



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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Comptroller

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March 3, 2015

James Garavaglia, Assets Manager
Comptroller's Office
1520 Market Street, Suite 3005
St. Louis, MO 63103

RE: Review of Utility Bills (Project #2015-PR06)

Dear Mr. Garavaglia:

The Comptroller's Internal Audit Section has completed a review of the Gateway Transportation Center's utility bills to ensure that they did not include any federal, state or local taxes. Enclosed is the report covering the period August 1, 2008 through October 31, 2014. A description of the scope of our work is included in the report. Fieldwork was completed on December 8, 2014.

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 H. Adil, CPA, CGMA
Internal Audit Supervisor

Enclosure:

CC: Robin Jones, Manager, Gateway Transportation Center



CITY OF ST. LOUIS

COMPTROLLER'S OFFICE

GATEWAY TRANSPORTATION CENTER

REVIEW OF UTILITY BILLS

AUGUST 1, 2008 THROUGH OCTOBER 31, 2014

PROJECT #2015-PR06

DATE ISSUED: MARCH 3, 2015

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
GATEWAY TRANSPORTATION CENTER
REVIEW OF UTILITY BILLS
AUGUST 1, 2008 THROUGH OCTOBER 31, 2014**

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**CITY OF ST. LOUIS
GATEWAY TRANSPORTATION CENTER
REVIEW OF UTILITIES BILLS
AUGUST 1, 2008 THROUGH OCTOBER 31, 2014**

SUMMARY

Background

The Gateway Transportation Center, which was opened in 2008, is the City of St. Louis multimodal transportation hub serving passengers with Amtrak passenger train, Greyhound bus, and Metro light rail and local bus service.

The Gateway Transportation Center is an IRS Section 509 non-profit governmental entity, exempt from federal taxes. It is also exempt from state and local tax on all sales and purchases as per 12 Missouri Code of State Regulation (CSR) 10-110.

The Gateway Transportation Center's utility bills amounts to \$ 185,565 annually, based on the bills for the period November 1, 2013 through October 31, 2014.

Purpose

The purpose of Internal Audit's review was to ensure that the Gateway Transportation Center did not pay any federal, state or local taxes on their electric and natural gas utility bills.

Scope and Methodology

Inquiries were made and tests performed concerning Gateway Transportation Center's compliance with IRS Section 509 and Missouri Code of State Regulation 12, CSR 10-110. The scope of the review was limited to the electric and natural gas utility bills for the period August 30, 2008 through October 31, 2014.

Conclusion

The Gateway Transportation Center paid City tax on Natural Gas bills.

Summary of Current Observation

We noted the following observation and opportunity for improvement:

- Gateway Transportation Center Paid City Tax on Natural Gas Bills

This observation is discussed in more detail in the *Detailed Observations and Recommendations* section of this report.

**CITY OF ST. LOUIS
GATEWAY TRANSPORTATION CENTER
REVIEW OF UTILITIES BILLS
AUGUST 1, 2008 THROUGH OCTOBER 31, 2014**

SUMMARY

Management Response

An exit conference was conducted with the Gateway Transportation Center on Monday, December 22, 2014. In attendance from the Gateway Transportation Center were:

- Manager, Gateway Transportation Center

The Internal Audit Section was represented at the exit conference by:

- Internal Auditor Supervisor
- Internal Auditor

The report observation and recommendation was discussed in detail at the exit conference.

The management of the Gateway Transportation Center subsequently provided a written response to the Internal Audit Section on January 6, 2015, which has been incorporated into this report.

**CITY OF ST. LOUIS
GATEWAY TRANSPORTATION CENTER
REVIEW OF UTILITIES BILLS
AUGUST 1, 2008 THROUGH OCTOBER 31, 2014**

DETAILED OBSERVATIONS AND RECOMMENDATIONS

Gateway Transportation Center Paid City Tax on Natural Gas Bills

Gateway Transportation Center paid City tax on its Laclede Gas Company bills. For the period August 2008 through October 2014, the Gateway Transportation Center paid \$13,298.82 in St. Louis City Tax.

The Gateway Transportation Center, as a unit of the City, is exempt from all federal, state and local taxes based on IRS Publication 557 Section 509 (a) (1) and Missouri 12 10.110 CSR.

It appeared that the Gateway Transportation Center did not have a system of internal controls in place to ensure that City taxes were not paid on its utility bills.

Recommendation

It is recommended that Gateway Transportation Center management:

- Notify Laclede Gas that the Gateway Transportation Center is a part of City government and exempt from taxes.
- Implement procedures to ensure that no federal, state or local taxes are paid on future utility bills.

Management Response

I will send a letter via U.S. Postal mail to Laclede Gas notifying them that because Gateway Transportation Center is a governmental Agency and part of City of St. Louis Municipal Government, we are exempt from taxes. This information was provided once in 2010, along with our City and State tax exemption letters. Taxes were not being charged to our account once I provided this documentation but somehow Laclede Gas began adding taxes to our account again without my knowledge. I will be examining future bills closely to make sure that we are not being charged taxes.