



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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March 19, 2010

Richard T. Bradley, President
Board of Public Service
1200 Market Street, Room 301
St. Louis, MO 63103

RE: Follow-Up Review of the State Auditor Board of Public Service Report 2008-61
(Project # 2010-35-3)

Dear Mr. Bradley:

A limited follow-up review has been completed on the reported noted above. This follow-up review was made under authorization contained in Article XV, Section 2 of the Charter, City of St. Louis, as revised, and conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

A limited follow-up review does not necessarily involve detailed testing or verification. The review instead relies on communication with department management and staff, as well as limited observations.

The purpose of this follow-up review is to determine the status as of December 31, 2009, of findings in the report.

The findings below have been **partially resolved**:

1. City Vehicle Policies

- a. A new ordinance has not been issued to revise the City Code to clarify authority over establishing and enforcing rules and policies related to the City's Motor Vehicles Policy.
- b. The Equipment Services Division (ESD) has not completed the annual vehicle assignment report because all City departments did not provide completed vehicle survey lists when requested by the City Operations Manager. ESD does not have the authority to compel the departments to comply with the request. However, ESD should report the results based on those responding departments and communicate those results to the Board of E & A.

- c. Revisions to the City Vehicle Policy manual have not been made to prohibit or limit the options newly-elected officials may include on vehicles. However, instead of limiting vehicle options as the State Auditor recommended, the policy states options on new vehicles are at the elected official's discretion.
- d. The requirement for maintenance of mileage logs was added to the City Vehicle Policy making the appointing authorities responsible for monitoring compliance. The Vehicle Policy Manual does not require that ESD monitor completion of the mileage logs, therefore compliance is not known. However, a small number of the city's fleet is being monitored through Telematics devices, which is a global positioning system (GPS) that allows monitoring of mileage.

Management's Response

Management agrees with the status of the finding.

2. Equipment Services Division Accounting System

- a. ESD has requested to be an internal service fund (ISF) but a decision has not been made by the Budget Division and Comptroller's Office.
- b. ESD updated the internal pricing rate in May 2008 and locked in the current prices until fiscal year end 2010. The rates will be re-evaluated again for the FY 2011 budget.

Management's Response

Management agrees with the status of the finding.

3. Equipment Services Division Controls and Procedures

- a. ESD has implemented new tank monitoring hardware on bulk tanks. Additionally, ESD recently developed procedures for the weekly reconciliation of fuel purchased to fuel used. However, ESD have yet to perform the reconciliations using the new procedure.
- b. ESD is unable to accurately control the dispensing and use of bulk oil and other fluids. The Commissioner of Equipment Services stated ESD has already implemented physical controls to the maximum extent possible. Other controls measures have either been cost prohibitive or have not simply been effective.

Management's Response

{In regards to Finding 3.a.} ESD has performed fuel reconciliations as part of the ordering process for several years through comparison of a tank monitor readout and FleetFocus (M5) database readout. This process which we have now documented in a written standard

operating procedure (SOP) has worked well and identified problems which we have subsequently corrected. The frequency of this inventory reconciliation varies based on fuel use and typically occurs multiple times each month for each bulk diesel tank. Unfortunately, it does not leave a paper trail which can be audited. In order to create a record that can be audited and to double check the monitoring being done by parts specialists when they order fuel, a redundant monthly fuel reconciliation by our Inventory Control Technician II has recently been implemented. This procedure too is documented in a written SOP.

We provided management the opportunity to discuss our determination of the status of each finding and to provide written responses to this report. Management provided written responses to us on March 17, 2010, which have been incorporated above.

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

Respectfully,



Dr. Kenneth M. Stone, CPA
Internal Audit Executive

cc: Christopher Amos, Commissioner of Equipment Services