time cards. In fact, all supervisors have been instructed to do the same.

We have segregated the payroll duties, as recommended, so that record keeping and payroll distribution are separate. We were unable to find an instance where pay increase documentation (i.e. status forms) were not in the employee files.

In the future, we will document reconciliations of compensatory time balances. It is done now, however, not specifically documented.

We believe we are paying employees for hours worked, taking into account leave time and holidays. It is ESD policy to routinely use the time clock. We are now requiring handwritten signatures on time cards and that supervisors check and approve in writing employee time cards.

10. Fixed Asset Controls

Nonexpendable property management is coordinated citywide under the fixed asset management system (FAMS). Overall property management is centralized under the Comptroller's office. However, user departments, through a designated FAMS coordinator, are responsible for communicating acquisitions, retirements, and transfers of fixed asset items to the Comptroller. Custodial responsibilities for physical control over fixed assets is also a user department responsibility. Our review of fixed asset controls and procedures at the BPS during the year ended June 30, 1988, revealed the following areas where improvements could be made:

- A. The FAMS coordinators who report all fixed asset transactions also supervise physical inventories. Responsibilities over record keeping and physical inventories should be segregated to help avoid undetected loss of misuse of fixed asset items.
- B. Fixed asset dispositions and surplus declarations are not documented or approved by division heads. We noted instances where the reason for retirement and asset cost were not documented. Fixed asset dispositions and surplus declarations should be properly documented and approved to ensure only appropriate assets are disposed.

WE RECOMMEND the BPS:

- A. Segregate fixed asset record-keeping and physical inventory duties.

- B. Require approval by division heads and proper documentation for fixed asset dispositions and surplus declarations.

AUDITEE'S RESPONSE

- A. This finding is correct. At the present time reporting fixed asset transactions and physical inventory are handled by the same person. We plan to separate these duties by assigning the reporting of fixed asset transactions to the Account Clerk, who is a designated FAMS coordinator, and physical inventory responsibility to the various divisions chiefs.

Within the ESD we have, in the past, used one person to be the FAMS coordinator. That same person conducted physical inventories.

We will separate assets record-keeping and physical inventory duties as recommended.

- B. This finding is only partially correct. While declarations of surplus are requested of the Comptroller in writing, retirement of fixed assets are handled by the Account Clerk, acting as FAMS coordinator only. From now on, the forms for retirement of fixed assets will still be prepared by the Account Clerk, but will also be approved by the appropriate Division Chief.

With regard to surplus declarations within the ESD, all are approved by the Commissioner. We feel our documentation supports the fact that only appropriate assets are disposed of within the ESD.

We have always required approval by the division head and proper documentation for fixed asset disposition and surplus declaration.

APPENDICES

Appendix A-1

DEPARTMENT OF THE PRESIDENT
BOARD OF PUBLIC SERVICE
CITY OF ST. LOUIS, MISSOURI
SCHEDULE OF REVENUES BY FUND TYPE
FOURTEEN MONTHS ENDED JUNE 30, 1988

(U N A U D I T E D)

	General Fund	Enterprise Fund	Capital Projects Fund	Total (Memorandum Only)
PRESIDENT'S OFFICE				
Department of Transportation	\$ -0-	-0-	3,072,366	3,072,366
Exceptions to zoning	-0-	-0-	-0-	-0-
Sales of plans and specifications	14,105	-0-	-0-	14,105
Miscellaneous	717	-0-	-0-	717
Total President's Office	14,822	-0-	3,072,366	3,087,188
CABLE TELEVISION DIVISION				
Franchise fees	-0-	742,961	-0-	742,961
EQUIPMENT SERVICES DIVISION				
Services for:				
Water	515,478	-0-	-0-	515,478
General Fund	1,338	-0-	-0-	1,338
Miscellaneous funds	2,193	-0-	-0-	2,193
Property damage	18,488	-0-	-0-	18,488
Miscellaneous	40	-0-	-0-	40
Total Equipment Services Division	537,537	-0-	-0-	537,537
Total All Divisions	\$ 552,359	742,961	3,072,366	4,367,686

Appendix A-2

DEPARTMENT OF THE PRESIDENT
BOARD OF PUBLIC SERVICE
CITY OF ST. LOUIS, MISSOURI
SCHEDULE OF REVENUES BY FUND TYPE
YEAR ENDED APRIL 30, 1987

(U N A U D I T E D)

	General Fund	Internal Service Fund	Capital Projects Fund	Total (Memorandum Only)
PRESIDENT'S OFFICE				
Department of Transportation	\$ -0-	-0-	3,064,486	3,064,486
Exceptions to zoning	20	-0-	-0-	20
Sales of plans and specifications	4,750	-0-	-0-	4,750
Miscellaneous	884	-0-	93,720	94,604
Total President's Office	5,654	-0-	3,158,206	3,163,860
CABLE TELEVISION DIVISION				
Franchise fees	338,487	-0-	-0-	338,487
EQUIPMENT SERVICES DIVISION				
Services for:				
Water	-0-	513,941	-0-	513,941
General Fund	-0-	9,193,955	-0-	9,193,955
Property damage	-0-	14,311	-0-	14,311
Miscellaneous	-0-	366	-0-	366
Total Equipment Services Division	-0-	9,722,573	-0-	9,722,573
Total All Divisions	\$ 344,141	9,722,573	3,158,206	13,224,920

Appendix A-3

DEPARTMENT OF THE PRESIDENT
BOARD OF PUBLIC SERVICE
CITY OF ST. LOUIS, MISSOURI
SCHEDULE OF ESTIMATED AND COLLECTED REVENUES - GENERAL FUND
FOURTEEN MONTHS ENDED JUNE 30, 1988

(U N A U D I T E D)

	Estimated Revenues	Collected Revenues	Collected Revenues Over (Under) Estimated Revenues
Services for:			
Water	\$ 775,000	515,478	(259,522)
General Fund	-0-	1,338	1,338
Miscellaneous funds	-0-	2,193	2,193
Property damage	-0-	18,488	18,488
Exceptions to zoning	1,000	-0-	(1,000)
Sale of plans and specifications	4,500	14,105	9,605
Miscellaneous	8,000	757	(7,243)
Total	\$ 788,500	552,359	(236,141)

Appendix A-4

DEPARTMENT OF THE PRESIDENT
BOARD OF PUBLIC SERVICE
CITY OF ST. LOUIS, MISSOURI
SCHEDULE OF ESTIMATED AND COLLECTED REVENUES - GENERAL FUND
YEAR ENDED APRIL 30, 1987

(U N A U D I T E D)

	Estimated Revenues	Collected Revenues	Collected Revenues Over (Under) Estimated Revenues
Cable television - franchise fee	\$ 271,000	338,487	67,487
Exceptions to zoning	1,000	20	(980)
Sale of plans and specifications	3,500	4,750	1,250
Miscellaneous	8,000	884	(7,116)
Total	\$ 283,500	344,141	60,641

Appendix B-1

DEPARTMENT OF THE PRESIDENT
BOARD OF PUBLIC SERVICE
CITY OF ST. LOUIS, MISSOURI
SCHEDULE OF EXPENDITURES BY FUND TYPE
FOURTEEN MONTHS ENDED JUNE 30, 1988

(U N A U D I T E D)

	General Fund	Enterprise Fund	Capital Projects Fund	Total (Memorandum Only)
PERSONAL SERVICE				
Salaries	\$ 5,412,702	168,973	480,658	6,062,333
Fringe benefits	728,634	20,972	35,732	785,338
Workers' compensation	79,995	-0-	-0-	79,995
Overtime	211,546	67	7,961	219,574
Total Personal Service	6,432,877	190,012	524,351	7,147,240
EXPENSE AND EQUIPMENT				
Office and operating supplies	1,909,354	1,859	-0-	1,911,213
Construction and maintenance supplies	1,127,190	836	-0-	1,128,026
Equipment purchases and repair	82,652	21,568	-0-	104,220
Repairs to:				
Motor vehicles	1,524,984	-0-	-0-	1,524,984
Buildings and structures	586,804	-0-	-0-	586,804
Operating expenses	35,469	12,348	-0-	47,817
Contractual services	45,639	66,007	11,719,622	11,831,268
Advertising expense	-0-	-0-	-0-	-0-
Mercantile equipment purchase	-0-	-0-	-0-	-0-
Indirect cost allocation	-0-	-0-	-0-	-0-
Prior year encumbrances	-0-	38,217	-0-	38,217
Kiel Auditorium renovations	-0-	-0-	-0-	-0-
Miscellaneous expenses	3,130,897	3,531	-0-	3,134,428
Total Expense and Equipment	8,442,989	144,366	11,719,622	20,306,977
Total	\$ 14,875,866	334,378	12,243,973	27,454,217

Appendix B-2

DEPARTMENT OF THE PRESIDENT
BOARD OF PUBLIC SERVICE
CITY OF ST. LOUIS, MISSOURI
SCHEDULE OF EXPENDITURES BY FUND TYPE
YEAR ENDED APRIL 30, 1987

(U N A U D I T E D)

	General Fund	Internal Service Fund	Capital Projects Fund	Total (Memorandum Only)
PERSONAL SERVICE				
Salaries	\$ 2,320,190	2,448,139	147,347	4,915,676
Fringe benefits	435,042	441,974	10,566	887,582
Workers' compensation	294	36,950	-0-	37,244
Overtime	-0-	-0-	1,009	1,009
Total Personal Service	2,755,526	2,927,063	158,922	5,841,511
EXPENSE AND EQUIPMENT				
Office and operating supplies	15,672	2,538,095	6,245	2,560,012
Construction and maintenance supplies	21,041	112,030	104,095	237,166
Equipment purchases and repair	101,870	16,499	4,235	122,604
Operating expenses	1,464,534	1,374,209	-0-	2,838,743
Contractual services	42,609	20,290	5,673,002	5,735,901
Advertising expense	-0-	-0-	13,074	13,074
Mercantile equipment purchase	-0-	2,875,203	-0-	2,875,203
Indirect cost allocation	-0-	445,774	-0-	445,774
Prior year encumbrances	589,884	-0-	-0-	589,884
Kiel Auditorium renovations	223,344	-0-	-0-	223,344
Miscellaneous expenses	1,000,000	-0-	2,525	1,002,525
Total Expense and Equipment	3,458,954	7,382,100	5,803,176	16,644,230
Total	\$ 6,214,480	10,309,163	5,962,098	22,485,741

Appendix B-3

DEPARTMENT OF THE PRESIDENT
BOARD OF PUBLIC SERVICE
CITY OF ST. LOUIS, MISSOURI
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES - GENERAL FUND
FOURTEEN MONTHS ENDED JUNE 30, 1988

(U N A U D I T E D)

	Appropriations	Expenditures	Lapsed Balances
PERSONAL SERVICE			
Salaries	\$ 5,992,652	5,624,248	368,404
Fringe benefits	761,470	728,634	32,836
Workers' compensation	95,618	79,995	15,623
Total Personal Service	6,849,740	6,432,877	416,863
EXPENSE AND EQUIPMENT			
Office and operating supplies	1,984,081	1,909,351	74,730
Construction and maintenance supplies	1,299,241	1,127,190	172,051
Equipment purchases and repair	87,983	82,652	5,331
Repairs to:			
Motor vehicles	1,554,632	1,524,984	29,648
Buildings and structures	1,345,454	586,804	758,650
Operating expenses	48,262	35,469	12,793
Contractual services	52,336	45,639	6,697
Miscellaneous and special purpose expenses	3,566,838	3,130,897	435,941
Total Expense and Equipment	9,938,827	8,442,986	1,495,841
Total	\$ 16,788,567	14,875,863	1,912,704

Appendix B-4

DEPARTMENT OF THE PRESIDENT
BOARD OF PUBLIC SERVICE
CITY OF ST. LOUIS, MISSOURI
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES - GENERAL FUND
YEAR ENDED APRIL 30, 1987

(U N A U D I T E D)

	Appropriations	Expenditures	Lapsed Balances
PERSONAL SERVICE			
Salaries	\$ 2,331,942	2,320,190	11,752
Fringe benefits	442,555	435,042	7,513
Workers' compensation	2,200	294	1,906
Total Personal Service	2,776,697	2,755,526	21,171
EXPENSE AND EQUIPMENT			
Office and operating supplies	24,040	15,672	8,368
Construction and maintenance supplies	29,000	21,041	7,959
Equipment purchases and repair	116,630	101,870	14,760
Operating expenses	1,727,491	1,464,534	262,957
Contractual services	60,100	42,609	17,491
Miscellaneous and special purpose expenses	1,859,360	1,813,228	46,132
Total Expense and Equipment	3,816,621	3,458,954	357,667
Total	\$ 6,593,318	6,214,480	378,838

Appendix C-1

DEPARTMENT OF THE PRESIDENT
BOARD OF PUBLIC SERVICE
CITY OF ST. LOUIS, MISSOURI
PRESIDENT'S OFFICE
COMPARATIVE SCHEDULE OF GENERAL FUND EXPENDITURES

(UNAUDITED)

	Year Ended April 30,				
	1988*	1987	1986	1985	1984
PERSONAL SERVICE					
Salaries:					
Regular employees	\$ 2,244,283	2,008,046	1,923,393	1,385,918	1,079,951
Per performance	9,708	7,082	7,301	-0-	-0-
Employer:					
Social security coverage	182,535	142,025	134,910	95,323	70,943
Medical Insurance	115,328	100,345	84,698	56,772	34,895
Retirement contribution	-0-	118,761	116,807	129,144	-0-
Life Insurance costs	19,669	15,569	13,216	8,370	8,806
Workers' compensation	461	294	3,264	675	-0-
Overtime	7,689	2,054	2,823	2,079	779
Total Personal Service	2,559,673	2,394,176	2,286,412	1,678,281	1,195,374
EXPENSE AND EQUIPMENT					
Office supplies	8,194	5,753	5,578	4,677	4,731
Printed supplies	-0-	-0-	-0-	-0-	-0-
Miscellaneous supplies	1,467	1,614	1,700	1,136	770
Small tools and implements	1,462	1,270	1,964	1,494	921
Postage	4,500	3,750	3,750	3,515	4,000
Construction, material, and building maintenance	12,058	10,117	10,375	11,750	-0-
Office services	2,822	1,773	1,666	1,625	1,549
Allowance for personally owned cars	5,335	5,113	5,198	4,312	3,195
Repairs to office and other operating equipment	4,840	3,386	4,758	5,173	865
Equipment rental	8,965	8,041	5,298	5,185	5,701
Plumbing, heating, venting, and air conditioning	9,210	5,671	4,157	6,230	-0-
Painting materials	6,635	4,877	5,829	6,785	-0-
Repairs to building and structure	564,481	988,268	766,291	1,075,239	429,227
Contractual services	1,468	1,038	-0-	1,675	1,427
Prior year encumbrances	-0-	544,575	-0-	-0-	-0-
Advertising services	-0-	9,116	6,289	7,159	6,488
Printing services	-0-	3,863	5,886	4,667	8,216
Capital equipment - Equipment Services Division	-0-	33,924	-0-	-0-	-0-
Cable television start-up costs	-0-	-0-	-0-	4,658	-0-
City hall gutter repair	-0-	-0-	-0-	-0-	-0-
Kiel Auditorium renovations	-0-	223,344	-0-	-0-	-0-
Medium Security Institution renovations	-0-	-0-	-0-	-0-	-0-
Rental and lease of real property	5,102	-0-	-0-	-0-	-0-
Total Expense and Equipment	636,539	1,855,493	828,739	1,145,280	467,090
Total Expenditures	\$ 3,196,212 **	4,249,669	3,115,151	2,823,561	1,662,464

* Fourteen months ended June 30, 1988.

** Total expenditures do not include encumbrances and commitments of \$22,369 and \$331, respectively, at June 30, 1988.

Appendix C-2

DEPARTMENT OF THE PRESIDENT
 BOARD OF PUBLIC SERVICE
 CITY OF ST. LOUIS, MISSOURI
 CABLE TELEVISION
 COMPARATIVE SCHEDULE OF GENERAL FUND EXPENDITURES

(UNAUDITED)

Year Ended April, 30,					
	1988*	1987	1986	1985	1984
PERSONAL SERVICE					
Salaries - regular employees	\$	94,633	80,941	-0-	-0-
Employer:					
Social security coverage		6,773	5,732	-0-	-0-
Medical insurance		4,731	3,044	-0-	-0-
Retirement contribution		4,406	3,696	-0-	-0-
Life insurance costs		689	502	-0-	-0-
Overtime		93	-0-	-0-	-0-
Total Personal Service	-0-	111,325	93,915	-0-	-0-
EXPENSE AND EQUIPMENT					
Office supplies		1,506	1,080	-0-	-0-
Small tools and implements		762	1,004	-0-	-0-
Office equipment		1,528	492	-0-	-0-
Postage		751	810	-0-	-0-
Communication and broadcasting equipment		35,031	-0-	-0-	-0-
Office services		586	917	157	-0-
Allowance for personally owned cars		2,204	2,773	-0-	-0-
Repairs to office and other operating equipment		93	-0-	-0-	-0-
Equipment rental		1,551	500	-0-	-0-
Advertising services		1,111	-0-	-0-	-0-
Printing services		236	983	-0-	4,844
Promotional expense		748	3,032	-0-	-0-
Contractual services		35,400	30,787	12,447	27,580
Prior year encumbrances		43,324	-0-	-0-	-0-
Equipment services - Equipment Services Division		1,362	-0-	-0-	-0-
Total Expense and Equipment	-0-	126,193	42,378	12,604	32,424
Total Expenditures	\$ -0-	237,518 **	136,293	12,604	32,424

* Fourteen months ended June 30, 1988. The Cable Television Division was an enterprise fund in fiscal year 1988.

** Total expenditures do not include encumbrances of \$30,076 at April 30, 1987.

Appendix C-3

DEPARTMENT OF THE PRESIDENT
BOARD OF PUBLIC SERVICE
CITY OF ST. LOUIS, MISSOURI
CITIZEN SERVICE BUREAU
COMPARATIVE SCHEDULE OF GENERAL FUND EXPENDITURES

(UNAUDITED)

	Year Ended April 30.				
	1988*	1987	1986	1985	1984
PERSONAL SERVICE					
Salaries - regular employees	\$ 249,939	208,282	183,023	-0-	-0-
Employer:					
Social security coverage	18,249	14,892	6,372	-0-	-0-
Medical insurance	16,476	13,815	5,016	-0-	-0-
Retirement contribution	-0-	11,532	4,781	-0-	-0-
Life insurance costs	1,864	1,506	565	-0-	-0-
Total Personal Service	286,528	250,027	199,757	-0-	-0-
EXPENSE AND EQUIPMENT					
Office supplies	6,566	4,432	1,456	-0-	-0-
Postage	6,800	5,200	2,000	-0-	-0-
Printing services	-0-	1,728	6,575	-0-	-0-
Office services	2,441	2,251	2,111	-0-	-0-
Allowance for personally owned cars	179	518	172	-0-	-0-
Repairs to office and other operating equipment	1,153	1,418	260	-0-	-0-
Contractual services	5,831	5,273	4,658	-0-	-0-
Prior year encumbrances	-0-	1,985	-0-	-0-	-0-
Holding account for prior year encumbrances	-0-	-0-	-0-	-0-	-0-
Total Expenses and Equipment	22,970	22,805	17,232	-0-	-0-
Total Expenditures	\$ 309,498 **	272,832	216,989	-0-	-0-

* Fourteen months ended June 30, 1988.

** Total expenditures do not include encumbrances of \$410 at June 30, 1988.

Appendix C-4

DEPARTMENT OF THE PRESIDENT
BOARD OF PUBLIC SERVICE
CITY OF ST. LOUIS, MISSOURI
EQUIPMENT SERVICES DIVISION
COMPARATIVE SCHEDULE OF GENERAL FUND EXPENDITURES

(UNAUDITED)

	Year Ended April 30,				
	1988*	1987	1986	1985	1984
PERSONAL SERVICE					
Salaries:					
Regular employees	\$ 2,888,635	-0-	-0-	-0-	-0-
Per performance	20,137	-0-	-0-	-0-	-0-
Employer:					
Social security coverage	227,134	-0-	-0-	-0-	-0-
Medical insurance	146,353	-0-	-0-	-0-	-0-
Retirement contribution	-0-	-0-	-0-	-0-	-0-
Life insurance costs	21,026	-0-	-0-	-0-	-0-
Workers' compensation	79,534	-0-	-0-	-0-	-0-
Overtime	203,857	-0-	-0-	-0-	-0-
Total Personal Service	3,586,676	-0-	-0-	-0-	-0-
EXPENSE AND EQUIPMENT					
Office supplies	4,384	-0-	-0-	-0-	-0-
Motor vehicle supplies	770,937	-0-	-0-	-0-	-0-
Laundry and cleaning supplies	1,570	-0-	-0-	-0-	-0-
Medical/surgical lab supplies	394	-0-	-0-	-0-	-0-
Household supplies	947	-0-	-0-	-0-	-0-
Wearing apparel	444	-0-	-0-	-0-	-0-
Education and recreation supplies	191	-0-	-0-	-0-	-0-
Gas supplies	974,989	-0-	-0-	-0-	-0-
Miscellaneous supplies	66,688	-0-	-0-	-0-	-0-
Small tools and implements	12,003	-0-	-0-	-0-	-0-
Postage	484	-0-	-0-	-0-	-0-
Motor vehicle materials and repair parts	939,816	-0-	-0-	-0-	-0-
Miscellaneous materials	126,987	-0-	-0-	-0-	-0-
Telephone and other communications	10,041	-0-	-0-	-0-	-0-
Construction, material, and building maintenance	2,436	-0-	-0-	-0-	-0-
Office services	1,014	-0-	-0-	-0-	-0-
Allowance for personally owned cars	1,853	-0-	-0-	-0-	-0-
Repairs to office and other operating equipment	64,049	-0-	-0-	-0-	-0-
Equipment rental	1,451	-0-	-0-	-0-	-0-
Repairs to motor vehicles	1,497,600	-0-	-0-	-0-	-0-
Health care	82	-0-	-0-	-0-	-0-
Contractual services	38,025	-0-	-0-	-0-	-0-
Lease/purchase of equipment	3,125,713	-0-	-0-	-0-	-0-
Total Expense and Equipment	7,642,098	-0-	-0-	-0-	-0-
Total Expenditures	\$ 11,228,774 **	-0-	-0-	-0-	-0-

* Fourteen months ended June 30, 1988. The Equipment Services Division was an Internal Service Fund prior to fiscal year 1988.

** Total expenditures do not include encumbrances and commitments of \$83,837 and \$34,432, respectively, at June 30, 1988.
