



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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FILE COPY

December 17, 2014

Todd Waelterman, Director of Streets
4100 South First Street, Room 401
St. Louis, MO 63118

RE: Ameri-Kan, Inc. (Project # 2014-CN17)

Dear Mr. Waelterman:

Enclosed is the Internal Audit report on the contract review of Ameri-Kan, Inc. Ameri-Kan provides refuse and recycling containers to the City Refuse Division. The review covered the period January 1, 2013 through December 31, 2013. A description of the scope of our work is included in the report. Fieldwork was completed on August 18, 2014.

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) 657-3490.

Sincerely,

Mohammad Adil, CPA, CGMA
Internal Audit Supervisor

Ron Steinkamp, CPA, CIA, CFE, CRMA, CGMA
Internal Audit Advisor

Enclosure

CC: Nicholas Yung, Refuse Commissioner
Randy Breitenfeld, Deputy Refuse Commissioner



CITY OF ST. LOUIS

REFUSE DIVISION

CONTRACT REVIEW

AMERI-KAN, INC.

REFUSE AND RECYCLING CONTAINERS

JANUARY 1, 2013 THROUGH DECEMBER 31, 2013

INTERNAL AUDIT PROJECT # 2014-CN17

DATE ISSUED: DECEMBER 17, 2014

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
REFUSE DIVISION
CONTRACT REVIEW
AMERI-KAN, INC.
JANUARY 1, 2013 THROUGH DECEMBER 31, 2013**

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**CITY OF ST. LOUIS
REFUSE DIVISION
CONTRACT REVIEW
AMERI-KAN, INC.
JANUARY 1, 2013 THROUGH JDECEMBER 31, 2013**

SUMMARY

Background

A contract to provide the City Refuse Division with refuse and recycling containers was awarded to Ameri-Kan, Inc., Division of Stoutco, Inc., (the Contractor) for a term of three (3) years, August 1, 2010 through July 31, 2013. This contract was authorized by the Board of Standardization approved by the Supply Commissioner. The total amount for the term of the contract was \$674,855.04.

Purpose

The purpose of this review was to determine if the Contractor complied with the terms, conditions and various provisions of the contract.

Scope and Methodology

Inquiries were made and tests were performed regarding the Contractor's compliance with the terms and conditions and various provisions of the contract. The scope of the review was from January 1, 2013 through December 30, 2013.

Conclusion

The Contractor did not to fully comply with the terms, conditions, and various provisions of the Contract.

Current Observations

We noted the following observations and opportunity for improvement:

1. Living Wage
2. City Earnings Tax Return

Each of these observations is discussed in more detail in the *Detailed Observations and Recommendations* section of this report.

Management Response

An exit conference was offered to the Agency on November 20, 2014, but the Agency declined. Management's response to the observations and recommendations noted in the report was received on December 5, 2014 and has been incorporated into the report.

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REFUSE DIVISION
CONTRACT REVIEW
AMERI-KAN, INC.
JANUARY 1, 2013 THROUGH DECEMBER 31, 2013**

DETAILED OBSERVATIONS AND RECOMMENDATIONS

1. Living Wage

Payroll records were requested from the Contractor to verify if its employees received the living wage. As of the date of this report, the requested records have not been provided.

The St. Louis City Ordinance #65597 requires that, unless specific exemptions apply, all individuals who perform work pursuant to a contract executed between the successful bidder and the City of St. Louis must be paid a minimum of the applicable living wage rates set forth in the living wage bulletin, and if the rates are adjusted during the term of the contract pursuant to the Ordinance, applicable rates after such adjustment is made.

We could not determine if the Contractor complied with the St. Louis living wage ordinance.

Failure to adhere to the living wage requirements may result in termination of the contract and additional penalties as set forth in the Ordinance and Regulations.

Recommendation

We recommend that Refuse follow-up with the Contractor to obtain adequate proof that they are complying with the St. Louis living wage ordinance.

Management Response

This contract is managed by the Supply Division. Supply would be responsible for monitoring that requirement.

2. City Earnings Tax Return

We requested the City of St. Louis Annual Earnings Tax return from the Contractor for the period of review. However, as of the date of this report, the requested information had not been provided.

According to Chapter 5.22, St. Louis City Revised Code, the Annual Earnings Tax return must be filed by every resident or non-resident individual, partnership or corporation that maintains a business or professional office, branch office, warehouse,

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DETAILED OBSERVATIONS AND RECOMMENDATIONS

2. Continued...

St. Louis. In addition, the contract states, "The vendor has to be current and not delinquent with taxes due the City Collector of Revenue and License Collector."

Recommendation

We recommend that Refuse follow-up with the Contractor to obtain adequate proof that they are in compliance with the contract and City's requirements that they are current and not delinquent with taxes due the City.

Management Response

The one percent earnings tax is collected from all city residents and non-city residents who work within city limits. Since this contract does not involve any work within the City, it is not applicable.

Auditor's Comment

According to Sub Chapter 5.22.20, of the St. Louis City Revised Code Chapter 5.22, earnings tax, a tax for general revenue purposes of one percent is imposed on the net profits earned after July 31, 1959, on the basis of a calendar year, by all corporations as a result of work done or services performed or rendered, and businesses or other activities conducted in the City.