

FISCAL AUDIT

**DEPARTMENT OF PUBLIC WORKS
FORESTRY DIVISION**

SHADE TREE TRUST FUND (STTF)

Report by the
Office of City Controller

**MICHAEL E. LAMB
CITY CONTROLLER**

Douglas W. Anderson, Deputy Controller

Hadiza Buhari, CPA, MBA, Audit Manager

Rajesh Mehta, CPA, Auditor

Tom Kenitz, Auditor

January, 2014



MICHAEL E. LAMB

CITY CONTROLLER

First Floor City-County Building • 414 Grant Street • Pittsburgh, Pennsylvania 15219

January 27, 2014

To the Honorables: Mayor William Peduto and
Members of Pittsburgh City Council:

The Office of the City Controller is pleased to present this Fiscal Review of the **Department of Public Works Shade Tree Trust Fund**, conducted pursuant to the Controller's powers under Section 404(b) of the Pittsburgh Home Rule Charter.

EXECUTIVE SUMMARY

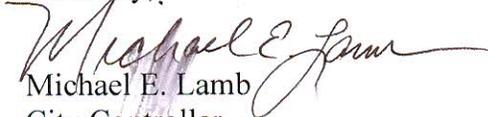
The Shade Tree Trust Fund (STTF) was established in 1998 via Resolution #531 to account for the deposit of proceeds from outdoor advertising on bus shelters, contributions from private citizens, companies, foundations, governmental agencies and other sources. Establishment of the trust fund authorizes the Department of Public Works to use said deposits for any and all expenses associated with the implementation of projects related to the planting and promotion of trees within the City of Pittsburgh. The STTF is administered under the Forestry Division of the Department of Public Works.

The objective of this fiscal review is to determine whether the fund is properly accounted for and administered in accordance with Resolution #531. In order to achieve our objective, we performed certain procedures to evaluate the effectiveness of the fund's fiscal operations and related internal controls.

Our procedures did not disclose any instance of noncompliance or deficiency relating to internal controls based on the documents examined. We noted however, that the only source of revenue for the fund is a contract that expired May 2011 and is currently on a month by month basis.

We wish to acknowledge the cooperation of the staff involved with the management of the fund during the course of our review.

Sincerely,


Michael E. Lamb
City Controller

INTRODUCTION

The procedures we performed relating to the Shade Tree Trust Fund were conducted pursuant to the Controller's powers under Section 404(b) of the Pittsburgh Home Rule Charter.

SCOPE AND METHODOLOGY

Our procedures were conducted pursuant to Article IV, Section 404(b) of the City of Pittsburgh Home Rule Charter and covered the period January 1, 2012 through December 31, 2012.

The objective of these procedures is to determine if the fund is properly accounted for and administered in accordance with Resolution #531. In order to achieve our objective, we performed certain procedures to gain an understanding of the fund's operations, processes and internal controls. Specifically we:

- Interviewed Department of Public Works personnel to gain an understanding of the processes and internal controls over management of the fund.
- Examined records relating to revenues and expenditures recorded on the fund.
- Applied procedures on sample basis to determine whether expenditures were properly documented, authorized and for allowable purpose as stipulated by Resolution #531.
- Reviewed Shade Tree Commission Board Minutes.

BACKGROUND

The Shade Tree Trust Fund (STTF) was established in 1998 via Resolution #531 to account for the deposit of proceeds from outdoor advertising on bus shelters, contributions from private citizens, companies, foundations, governmental agencies and other sources. Establishment of the trust fund authorizes the Department of Public Works (DPW) to use said deposits for any and all expenses associated with the implementation of projects related to the planting and promotion of trees within the City of Pittsburgh. The STTF, administered under the Forestry Division of DPW is staffed by tree care professionals to provide specialized tree care services such as planting guidelines, safe removal of dead, dying or decaying trees, pruning to improve tree structure and the inspection of diseased trees within the city. Other responsibilities include investigating and responding to inquiries related to hazardous tree conditions rerouted from the Emergency Operations Plan (EOC) Center, the Mayor’s 311 or 911 calls.

The Forestry Division manages a city-wide computerized street tree inventory data base that is continuously updated when trees are removed, pruned or planted ensuring an up to date database on the city’s tree population. A “Recommended Species” list of types of trees appropriate for planting in the city is also maintained.

During the period of January 1, 2012 through December 31, 2012, the STTF received \$20,000 in quarterly payments for a total of \$80,000 in bus shelter advertising revenues from Lamar Companies as part of a month to month arrangement. Per agreement in effect from 2001 to 2011, the city was to receive a share of the outdoor bus shelter advertising revenues from Lamar Companies. Terms under the agreement continued on a month to month basis after the expiration of the contract. No other revenue was received by the fund in 2012. The table below details expenditures of the fund for the same period:

Table #1 – Shade Tree Trust Fund Expenditures For the Period January 1, 2012 – December 31, 2012	
Machinery/Equipment	\$ 40,967
Feasibility Study	14,900
Landscaping	13,775
Operational Supplies	5,146
Transportation	1,550
Promotion-Events Sponsorship	1,000
Membership Dues	650
TOTAL	\$ 77,988

Expenditures paid through the STTF are pre-approved by the Shade Tree Commission (the Commission). The Commission, a non-profit organization was created in 1998 under Title Four, Article XIII of the Pittsburgh Code to aid in reviving the city’s tree population by providing

guidance on sound forestry initiatives, policies and practices to city policy makers, departments and the general public. Governed by 15 members appointed by the Mayor, the commission meets monthly to discuss and vote on actions as stipulated in its powers and duties. All expenditures charged to the fund were approved by the board.

RESULT

Based on procedures performed and documents examined, we noted no instance of noncompliance or any internal controls related deficiency; however we observed that the current and only source of revenue for the fund is a month to month agreement with Lamar Companies. In order to ensure continuous funding, DPW, along with other appropriate city departments should consider establishing a formal contract over an extended period of time.

