



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

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FILE COPY

December 9, 2014

Baxter W. Leisure Jr.
Executive Assistant to the Chief Medical Examiner
Office of the City Medical Examiner
Administrative & Support Sections
1300 Clark Avenue
St. Louis, Missouri 63103-2718

RE: Contract Review – Saint Louis University School of Medicine
(Project No. 2015-CN08)

Dear Mr. Leisure:

Enclosed is the Internal Audit Section's report on the review of the contract with Saint Louis University School of Medicine for professional, technical and scientific services to the Office of the City Medical Examiner. The scope period of our review was July 1, 2013 through June 30, 2014. A description of the scope of our work is included in the report.

This review was made under the authorization contained in Section 2, Article XV, of the Charter, City of Saint 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,

Mohammad Adil, CPA, CGMA
Internal Audit Supervisor

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

Enclosure:

CC: Michael A Graham, MD, Chief Medical Examiner, Saint Louis University School of Medicine



CITY OF ST. LOUIS

OFFICE OF THE CITY MEDICAL EXAMINER

CONTRACT REVIEW

SAINT LOUIS UNIVERSITY SCHOOL OF MEDICINE

JULY 1, 2013 THROUGH JUNE 30, 2014

PROJECT # 2015-CN08

DATE ISSUED: DECEMBER 9, 2014

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

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OFFICE OF THE CITY MEDICAL EXAMINER
CONTRACT REVIEW
SAINT LOUIS UNIVERSITY SCHOOL OF MEDICINE
JULY 1, 2013 THROUGH JUNE 30, 2014
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CONTRACT REVIEW
SAINT LOUIS UNIVERSITY SCHOOL OF MEDICINE
JULY 1, 2013 THROUGH JUNE 30, 2014**

DETAILED OBSERVATIONS AND RECOMMENDATIONS

Background

A contract to provide the City with professional, technical and scientific services to the Office of the City Medical Examiner was awarded to the Saint Louis University School of Medicine (the Contractor) for a period of July 1, 2013 through June 30, 2018. The contract amount for the period of our review was \$887,386.

Purpose

The purpose of Internal Audit's 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 testing procedures were performed regarding the Contractor's compliance with the contract approved by the City. The scope of the review was from July 1, 2013 through June 30, 2014.

Conclusion

We found no evidence to suggest that the Contractor did not fully comply with the terms, conditions and various provisions of the Agreement. However, we did find opportunities for improvement on the part of the Office of the City Medical Examiner.

Current Observations

We noted the following observations and opportunities for improvement:

1. Contractor Insurance Requirements
2. Contractor Performance Bond
3. Contract Audit Clause
4. Competitive Bidding
5. Minority and Women Business Enterprise Participation Goals

These observations are discussed in more detail in the *Detailed Observations and Recommendations* section of this report.

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DETAILED OBSERVATIONS AND RECOMMENDATIONS

Management Response

An exit conference was held with the Office of the City Medical Examiner on November 4, 2014. In attendance from the Office of the City Medical Examiner was:

- Baxter Leisure, Assistant to the Chief Medical Examiner

Internal Audit was represented by:

- Mohammad Adil – Internal Audit Supervisor
- Roderick Malone – Auditor II

The report observations and recommendations were discussed in detail at the exit conference.

Management of the Office of the City Medical Examiner subsequently provided a written response to Internal Audit on November 24, 2014 which has been incorporated into this report.

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DETAILED OBSERVATIONS AND RECOMMENDATIONS

1. Contractor Insurance Requirements

The contract did not contain any insurance requirements for the contractor. The contractor's employees perform various medical procedures on City property utilizing knives, saws and numerous other sharp and hazardous tools. This environment exposes the Contractor's employees and ultimately the City to substantial physical and financial risk.

Sound business practices dictate that contracts with the City stipulate that the Contractor meet certain insurance requirements.

Recommendation

We recommend that the Office of the City Medical Examiner negotiate an amendment to the current contract whereby the Contractor is required to obtain adequate general liability, and workers compensation insurance that indemnifies the City of Saint Louis.

Management Response

We will make every effort to investigate this recommendation and seek a response from Saint Louis University.

2. Contractor Performance Bond

The Contract did not require a performance bond from the Contractor. A performance bond indemnifies the City against the risk of default. It provides funds to complete the contract should the contractor default on the performance of the contract.

Recommendations

We recommend that the Office of the City Medical Examiner evaluate the reasonableness of requiring the Contractor to maintain a performance bond during the term of the contract. A cost benefit analysis should be performed to determine whether such a bond is cost effective.

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DETAILED OBSERVATIONS AND RECOMMENDATIONS

2. Continued...

Management Response

Again, this is an issue that should be further evaluated by Saint Louis University to determine the feasibility of this matter. Realizing that making this a requirement might actually increase the overall cost of the contract, which would ultimately be transferred back to the City with increased service costs.

3. Contract Audit Clause

The contract did not contain an audit clause. Sound business practices dictate that all contracts with the City should contain an audit clause in order to protect the interests of the City.

Per discussion with Office of the City Medical Examiner, the previous contract contained an audit clause. However, it was inadvertently excluded from the current contract.

Recommendation

We recommend that the Office of the City Medical Examiner ensure that any future contracts for this or any other service contain and audit clause.

Management Response

The Chief Medical Examiner, Dr. Graham, will draft a letter which will be placed with the contract file.

4. Competitive Bidding

According to the Office of the City Medical Examiner, they have never obtained competitive bids for this service because the Contractor is the only institution in the area that provides Forensic Pathology Services.

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DETAILED OBSERVATIONS AND RECOMMENDATIONS

4. Continued...

The reason for not obtaining competitive bids appears reasonable. However, the Office of the City Medical Examiner did not document in writing the reasoning for their decision in accordance with the St. Louis City Ordinance 64102.

Recommendation

We recommend that the Office of the City Medical Examiner draft a memorandum that explains the decision not to obtain competitive bids, and include it with the contract documents.

Management Response

The Chief Medical Examiner, Dr. Graham, will draft a letter which will be placed with the contract file.

5. Minority and Women Business Enterprise Participation Goals

The contract does not have any Minority Business Enterprise (MBE) or Women Business Enterprise (WBE) Participation Goals. The Mayor's Executive Order No. 47 establishes a goal of at least 25% minority business enterprise participation and at least 5% women's business enterprise participation in contracts and purchases wherein City funds are expended.

Recommendation

We recommend that the Office of the City Medical Examiner amend future years of this contract to provide goals consistent with the Mayor's Executive Order No. 47.

Management Response

We will take the necessary steps to address this matter.