



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



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Comptroller

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**FILE COPY**

June 27, 2014

Todd Waelterman, Director of Street Department  
Street Department  
Refuse Division  
1900 Hampton Avenue  
St. Louis, MO 63139-2988

RE: Revenue Review of Metro Trash Service – Refuse Division  
(Project #2014-RRV09)

Dear Mr. Waelterman:

Enclosed is the Internal Audit Section's revenue review report of the Metro Trash Services - Refuse Division for the period January 1, 2013 through March 31, 2014. A description of the scope of our work is included in the report.

Fieldwork was completed on May 30, 2014. Management's responses to the observations and recommendations noted in the report were received on June 25, 2014 and have been incorporated in the report.

This review was made under authorization contained in Article XV, Section 2 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) 657-3490.

Respectfully,

Dr. Kenneth M. Stone, CPA, CGMA  
Internal Audit Executive

Enclosure:

cc: Nicholas Yung, Commissioner of Refuse Division



# CITY OF ST. LOUIS

**REFUSE DIVISION**

**REVENUE REVIEW**

**JANUARY 1, 2013 THROUGH MARCH 31, 2014**

**PROJECT #2014-RRV09**

**DATE ISSUED: JUNE 27, 2014**

**Prepared by:  
The Internal Audit Section**



## OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

## EXECUTIVE SUMMARY

### Purpose

The purpose was to determine if the Refuse Division effectively and efficiently manages risks to ensure:

- The accomplishment of established objectives and goals.
- Compliance with applicable laws, regulations, and policies and procedures.
- All revenue is recorded and reported in a timely manner.
- The proper safeguarding of assets.
- The reliability and integrity of financial and operational information.

### Conclusion

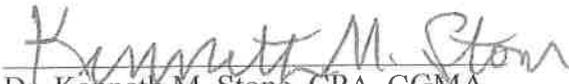
Several control procedures were noted as strengths during the review of the Metro Trash Service Fund. These included, but were not limited to the following:

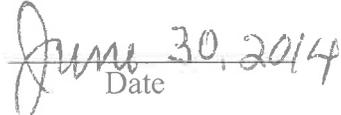
- The cash and checks collected are deposited the next business day.
- The Refuse Division maintains a receipt log book of daily transactions and appears to have adequate segregation of duties for handling remittance.
- Monthly reconciliations of the Metro Trash Services Fund account are performed by an accountant who is independent of the cash receipt process.
- Management has developed written policies and procedures for remittance handling of cash and checks.

Opportunities exist for the Refuse Division to improve controls over fiscal activities. The following observations resulted from the review:

1. Opportunity for the Refuse Division to invoice Metro for services provided.
2. Opportunity to include a reimbursement section into the Memorandum of Agreement for the replacement of trash receptacles and other services.

These observations are discussed in more detail in the *Detailed Observations, Recommendation, and Management's Responses* section of this report.

  
Dr. Kenneth M. Stone, CPA, CGMA  
Internal Audit Executive

  
Date

**CITY OF ST. LOUIS  
REFUSE DIVISION  
REVENUE REVIEW  
JANUARY 1, 2013 THROUGH MARCH 31, 2014**

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## PROCEDURES

### **Background**

The City of St. Louis Refuse Division entered into a Memorandum of Agreement (the Metro Trash Service Fund) with the Metro Bi-State Development Agency (Metro) to provide trash receptacle and trash removal service at bus stops. Metro will pay the City \$100,000 annually at \$8,333.33 per month.

### **Scope and Methodology**

The scope of the review included revenues from January 1, 2013 through March 31, 2014. The review was confined to evaluating internal controls over the fiscal activities relating to the objectives noted previously. The review procedures included:

- Inquiries of management and staff.
- Observations of relevant processes.
- Reviews for compliance with policies and procedures, as well as applicable laws and regulations.
- Limited tests of controls.
- Follow-ups on prior audit observations.
- Other procedures considered necessary.

### **Status of Prior Observations**

There has not been any recent Revenue Review performed on the Refuse Division, Metro Trash Services account.

### **Exit Conference**

The client declined an exit conference.

## DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

### 1. Opportunity To Invoice Metro For Services Provided

Based on discussion with the accountant at the Street Department, the Refuse Division does not invoice Metro for the monthly payment of \$8,333.33 for the trash removal and other services provided.

Article 1, Section 1.5 of the Memorandum of Agreement between the City of St. Louis and Metro Bi-State Development Agency states:

".....the City will invoice Metro \$8,333.33 per month, which is an annual rate of \$100,000.00, for the services provided under this Agreement."

The Refuse Division noted that Metro has a system set up to automatically send the City of St. Louis monthly payments for trash removal services.

Without ensuring that Metro is issued an invoice for the services, the Refuse Division runs the risk of:

- Loss of potential revenues for the services provided.
- Violation of the Memorandum of Agreement between the City of St. Louis and Metro Bi-State Development Agency.
- Inadequate tracking of payments received.

#### **Recommendation:**

It is recommended that the Refuse Division establish procedures to submit invoices for the services provided.

#### ***Management's Response:***

*We propose changing the wording of the Agreement to state: Metro will make monthly automatic payments to the City in the amount of \$8,333.33 each month for services rendered by the City.*

*The Accountants for the Street Department will monitor these payments to ensure that these payments are received and will notify Metro if any payments are missed.*

## **2. Opportunity To Include A Reimbursement Section In The Memorandum Of Agreement For The Replacement Of Trash Receptacles And Other Services**

A review of the Memorandum of Agreement between the City of St. Louis and Metro Bi-State Development Agency noted that there was no section that included the details for the replacement of trash receptacles. On April 30, 2013, the Refuse Division purchased 50 trash receptacles in the amount of \$38,250.00 for the replacement of trash receptacles that have been destroyed by vehicles. It was noted that Metro reimbursed the City only \$30,000 for the replacement of the trash receptacles.

Good management practices ensure that the liability for expenditures should be specified within the agreement.

Based on discussion with the Director of the Street Department, it was noted that the purchase of replacement trash receptacles was a one-time agreement between the Street Department and Metro. This is an item that the Refuse Division does not see as reoccurring.

Without ensuring that procedures are established for the liability of replacement trash receptacles, the Refuse Division runs the risk of incurring unreimbursed expenditures. The difference of \$8,250 was an unreimbursed expense for replacing trash receptacles.

### **Recommendation:**

It's recommended that the agreement be modified to include provisions for replacement of trash receptacles and other services.

### ***Management's Response:***

*We propose changing the wording of the Agreement to state: If any replacement containers are purchased, we will invoice Metro for reimbursement of all expenditures.*