



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



FILE COPY

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Comptroller

Internal Audit Section

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DR. KENNETH M. STONE, CPA
Internal Audit Executive

June 3, 2010

Gregory Hayes
Commissioner of Forestry
1415 N. 13th St.
St. Louis, MO 63106

RE: Forestry Division (Project #2010-18)

Dear Mr. Hayes:

Enclosed is the Internal Audit Section's report on the review of Street Tree Planting expenditures from the St. Louis Works program and the ½ Cent Sales Tax Capital Fund, for the period of July 1, 2008 through September 30, 2009.

The audit objectives were to determine if the Forestry Division effectively and efficiently manages risks associated with the reviewed expenditure areas to ensure:

- Compliance with applicable laws, regulations, policies and procedures.
- Safeguarding of assets.
- Reliability and integrity of financial information.
- Economic and efficient use of resources.

Fieldwork was completed on February 23, 2010. Management's responses to the observations and recommendations noted in the report were received on April 30, 2010, and have been incorporated in the report.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Respectfully,

A handwritten signature in black ink that reads "Kenneth M. Stone". The signature is written in a cursive style with a large initial 'K' and 'S'.

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Gary D. Bess, Director of Parks, Recreation, and Forestry



CITY OF ST. LOUIS

DEPARTMENT OF PARKS, RECREATION, AND FORESTRY

FORESTRY DIVISION

ST. LOUIS WORKS – STREET TREE PLANTING

JULY 1, 2008 THROUGH SEPTEMBER 30, 2009

PROJECT #2010-18

DATE ISSUED: JUNE 3, 2010

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

CITY OF ST. LOUIS
DEPARTMENT OF PARKS, RECREATION, AND FORESTRY
FORESTRY DIVISION
ST. LOUIS WORKS – STREET TREE PLANTING
JULY 1, 2008 THROUGH SEPTEMBER 30, 2009

EXECUTIVE SUMMARY

Purpose

The Internal Audit Section (IAS) has completed a review of the Forestry Division's expenditures from the St. Louis Works program and ½ Cent Sales Tax Capital Fund for Street Tree Planting for the period July 1, 2008 through September 30, 2009. The purpose of the review was to determine if the Forestry Division effectively and efficiently manages risks associated with the reviewed expenditure areas to ensure:

- Compliance with applicable laws, regulations, policies and procedures.
- Safeguarding of assets.
- Reliability and integrity of financial information.
- Economic and efficient use of resources.

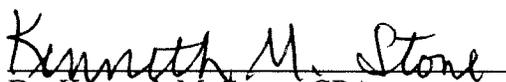
Conclusion

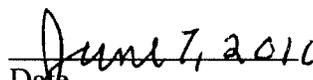
The opportunity exists for the Division to better ensure the adequacy of internal controls over payroll timekeeping and reporting. The following observation resulted from the review:

- Opportunity to improve control over payroll time reporting

This observation is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.


Dr. Kenneth M. Stone, CPA
Internal Audit Executive


Date

**CITY OF ST. LOUIS
DEPARTMENT OF PARKS, RECREATION, AND FORESTRY
FORESTRY DIVISION
ST. LOUIS WORKS – STREET TREE PLANTING
JULY 1, 2008 THROUGH SEPTEMBER 30, 2009**

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INTRODUCTION

Background

The Forestry Division of the Department of Parks, Recreation, and Forestry is responsible for:

- Maintaining the City's public street trees and trees in City parks.
- Composting and mulching yard waste.
- Maintaining vegetation growing on City property, vacant unkempt lots and around vacant buildings.
- Clearing debris from vacant lots and alleys throughout the City.

Included in the Forestry Division's tree maintenance responsibilities is the program for planting trees in the public right-of-way spaces alongside the streets. The funding used to purchase the trees is obtained from the annual appropriations to each City ward from the ½ Cent Sales Tax Capital Fund (Fund #1220).

The other major funding source for the street tree planting program is the St. Louis Works Program. The St. Louis Works Program is funded by an annual ordinance appropriation from the City's Street Improvement Fund. The Forestry Commissioner requests and receives part of an annual distribution of St. Louis Works Program funds by the Commissioner of Streets. The St. Louis Works money is also maintained in a special fund (Fund # 1215). Expenses paid from that fund include:

- The salary and fringes of the Urban Forester who coordinates the tree planting program.
- The wages and FICA tax expenses of the seasonal Per Performance Utility Workers who plant the trees.
- Equipment and supplies used in the tree planting activities.

Purpose

The purpose of the review was to determine if the Forestry Division effectively and efficiently manages risks associated with the reviewed expenditure areas to ensure:

- Compliance with applicable laws, regulations, policies and procedures.
- Safeguarding of assets.
- Reliability and integrity of financial information.
- Economic and efficient use of resources.

Scope and Methodology

The review was confined to evaluating internal controls over Forestry Division expenditures from the St. Louis Works program and ½ Cent Sales Tax Capital Fund for street tree planting during the period July 1, 2008 through September 30, 2009.

The audit procedures included inquiries of management and staff and reviews for compliance with policies and procedures, as well as applicable laws and regulations. Limited tests of controls and other procedures considered necessary were performed. The fieldwork was completed on February 23, 2010.

Exit Conference

An exit conference was conducted at the Division on April 29, 2010. The Forestry Division was represented by Forestry Commissioner Gregory Hayes. The Internal Audit Section (IAS) was represented by Audit Supervisor Dr. Ishmael Ikpeama and Auditor-in-Charge Don Curby.

Management's Responses

Management's responses to the results obtained and provided were received from the Forestry Division on April 30, 2010. The responses have been incorporated into this report.

OBSERVATIONS

Status of Prior Observations

No prior observations

Summary of Current Observation

The opportunity exists for the Division to better ensure the adequacy of internal controls over payroll timekeeping and reporting. The following observation resulted from the review:

- Opportunity to improve control over payroll time reporting

This observation is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

**DETAILED OBSERVATION AND RECOMMENDATION,
AND MANAGEMENT'S RESPONSES**

Opportunity to Improve Control over Payroll Time Reporting

According to Section II of St. Louis Department of Personnel Administrative Regulation Number 134:

1. All departments shall keep daily attendance records of classified employees.
2. It is the responsibility of each appointing authority to ensure that employees on their payroll have actually worked the time for which they are paid.

Tests of supporting time and attendance documentation, covering three sampled pay periods, were performed for payroll expenditures funded by the Forestry Division's St. Louis Works Fund budgets during the review period of July 1, 2008 through June September 30, 2009. A problem was noted in the internal controls over timekeeping for the reviewed pay period ended October 25, 2008. Differences were noted between the payroll hours reported and the Daily Time and Attendance Sheets.

On October 23, 2008, the end of day sign-out times had been changed to 9:00 a.m. for three (3) out of eight (8) tree-planting Utility Workers. Those sign-out times had previously been recorded as 3:30 p.m., the regular end of day time. Partial efforts had also been made to change the recorded sign-out times of the remaining five (5) workers who had signed the time sheets. The Division's management indicated the foreman had changed the times due to the occurrence of inclement weather (rain or snow) that prohibited completion of the day's work.

The necessity for changing the daily sheet sign-out times showed that the workers had signed in and out for the entire day ahead of time. Allowing workers to sign in and out in advance increases the risk that employees could record, and be paid for hours not actually worked.

Note: The timekeeping discrepancies detected had occurred on six (6) out of 280 daily employee time and attendance records reviewed.

The Division's management informed IAS and provided evidence that timekeeping for hourly employees had been changed from time sheets to an electric time clock after the period of this review.

Recommendation

It is recommended the Forestry Division's management ensure all employee timekeeping records are accurately kept, verified by the immediate supervisors of the subject employees, and reviewed for completeness and adequacy before being incorporated into payroll reporting records. These requirements should be included in the division's written policies and procedures for timekeeping and payroll reporting.

**DETAILED OBSERVATION AND RECOMMENDATION,
AND MANAGEMENT'S RESPONSES**

Management's Response

The Forestry Division concurs with Internal Audit on the recommendation of keeping accurate timekeeping records coupled with supervisory reviews. Time clocks were implemented to ensure accuracy and the time cards have been reviewed since this report was initially discussed and will be in the future. In addition, this specific matter will become an addendum in memorandum form to our division's current written policy manual.