



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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DR. KENNETH M. STONE, CPA
Internal Audit Executive

December 7, 2011

Freddie Dunlap, Supply Commissioner
Supply Division
1200 Market Street, Room 324
St. Louis, Missouri 63103-2842

RE: Multigraph Section (Project #2012-14)

Dear Mr. Dunlap:

Enclosed is the Internal Audit Section's revenue review report of the Multigraph Section for the period July 1, 2010 through June 30, 2011. Fieldwork was completed on November 10, 2011. A description of the scope of the work is included in the report.

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,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure:

cc: Peter Joergensen, Duplicating Operations Manager



CITY OF ST. LOUIS

CITY OF ST. LOUIS

SUPPLY DIVISION - MULTIGRAPH SECTION

REVENUE REVIEW

JULY 1, 2010 THROUGH JUNE 30, 2011

PROJECT # 2012-14

DATE ISSUED: DECEMBER 7, 2011

**Prepared By:
The Internal Audit Section**



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CITY OF ST. LOUIS
SUPPLY DIVISION - MULTIGRAPH SECTION
REVENUE REVIEW
JULY 1, 2010 THROUGH JUNE 30, 2011

EXECUTIVE SUMMARY

Purpose

The Multigraph Section was selected for review based on the annual risk assessment. The purpose was to determine if Multigraph's internal controls effectively and efficiently manages risks to ensure the following:

- Existence of adequate revenue policies and procedures that are applied on a consistent basis.
- Proper recording and timely reporting of all revenues.
- Reliability and integrity of financial information.
- Compliance with applicable laws, regulations, policies and procedures.

Scope and Methodology

The scope of the period of review included revenues collected for printing and graphic services from July 1, 2010 through June 30, 2011. The review was confined to evaluating internal controls over the fiscal activities relating to the objectives noted above. 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.

Background

Multigraph's mission is to provide quality printing and graphic services to City departments in a cost effective and efficient manner. Various types of promotional, customized artwork layout, and design services are provided according to clients' specifications. The cost for these services are reviewed annually and adjusted accordingly.

Exit Conference

Multigraph was offered the opportunity for an exit conference on December 6, 2011. Since there were no observations, the exit conference was declined.

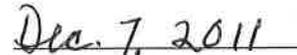
Conclusion

Multigraph adequately addressed internal controls and risks relating to the objectives noted above. Several control procedures were noted in processing revenues. These included, but were not limited to, the following:

- Adequate policies and procedures exist and are consistently applied.
- Checks are adequately safeguarded through the use of restrictive endorsement, locked security, and timely posting to receipt and revenue logs.
- Reconciliations of the internal records to the general ledger are performed which are reviewed by management for accuracy.
- Receipts are deposited timely in accordance with the City Charter.

The revenue review resulted in no observations.


Dr. Kenneth M. Stone, CPA
Internal Audit Executive


Date

**CITY OF ST. LOUIS
SUPPLY DIVISION – MULTIGRAPH
REVENUE REVIEW
JULY 1, 2010 THROUGH JUNE 30, 2011**

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OBSERVATIONS

Status of Prior Observations

The follow-up of the process review report, issued September 9, 2005, revealed no observations related to Multigraph's revenues.

Summary of Current Observations

Several control procedures were noted in processing revenues. These include, but were not limited to, the following:

- Adequate policies and procedures exist and are consistently applied.
- Checks are adequately safeguarded through the use of restrictive endorsement, locked security, and timely posting to receipt and revenue logs.
- Reconciliations of the internal records to the general ledger are performed which are reviewed by management for accuracy.
- Receipts are deposited timely in accordance with the City Charter.

The revenue review resulted in no observations.