



Fiscal Audit

DEPARTMENT OF PUBLIC WORKS

SHADE TREE TRUST FUND

Report by the
Office of City Controller

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March 2023

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CITY OF PITTSBURGH
OFFICE OF THE CITY CONTROLLER
Controller Michael E. Lamb

March 2023

To the Honorable Mayor Edward Gainey and
Honorable Members of Pittsburgh City Council:

The Office of the City Controller is pleased to present this fiscal audit of the SHADE TREE TRUST FUND, conducted pursuant to the power of the Controller under Section 404(b) of the Pittsburgh Home Rule Charter.

EXECUTIVE SUMMARY

The SHADE TREE TRUST FUND was established via Resolution 531 of 1998 to support tree-related operations administered by the Department of Public Works. The resolution allows deposits from proceeds of outdoor bus shelter advertising and "contributions from private citizens, companies, foundations, governmental agencies and any other source." It allows expenditures for salaries, supplies, premium pay, and materials and other expenses derived from tree-related activities or projects voted on affirmatively by the Shade Tree Commission, which was also established in 1998 to support tree-related initiatives in the City of Pittsburgh.

Understanding the scale and breadth of the operations that connect to the trust fund can be challenging. The inflow of monies comes from multiple sources and involves a few different entities: the Department of Public Works; the Department of City Planning and its connection with Department of Permits, Licenses, and Inspections (PLI); and the Department of Mobility and Infrastructure. Expenditures can include arborist trainings, consultation services, and contractual payments to vendors for tree services, and many of the expenditures are, as noted above, approved by the Shade Tree Commission.

To understand the inflow and outflow of money, our staff reviewed entries in JD Edwards and their associated OnBase documentation and compared this information to documentation provided by the Department of Public Works, its Forestry Division, and the Department of Mobility and Infrastructure. We read and analyzed the City's resolutions and ordinances, invoice and permit forms, contracts, the Forestry Division's interim reports, and Shade Tree Commission meeting minutes and bylaws. We also identified revenue and expenditure streams; documented them separately; and administered research and/or testing, as applicable, to determine if each stream was compliant to resolution, ordinance, or contract.

At the conclusion of our fieldwork, we have some concerns about the consistency of the trust fund's financial management. There are several issues that we delineate in more detail in the [Findings and Recommendations](#) portion of this report, but at the base of our concerns is a lack of clarity in the governing resolution of the trust fund and lack of policies and procedures within the governing department, Department of Public Works.

Our two primary concerns with Resolution 531 of 1998 are as follows: (1) it does not identify all departments connected to the trust fund's activities and (2) it does not indicate all types of revenues currently deposited into the fund as acceptable. We provide more details of this in our first [Recommendation](#).

Incidentally, the department utilizes resolutions and Shade Tree Commission meeting minutes and bylaws as policies and procedures. So, we reviewed the meeting minutes and bylaws and found that they provided good information on the discussions and actions of the Commission; however, we did note some inconsistencies in the documentation of voting and expenditure amounts. We don't feel that this is of significant magnitude, but it is something for the governing department to consider since it is relying on this entity for guidance on daily processes. As noted in [Finding #1](#), we do recommend that the department establish its own policies and procedures. The Department of Public Works, not the Commission, is tasked with the management of the trust fund, and the inconsistency in processes, as shown in this report, is evidence of a lack of uniformity.

That lack of uniformity is evidenced by the different invoices and permits we reviewed (see [Finding #3](#)), but we also noted issues in reporting. Alarming, there were transactions listed on interim reports created by the Forestry Division that were not recorded by the administration at the Department of Public Works. As noted in [Finding #2](#), the department's revenue records disagree with Forestry's interim reporting by \$156,836. The department indicated in its response to this Finding that it believes that the revenue in question was received by PLI and that these proceeds are outside of the department's purview; however, we must note that our source of this discrepancy were interim reports, which identify amounts and associated customers, and these reports were created by the Forestry Division. In addition to enhancing its internal control processes, the Department of Public Works should verify with complete certainty that the revenue indicated above was received by PLI and that PLI intends to deposit these funds into the SHADE TREE TRUST FUND. As noted in [Finding #2](#), we also did not see evidence that these funds had been deposited into the trust fund, and, therefore, we cannot provide any assurance based on our research and testing that the funds are secure and correctly recorded.

In order for the department to ensure that the services rendered by the City are paid in a timely fashion and recorded properly in the trust fund, policies and procedures must be in place to guide daily operations (i.e., intake, invoicing, recording, and reporting) and inform the staff of the processes of other departments involved with the inflow of money. It is important for the communication of financials to be accurate and consistent. This will help the Department of Public Works in maximizing its accuracy and the Shade Tree Commission in adhering to its mission as stated in City Ordinance. A standardized flow and verification process will also minimize the potential for error and fraud. And while we see that other departments are involved in the processes that connect to the SHADE TREE TRUST FUND, the Department of Public Works is identified as the authority for the trust fund in City Resolution, and, therefore, we recommend that it establish and maintain a transparent line of communication with all entities involved.

We are happy that the department's responses indicate agreement and acknowledgement of the concerns reported, and we hope that our feedback provides the department with pragmatic approaches to resolving those concerns. As part of our standard procedures, we plan to follow up with the department at a later date to determine what remediation steps have been taken to minimize or eliminate the risks stated in this report.

We appreciate the cooperation, patience, and support of the staff we coordinated with during the course of our audit.

Sincerely,

A handwritten signature in black ink that reads "Michael Lamb". The signature is written in a cursive, flowing style.

Michael E. Lamb
City Controller

INTRODUCTION

This fiscal audit of the **Shade Tree Trust Fund (STTF)** was conducted pursuant to the Controller's powers under Article IV, Section 404(b) of the Pittsburgh Home Rule Charter.

SCOPE AND METHODOLOGY

The scope of our audit covered the period of **January 1, 2016**, to **December 31, 2020**.

The objective of this audit was to determine whether or not procedures and internal controls relating to the administration of the trust fund were adequate during examined period of time. In order to achieve this objective, we performed the following procedures:

- Summarized streams of revenues and expenditures.
- Performed variance analysis on the flows of revenues and expenditures.
- Interviewed administrators with the Department of Public Works (DPW) and its Forestry Division.
- Corresponded with the Department of Mobility and Infrastructure (DOMI) regarding advertising contracts for the trust fund.
- Reviewed contracts, ordinances, and resolutions connected to the creation and governance of the trust fund and the Shade Tree Commission.
- Documented and tested DPW's documentation of trust fund activities.
- Reviewed documentation of meeting minutes and bylaws of the Shade Tree Commission.

For additional details of our procedures, please review the [AUDIT PROCEDURES](#) section of this report.

BACKGROUND

The STTF was established on September 8, 1998, per Resolution 531. The enactment was designed to maintain a flow of monies for “the operation and implementation of projects related to the planting and promotion of trees in the City of Pittsburgh.” The resolution provides criteria for the revenues and expenditures moving through the trust fund.

The following is provided in Section A, which speaks to revenues:

(A) The City Controller is hereby authorized and directed to create a special trust fund, to be designated as the “Shade Tree Trust Fund”, into which trust fund there shall be deposited any and all cash from the proceeds of outdoor advertising on bus shelters, contributions from private citizens, companies, foundations, governmental agencies and any other source.

Section B, which speaks for expenditures, provides the following:

(B) The monies deposited in said trust fund shall be used by the Department of Public Works to cover any and all expenses associated with, including, but not limited to, salaries, premium pay, supplies, materials and other expenses incurred exclusively during the implementation of tree related projects, programs, or promotions recommended affirmatively by the Shade Tree Commission.

Section C describes how funds can be drawn from the trust fund:

(C) The monies deposited in said trust fund may be drawn by departmental invoices, signed by the Director of Public Works.

The establishing resolution names DPW as the department responsible for the trust fund, and Chapter 481 of the City’s Code of Ordinances also places with DPW the exclusive “custody and control” of planting, removing, protecting, and caring for trees and shrubs on any public streets, parkways, or public areas in the City. The department coordinates tree-related accounts with the Forestry Division and various vendors, including, but not limited to, Davey Resource Group and Penn Landscape & Cement Work. It also coordinates tree-related accounts and contracts with certain vendors, like Tree Pittsburgh, with the Shade Tree Commission.

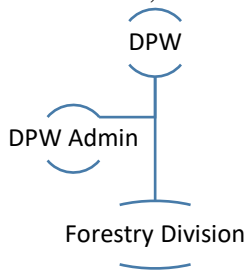


Figure 1: DPW Organization Chart (Abridged).

In accordance with **Figure 1**, DPW Admin is a bureau within DPW and the Forestry Division is a subunit of the department.¹ DPW Admin and the Forestry Division both have employees tasked with daily operations of the STTF and also DPW duties overall. DPW Admin supervises the fiscal management functions for all bureaus and divisions of the department; monitors all expenditures pertaining to the operating, capital, and trust fund budgets; and oversees the acquisition, auditing,

¹ Additional summary information on the DPW—and other City departments—can be found in the City’s operating budgets. <https://pittsburghpa.gov/omb/budgets-reports>

and reporting on special projects and initiatives as requested by the Director or Deputy Director of the department. The City Forester, a key employee of the Forestry Division, is tasked with the



Figure 2: Screen capture of the City's street-tree cartograph Trees N'At.

logistical operations connected to the trust fund, and the Forestry Division, overall, is responsible for the maintenance of Pittsburgh's urban forests. According to the Forestry Division's [website](#), this authority reaches across over 33 thousand trees found on streets, trails, riverfronts, and various public facilities and locations. Forestry's online materials advocate for the proliferation of trees throughout the City,



Figure 3: Image of center street tree located at 414 Grant Street, Pittsburgh, PA 15219.

and one of its initiatives is maintaining an inventory of street trees. The management of the inventory system has included an analysis of tree data and their maintenance needs and an inventory of existing trees, stumps, and planting sites within street rows. Agreements between environmentally based entities like Tree Pittsburgh and Davey Resource Group have been executed to accomplish this endeavor. In addition, via the Forestry Division's cooperation with the City's Department of Innovation & Performance, a web application, among other resources, was created to document the location and status of City-managed street trees, their basic characteristics, and their estimated annual benefits. The map utilizes Google's satellite images and application programming interface (API) to provide an interactive cartograph. **Figure 2**, to the left above, is an image of the web application displaying information on the Thornless Honeylocust located at the entrance of the City-County Building. **Figure 3**, to the right above, is a photograph of the tree location indicated in the web application. The City's street-tree map can be located [here](#).

As indicated in the Forestry Division's online materials, a healthy tree population can filter and clean air and water sources naturally, increase property value, provide natural shade and privacy, and reduce the erosion of valuable soil. According to the [Arbor Day Foundation's website](#), healthy tree populations can cool cities by up to 10 degrees and arboricultural operations can increase community outreach and create jobs.² The Forestry Division maintains a partnership with this foundation, and to be recognized by it, cities are required to (1) have an annual budget of at least \$2 per capita for tree work, (2) formally celebrate Arbor Day annually, and maintain a (3) community tree ordinance and (4) tree-related board or department. Maintaining these requirements allows the Arbor Day Foundation to certify the eligible city as a **Tree City** via its **Tree City USA** program.³ Pittsburgh's Forestry Division celebrates its partnership with the Arbor Day Foundation annually on Arbor Day. In fact, April 29, 2022, marked the foundation's 150th anniversary of Arbor Day and Pittsburgh's 17th year as a certified Tree City.

² The **Arbor Day Foundation** provides additional information of its activities and support of urban forestry on its website. <https://www.arborday.org/trees/index-benefits.cfm>

³ Applications for Tree City USA certifications can be found via the Programs portion of the Arbor Day Foundation's site. <https://www.arborday.org/programs/treecityusa/#standardsSection>



Figure 4: Image taken from and linked directly to the Arbor Day Foundation's Arbor Day Celebration page.

As noted above, a requirement of the Tree City USA certification is the maintenance of a tree-related board or department. Per Chapter 487 of City Ordinance, the Pittsburgh's Shade Tree Commission was established, also in 1998, to frontier support for the City's forestry initiatives, increase public education on the care and management of tree populations within the City, and generate funding to support urban forestry. The Commission's [website](#) indicates that its task is to provide recommendations to City Government that support the restoration and maintenance of Pittsburgh's tree population. The summary page of the website notes that funding comes from (1) "Outdoor Advertising Excise Tax" and (2) "funds from developers unable to meet street tree requirements (Alternative Compliance funds)."

- (1) **Outdoor advertising revenue** is remitted by the vendor licensed to manage bus shelters within the City. Resolution 671 of 2007 authorized the City to license Lamar Outdoor Advertising Company to install, operate, and maintain the City's bus shelters. This, however, was changed in 2019 when Resolution 72 authorized DOMI to enter in agreements with Gateway Outdoor Advertising for "services related to installation, operation, maintenance and advertising of transit shelters and associated street furniture." Hence, the City maintains an agreement with a company to take care of bus shelters, and revenue is generated from any advertising provided at these bus shelters.
- (2) **Alternative compliance** revenue is accrued via payments from developers who order tree services from the City to meet zoning requirements. Applications for alternative compliance are received and processed by the Zoning and Development Review Division of the Department of City Planning, while PLI processes the payments for any associated permits and issues the permits.

For additional information on revenue sources, please see the [FUNDING SOURCES](#) section of this report.

The Shade Tree Commission is comprised of City representatives from the Mayor's Office, Urban Redevelopment Authority (URA), Department of City Planning, City Council, DPW Forestry Division, and other educational-, community-, and environmental-based organizations. City Ordinance §487.06 requires the Commission to meet at least once annually with the Mayor of Pittsburgh. In addition, the Commission itself meets monthly—on the third Wednesday of each month, except for July and December. A meeting schedule and meeting minutes are provided on [its portion of the City's website](#). The documentation of these meetings provides information on trust fund expenditures voted on by the Commission.

For additional information on trust fund expenditures, please see the [EXPENDITURE OF FUNDS](#) section of this report.

FUNDING SOURCES

The total of all revenues was deposited under MARKET BASED REVENUE as summarized in **Table I**. The documentation obtained from DPW of these deposits indicates that revenue streams can be further distinguished as follows: bus shelter advertising revenue; alternative compliance from Department of City Planning and PLI; and tree permits, mitigation, and restitution processed by the Forestry Division.

Table I: STTF Revenues
For the Period January 1, 2016, to December 31, 2020

<i>Funding Source</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>Total</i>
MARKET BASED REVENUE	\$81,148	\$232,328	\$193,700	\$49,138	\$3,200	\$559,514
<i>Total</i>						<i>\$559,514</i>

EXPENDITURE OF FUNDS

The expenditures made from the trust fund during the scope of the audit are summarized in **Table II**. Items within the categories delineated below include (not exhaustive) arborist trainings, payments to vendors providing tree services and/or equipment, consultation services on tree protection standards, and event-specific support for tree-related activities. Expenditures are made through departmental invoices, departmental contracts with specific vendors, approvals from the Shade Tree Commission, Purchasing Card (P-Card) transactions, and explanatory invoices.

**Table II: STTF Expenditures
For the Period January 1, 2016, to December 31, 2020**

<i>Expenditure Description</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>Total</i>
COMPUTER MAINTENANCE	\$0	\$6,000	\$0	\$0	\$0	\$6,000
FEASIBILITY STUDY	\$8,150	\$4,450	\$0	\$0	\$0	\$12,600
LAND & BUILDINGS	\$33,573	\$0	\$0	\$0	\$0	\$33,573
LANDSCAPING	\$2,640	\$0	\$107,386	\$0	\$0	\$110,026
MAINTENANCE	\$0	\$0	\$5,000	\$45,200	\$0	\$50,200
MAINTENANCE - MISC	\$310	\$0	\$0	\$0	\$59,143	\$59,453
OFFICE SUPPLIES	\$40	\$0	\$0	\$0	\$0	\$40
OPERATIONAL SUPPLIES	\$3,231	\$3,820	\$250	\$0	\$0	\$7,301
PROMOTIONAL	\$1,272	\$0	\$0	\$0	\$0	\$1,272
TELEPHONE	\$0	\$779	\$160	\$0	\$0	\$940
VEHICLES	\$0	\$0	\$0	\$50,232	\$0	\$50,232
WORKFORCE TRAINING	\$107,866	\$95,400	\$490	\$680	\$0	\$204,436
<i>Total</i>	<i>\$157,082</i>	<i>\$110,450</i>	<i>\$113,286</i>	<i>\$96,113</i>	<i>\$59,143</i>	<i>\$536,074</i>

AUDIT PROCEDURES

To provide reasonable assurance of the statements provided in this report, the Controller's Office will gather and review materials from the department; legislative resolution; and, if applicable, ordinance. Research, documentation, and testing is administered, as necessary, to assess the financial statements of the department(s) managing the trust fund.

REVENUE VARIANCE

Part of our testing strategy focused on finding documented justification for the rather drastic variance in revenue from year to year throughout the scope of the audit (refer to [Table I](#) under Funding Sources). The variance between 2016 and 2017 alone indicates a 186% variance [$\$232,328$ (2017 revenue) - $\$81,148$ (2016 revenue) / $\$81,148 \times 100$]. The following years also indicated significant (17%, 75%, and 93%) and wildly fluctuated variances in monies received.

While the economic effects of the coronavirus 2019 (COVID-19) pandemic did play a substantial role in the City's overall revenue, this doesn't account for everything. A legitimate fluctuation in 2016 was caused by a temporary deposit into the STTF in the amount of \$205,652 intended for the Stormwater Trust Fund (STF). In this case, the funds were placed in the STTF until the STF was established and then transferred out accordingly. Our Office did verify the approved documentation of this transaction. Beyond this, a notable cause of the revenue variance was a sudden stop in monies received from bus shelter advertising between 2018 – 2020. The [fiscal audit report](#) of the STTF published by our Office on January 27, 2014, noted a month-to-month agreement with Lamar Advertising Company. Current JD Edwards (JDE) and OnBase reports show deposits from this company up until February 2018. ~~The department's DPW~~ administrators ~~for DPW~~ were unable to provide documentation of this agreement; however, they informed us that contracts on bus shelter advertising are maintained and managed by DOMI.



Figure 5: Picture of outdoor advertising provided at City bus shelter at Washington Place.

DOMI was also unable to provide documentation of the original advertising agreement with Lamar Advertising Company. We inquired on that original contract in order to cover our bases, but being that DOMI was not established until 2017, we did not expect it to have record of this document. The department was, however, able to provide documentation of a new contract (i.e., ~~Contract contract 53455~~) with Gateway Outdoor Advertising, made effective in September 2020, [which indicates that Gateway Outdoor Advertising now replaces Lamar Advertising Company](#). Although Section V.3 of this contract originally required the company to make retroactive payments starting in 2019, an amended version of the contract, dated May 25, 2022, was provided to us by DOMI on

August 10, 2022, and the new contract established a schedule of payments to begin in 2020. The amended contract required the company to pay \$75,000 to the City for bus advertising in that year.

Having established these requirements as set forth contractually, we set out to ensure that all payments obligated by contract were recorded in the trust fund. This verification process required that we (1) review JDE entries of revenues recorded in the trust fund to aggregate and account for bus shelter advertising payments within the scope or applicable to the scope of the audit. Although some materials were available in our OnBase system for review, we (2) also had to communicate with the departments—DPW and DOMI—to obtain any documentation of bus shelter advertising deposits not available in OnBase. Our research and documentation did conclude that all payments required by Gateway Outdoor Advertising had been paid. **Table III** provides a breakdown of the bus advertising payments made by Lamar Advertising Company and Gateway Outdoor Advertising during the scope of our audit. The Date column documents the date of the deposit and the Memo column indicates the memo line of the check. Between 2016 – 2021, the STTF received \$235,000 in bus shelter advertising revenue.

**Table III: Bus Shelter Advertising Revenue
For the Period January 1, 2016, to December 31, 2020**

<i>AD-SHEL COMPANY</i>	<i>MEMO</i>	<i>DATE</i>	<i>AMOUNT</i>	<i>TOTAL</i>
LAMAR ADVERTISING COMPANY	1ST QUARTER 2016	5/6/2016	\$20,000	\$80,000
LAMAR ADVERTISING COMPANY	2ND QUARTER 2016	8/5/2016	\$20,000	
LAMAR ADVERTISING COMPANY	3RD QUARTER 2016	10/31/2016	\$20,000	
LAMAR ADVERTISING COMPANY	4TH QUARTER 2016	1/20/2017	\$20,000	
LAMAR ADVERTISING COMPANY	1ST QUARTER 2017	4/7/2017	\$20,000	\$80,000
LAMAR ADVERTISING COMPANY	2ND QUARTER 2017	8/4/2017	\$20,000	
LAMAR ADVERTISING COMPANY	3RD QUARTER 2017	11/7/2017	\$20,000	
LAMAR ADVERTISING COMPANY	4TH QUARTER 2017	2/3/2018	\$20,000	
GATEWAY OUTDOOR ADVERTISING	2ND QUARTER 2020	1/11/2021	\$25,000	\$75,000
GATEWAY OUTDOOR ADVERTISING	3RD QUARTER 2020	1/28/2021	\$25,000	
GATEWAY OUTDOOR ADVERTISING	4TH QUARTER 2020	2/12/2021	\$25,000	
<i>Total</i>			\$235,000	

UNDERSTANDING THE COORDINATION OF REVENUES AND EXPENDITURES

We analyzed the revenue and expenditure activity shown in JDE for the STTF and were able to confirm that there are several operational components that connect to the trust fund. We will summarize them as follows:

- As noted, DPW manages the STTF and is also the administrator above the Forestry Division (see [Figure 1](#)).

- The Shade Tree Commission is, per City Ordinance, charged with the care and benefits of the City's urban forests.
- Alternative compliance projects—a type of funding source for the STTF (see [Background](#))—require zoning reviews from the Zoning and Development Review Division, a subunit of the Department of City Planning. In addition, the permits required for alternative compliance projects are issued by PLI.
- Street-tree activities, including those connected to alternative compliance, typically involve the Forestry Division itself and/or contractors (e.g., Tree Pittsburgh, Davey Resource Group, etc.) as agreements allow.
- In addition, an employee of the Forestry Division acts in capacity as an appointed member of the Shade Tree Commission and communication-link to DPW administrators.

Separate from the Commission, the Forestry Division is also tasked with the care of the City's trees, including but not limited to tree-related educational services; tree-planting, -pruning, -transportation, and -maintenance; tree-related seasonal projects (e.g., Holiday Tree Lighting Event); and arboricultural planning. The Forestry Division, itself, does not manage the STTF, but its initiatives are supported by DPW and the Shade Tree Commission, which coordinate on the inflow and outflow of funds from the STTF. The Forestry Division's Shade Tree Commission representative has, during the scope of the audit, documented and communicated the trust fund's revenues, some of which include alternative compliance; permits for tree work; and fees for other tree services (i.e., mitigation and restitution). The Forestry's Commission representative is also involved in recommending expenditures during Commission meetings and making fund withdrawals from the STTF accordingly.

VERIFICATION OF SHADE TREE COMMISSION'S EXPENDITURE APPROVALS

Resolution 531 of 1998 notes that the Shade Tree Commission recommends expenditures from the trust fund, and this was confirmed by DPW during a meeting with our Office on May 12, 2022. While the department and Commission do not have internal policies or procedures for recommending and approving expenditures, the department's administrators indicated that the Commission's meeting minutes record discussions and approvals of recommended expenses. Therefore, our Office reviewed the expenses recorded in JDE; documentation of expenses as provided by the department; and the Commission records of meeting minutes, which can be located on the Shade Tree Commission's portion of the City's website under [Shade Tree Meeting Schedule](#). Our objective here was to ensure that records in JDE matched (1) the department's documentation and (2) the Commission's meeting minutes.

According to §487.05 of City Ordinance, Commission actions "shall require the concurrence of a simple majority of the members of the Commission in attendance." The Commission's meeting minutes provide documentation of expenditure recommendations and voting results. Expenditures are considered approved when the Minutes indicate that a recommended expense is voted upon and "carried."

We used this criterion in our review to verify if all expenditures had been properly approved by the Commission as documented in its Minutes. In doing so, we discovered that, in some cases,

the amount carried by the Commission did not always match closely with the amount actually spent.

For example, the **\$28,000** transaction in 2018 discussed in **Figure 6** shows up as eight separate expenditures to Davey Resource Group totaling **\$33,915.84** in JDE, indicating a **discrepancy difference of \$5,915.84**. DPW and Forestry

administrators explained to us that the amounts discussed during the Commission meetings are estimates, and the amounts can change once the transactions have actually taken place.

██████████ is asking PSTC for up to \$1,000 for 3 trees to replace those used for the Grant St Holiday Tree, replacements at ██████████ Braddock Ave., ██████████ Bigelow St. and ██████████ Braddock Ave. ██████████ made a motion to fund the replacement trees, ██████████ seconded the motion. The motion passed.

Figure 7: Excerpt from Shade Tree Commission Minutes, November 15, 2017. Some information has been redacted for this report.

Figure 7 is an excerpt from the Commission's November 2017 Minutes. As noted, a request for "up to **\$1,000**" was carried by Commission

vote to work on replacement trees at specific locations: two on Braddock Ave and one on Bigelow St. In reviewing the 2018 expenditures, we were able to locate only one invoice connected to this request. **Figure 8** provides a screenshot of an invoice for Penn Landscape & Cement Work totaling **\$18,680**. We can confirm that the Braddock Ave address on the invoice matches only one of the three addresses discussed in the 2017 Minutes. None of the other expenditures made during the scope of the audit could be reasonably connected to that entry in the Commission's Minutes.

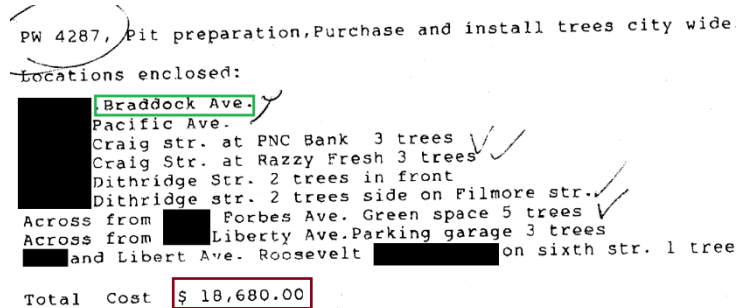


Figure 8: Invoice on November 30, 2018, from Penn Landscape & Cement Work for the "preparation, Purchase and install" of trees Citywide. Some information has been redacted for this report.

We were also unable to locate any follow-up Minutes discussing changes in estimates or actual results in costs for the expenditures discussed or voted upon. Having said that, the Minutes do reflect that the requests connected to the Figures 6 – 8 were discussed by the Commission and that the motions were carried.

Ultimately, although there were some **discrepancies-differences** between the Commission Minutes and the expenditures recorded in JDE, most expenditures were addressed in the Commission's Minutes or approved via explanatory invoices, departmental invoices, or contracts.

SHADE TREE COMMISSION'S BYLAWS

DPW indicated that the Shade Tree Commission’s bylaws are also used in the management of the trust fund. The department provided the document *Shade Tree Commission Member Bylaws*, the first edition of this published February 2021. Although this is not within our scope, we reviewed this document to determine what forward expectations DPW and the Commission have in regard to the Commission’s mission.

BYLAWS TERMS & DEFINITION

The Commission has adopted these plain language rules and regulations for its operations and procedures, building on the foundation of its legislation, Chapter 487 of City Code ARTICLE XIII: Trees (see Appendix I) If a court of competent jurisdiction judges any section, clause, provision, or portion void or invalid, the remainder of these bylaws will not be affected. In case of any inconsistency between City Code and these bylaws, City Code will take precedence.

- *Amendments:* These bylaws may be amended by a simple majority vote.
- *Evaluation:* These bylaws shall be evaluated at least every two (2) years to ensure fidelity with the MISSION, VALUES, and POWERS and DUTIES.
- *Distribution:* Bylaws are available upon written request.

Figure 9: Excerpt of terms and definitions from the *Shade Tree Commission Member Bylaws*.

meeting and voting procedures; and policies on revenues and expenditures—with reference therein to the establishing Resolution 531 of 1998. The bylaw section called "Voting" indicates that any action of the Commission requires a simple majority vote of the members present. As indicated previously, §487.05 of City Ordinance is consistent with this policy.

Treasurer

- Monitor the financial activities of the Commission
- Obtain and share monthly reports of revenue and expenditures of Shade Tree Trust Fund, with delineation of amount by source for revenue

Shade Tree Commission Member Bylaws
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- Act as liaison for questions from members to Department of Public Works budget team and the Office of Management & Budget procurement team
- Maintain records of Commission-approved expenditures not yet encumbered in Shade Tree Trust Fund
- Guide compliance with all City regulations and Procurement requirements

Figure 10: List of Treasurer responsibilities from the *Shade Tree Commission's Member Bylaws*.

As shown in **Figure 9**, which is from Page 3 of 8 of the document, the bylaws utilize City Ordinance (Chapter 487) as a foundation. It notes that City Code will take precedence in the case of any inconsistency between City Code and the Commission’s bylaws.

The bylaws further break down member roles and responsibilities;

In regard to the Commission’s fiscal operations, we noted that the **Commission Treasurer** is, per the bylaws, tasked with several functions, including the monitoring of financial activities of the Commission, the reporting of the STTF’s monthly transactions, the retention of transaction records connected to Commission approvals, and the communication of initiatives and directives between DPW and the Commission. This is shown in **Figure 10**, which is taken directly from the Commission’s bylaws.

FINDINGS AND RECOMMENDATIONS

RECOMMENDATION TO UPDATE RESOLUTION

We begin this section with a Recommendation, not a Finding, and our first Recommendation is that the department take the necessary steps to update its resolution.

When we asked the department for policies and procedures on the trust fund and any applicable cash handling processes thereof, the department administrators provided us with the legislation governing the STTF: **Resolutions 531 and 532 of 1998 and 490 of 2020**. Parenthetically, as noted in our report under [SHADE TREE COMMISSION'S BYLAWS](#), Resolution 531 of 1998 is also a foundational component of the Shade Tree Commission's bylaws.

If the resolutions are meant to stand for policies and procedures, our expectation would be that these documents would delineate all aspects of trust fund activities; however, the following components were identified during our review of trust fund activities but are not addressed in any of these resolutions:

- DOMI's involvement in the receipt, documentation, and deposit of bus shelter advertising revenue.
- Department of City Planning's involvement with application and zoning reviews for alternative compliance, which involves a PLI process.
- Revenue from permit fees processed by the Forestry Division specific to tree services, which began only in 2019.

As noted above, the department utilizes three resolutions. Resolution 531 of 1998 establishes the trust fund (see [Background](#)); Resolution 532 authorizes the deposit of outdoor advertising on bus shelters into the trust fund; and Resolution 490 of 2020 amends an older resolution—specifically, 744 of 1996, which was not provided by the department—to remove the authority of the trust fund from the Office of Management and Budget. In reviewing legislative actions going back to 2005, we noted that City Council discussed repealing an authorization for advertising revenue on bus shelters to no longer be deposited into the STTF; however, this discussion was tabled. The City Council hearing on this matter was documented via file 2005-1000 but not enacted. Although the authorization to repeal was not executed, we wanted to make note of this as evidence of the ongoing discussions surrounding the trust fund's legislation.

Next, the involvement of multiple departments makes the tracing of accountability difficult. DOMI exclusively handles the STTF's advertising revenue, but DPW has very little awareness—and no documentation—of the ongoing status of this stream of money. The Department of City Planning and PLI are tasked with processing alternative compliance applications and payments, and we observed that this interdepartmental coordination does not always run smoothly. For example, we noted a total deposit of \$3,000 made on **September 20, 2018**, that contained two checks dated in **June 2018** and one check dated in **August 2018**. A sticky note from the Forestry Division attached to the departmental invoice indicated that the checks were not received from the Zoning and Development Review Division until **September 14, 2022**. The relevance here is that allowable inflow and outflow of trust fund monies is, typically, authorized at the

foundational level of City operations by City Council resolutions. We were unable to locate any wording in the resolutions used by the DPW indicating that alternative compliance revenues are allowable.

Next, in reviewing JDE deposits, we noted that smaller deposit amounts in increments of \$25 starting showing up in 2019. In receiving documentation from the Forestry Division, we learned that some of these deposits were connected to tree permits issued for certain tree services. It is important to note that tree permits are connected directly to the Forestry Division, whereas permits issued by PLI are connected to alternative compliance. In any case, the resolutions used by DPW do not indicate that permit revenue from tree services is allowable.

In conclusion, since the administration of City resolutions is handled by City Council, we do not consider this a Finding for DPW; however, being that DPW is tasked with the overall administration of the revenues and expenditures of the STTF, we recommend that DPW coordinate with its City Council representative to update the trust fund's resolution to more clearly define each department's involvement with the processes that connect to the trust fund and the types of revenues that can be accepted into it.

AUDITEE RESPONSE

DPW agrees with the recommendation of redefining each Department's involvement in the STTF process, and will need to conduct the appropriate steps with the Mayor's Office, City Council, and the Department Directors of City Planning (DCP), Permits, Licenses, and Inspections (PLI), and Mobility and Infrastructure (DOMI) in order to proceed with critical changes to the existing Resolution(s).

FINDING #1: LACK OF POLICIES AND PROCEDURES

On May 12, 2022, DPW administrators informed us that there are no policies and procedures on the management of the trust fund, that the guidelines of the Shade Tree Commission are used for the operation of the trust fund, and that the Commission’s Minutes and bylaws and existing legislative resolutions encompassed the guidelines on STTF operations. Incidentally, as noted in our [RECOMMENDATION TO UPDATE RESOLUTION](#), the department responded to our written request for policies and procedures by providing copies of Resolutions 531 and 532 of 1998 and 490 of 2020. Separately, the department also provided the *Shade Tree Commission’s Member Bylaws*.

The processes that connect to the trust fund involve DPW and its Forestry Division; the Shade Tree Commission; and, as noted in our first Recommendation, three other City departments (i.e., Department of City Planning, PLI, and DOMI). While the Commission Minutes provide some general descriptions of the discussions and decisions made during meetings, they do not provide a clear delineation of the financial processes of the STTF and each entity’s role in those processes. The establishing and amending resolutions place the governance of the trust fund with DPW, and, therefore, it is not ideal for DPW to rely solely on the City resolutions and the Commission’s policies.

Here are some additional observations:

- We were unable to locate any language in Chapter 487 of City Ordinance or in existing resolutions stating that the Shade Tree Commission has authority over the management of the STTF. City Ordinance 487.06 describes an interdepartmental-cooperation guideline in stating, **“The Commission shall work with the Planning Department, and the Department of Public Works, in requiring tree planting, and tree protection, as a part of development and redevelopment projects.”** As previously noted, DPW has been identified as the authority of the trust fund, pursuant to Resolution 531 of 1998, and custodian of the care and protection of street trees, pursuant to Ordinance 481.
- The Commission’s Minutes and bylaws do not provide guidance on financial procedures or make reference to guidance materials used as standards in operations. The Minutes mention an “alternative compliance policy,” but the Forestry Division informed us on August 17, 2022, that there is no written policy; the policy referred to in the Minutes is simply a verbal understanding between the members of the Commission.

RECOMMENDATION

We recommend that DPW establish policies and procedures that delineate all processes that connect to the trust fund. The resolutions currently used do not address the two other departments identified in trust fund processes or all streams of revenue, and the Commission’s Minutes and bylaws do not provide procedural guidance on financial operations. While resolutions will provide a framework for operations, a good set of policies and procedures should provide a more specific roadmap for daily operations, which will, ultimately, contribute to the uniformity and consistency of the operation.

We also recommend that the policies and procedures outline (1) the allowable streams of revenue, (2) the basis for the various fees assessed in revenue processes, (3) an expenditure-approval process, (4) the Forestry Division's responsibilities, (5) the responsibility and involvement of the Shade Tree Commission, (6) a standardized invoicing process, and (7) a procedure for reconciling invoices and/or permits. It would be prudent for DPW to (8) obtain documented procedures and/or guidelines of relevant revenue processes from the other two departments involved. DPW should, at least, include general information about the involvement of these departments in its own policies and procedures, even if it is unable to obtain procedural documents from the other departments.

AUDITEE RESPONSE

In relation to the Report's aforementioned Recommendation, DPW affirms the need of having a Policies and Procedures guideline in place in order to delineate a clear understanding of the STTF's financial process, including each City entity's portion within the process. Nevertheless, due to the involvement of DCP, PLI, and DOMI in instances that currently require the proceedings of such Departments, not all of the recommended Policies and Procedures relating to the STTF are purview of DPW, resulting in the necessary collaboration of the involved Departments to help reach a solution to this finding and to the aforementioned Recommendation.

Additional Observations

- DPW will produce, propose, and enforce authorized Policies and Procedures within the Department's purview; applying recommendations 1 – 8 of this finding.

FINDING #2: INTERNAL CONTROL OF REVENUE CYCLE

DPW was unable to provide information of deposit on several checks listed on the interim reports made by the Forestry Division. This seems to indicate that not all revenues collected by Forestry during the scope of the audit made it to the department administrators at DPW. Records of the checks listed on the interim reports are also not present in JDE.

On June 29, 2022, DPW Admin provided us with documentation of all revenues tied to the STTF during the scope of the audit. On August 10, 2022, the Forestry Division provided a copy of an interim report maintained during a portion of the audit’s scope. In comparing these materials, we noted that a significant number of items listed were not recorded in the trust fund. Please also note that, based on the information provided, we cannot determine what type of transactions are indicated on the interim report.

Table IV below compares 2016 revenue deposits recorded in the Forestry Division’s interim report to DPW’s records. As indicated, there is a discrepancy of \$82,736.

Table IV: Forestry to DPW Revenue Records Comparison			
Year of 2016			
<i>DESCRIPTION FROM INTERIM REPORT</i>	<i>FORESTRY INTERIM REPORT</i>	<i>RECORDED BY DPW</i>	<i>AMOUNT MISSING</i>
BLOOMFIELD	\$31,800	NO	\$31,800
LAWRENCEVILLE	\$3,776	NO	\$3,776
ALCOSAN	\$46,800	YES	
MWCDC/ ALLENTOWN	\$16,560	NO	\$16,560
UPTOWN	\$2,400	YES	
OAKLAND- MELWOOD AVE	\$1,800	YES	
LAIMER	\$22,200	NO	\$22,200
424 THIRD AVE	\$8,400	NO	\$8,400
PITTSBURGH BALLET	\$4,200	YES	
NORTHSIDE FIRST NATIONAL BANK	\$5,400	YES	
BEECH ST GARY OTTO	\$8,400	YES	
PARAMONT PICTURES - WENT END	\$1,200	YES	
<i>Total</i>	<i>\$152,936</i>		<i>\$82,736</i>

Table V below compares 2017 revenue deposits recorded in the Forestry Division’s interim report to DPW’s records. As indicated, there is a discrepancy of \$7,700.

Table V: Forestry to DPW Records Comparison			
Year of 2017			

<i>DESCRIPTION FROM INTERIM REPORT</i>	<i>FORESTRY INTERIM REPORT</i>	<i>RECORDED BY DPW</i>	<i>AMOUNT MISSING</i>
LAIMER	\$600	YES	
GARDEN. THEATER BLOCK	\$1,200	YES	
REDWINGGROUP	\$1,800	NO	\$1,800
ASCEND CLIMBING COMPLIANCE	\$1,200	YES	
BEER ON BUTLER	\$600	YES	
MULCH MADNESS	\$500	NO	\$500
BROWNS HILL WENDYS	\$1,200	YES	
STRADA ARCHITECTURE	\$2,400	YES	
ALLIES AND ROSS MANAGEMENT	\$117,000	YES	
SMITHFIELD OLIVER PARTNERS	\$4,800	YES	
ARGO AI LLC	\$4,200	YES	
GREENFIELD AVE	\$1,200	YES	
CREWS CONTRACTING LLC	\$600	YES	
25TH STREET FLEET GARAGE	\$4,200	NO	\$4,200
GREENFIELD AVE FITNESS	\$1,200	NO	\$1,200
PENN AVE EAST LIBERTY	\$600	YES	
BLUE STREAM LLC	\$1,200	YES	
<i>Total</i>	<i>\$144,500</i>		<i>\$7,700</i>

Table VI below compares 2018 revenue deposits recorded in the Forestry Division’s interim report to DPW’s records. As indicated, there is a discrepancy of \$51,400.

Table VI: Forestry to DPW Records Comparison
Year of 2018

<i>DESCRIPTION FROM INTERIM REPORT</i>	<i>FORESTRY INTERIM REPORT</i>	<i>RECORDED BY DPW</i>	<i>AMOUNT MISSING</i>
MISSION ST SOUTHSIDE	\$6,000	NO	\$6,000
VERIZON-CARRICK BROWNSVILLE	\$3,000	YES	
SPRINT	\$600	NO	\$600
HENDERSON	\$600	NO	\$600
NRG ENERGY	\$31,000	NO	\$31,000
CRAFT PL WALNUT	\$2,400	NO	\$2,400
SQUIRREL HILL TREE PLANTING	\$600	NO	\$600
EAST LIBERTY	\$4,200	NO	\$4,200
UATC LCC (STRIP DISTRICT)	\$4,200	YES	

EMERALD ON CENTRE APARTMENTS	\$2,400	NO	\$2,400
RIVERS CASINO	\$600	YES	
RIVERS CASINO	\$2,400	NO	\$2,400
ST EDMUNDS ACADEMY	\$6,900	YES	
WILLIAM ALEXANDER PROPERTIES	\$4,200	YES	
DESMONE ARCHITECTS	\$600	YES	
EMERALD ON CENTRE APARTMENTS	\$600	NO	\$600
PWSA	\$90,000	YES	
WAREHOUSE DEVELOPMENT	\$600	NO	\$600
<i>Total</i>	<i>\$160,900</i>		<i>\$51,400</i>

Table VII below compares 2019 revenue deposits recorded in the Forestry Division’s interim report to DPW’s records. As indicated, there is a discrepancy of \$15,000.

Table VII: Forestry to DPW Records Comparison
Year of 2019

<i>DESCRIPTION FROM INTERIM REPORT</i>	<i>FORESTRY INTERIM REPORT</i>	<i>RECORDED BY DPW</i>	<i>AMOUNT MISSING</i>
(BLANK)	\$31,800	YES	
URBAN PITTSBURGH DOWNTOWN	\$2,400	YES	
WALNUT CAPITAL	\$2,400	YES	
BLOC AT EASTSIDE	\$600	NO	\$600
SHADYSIDE	\$600	NO	\$600
BAKERY OFFICE	\$13,800	NO	\$13,800
UPMC	\$13,200	YES	
<i>Total</i>	<i>\$64,800</i>		<i>\$15,000</i>

In the early stages of this audit, DPW, the financial administrator of the trust fund, provided us with a hardcopy stack of revenue documentation and informed us that all revenue records for the scope of the audit were included therein. At that time, we scanned all of these records into our database and then returned the originals. In October 2022, we followed up to confirm that the transactions highlighted in **Tables IV** through **VIII** above were, in fact, not recorded in DPW’s database. On October 17, 2022, DPW confirmed that the records provided at the onset of our fieldwork were the only revenue records the department had.

Table VIII provides the sum of all items listed on the interim reports provided by the Forestry Division but not recorded by DPW. The total below, in the amount of \$156,836, is the sum of all bottom-line totals for **Tables IV** through **VIII**.

Table VIII: Forestry to DPW Records Comparison	
AMOUNT MISSING FROM DWP RECORDS IN 2016	\$82,736
AMOUNT MISSING FROM DWP RECORDS IN 2017	\$7,700
AMOUNT MISSING FROM DWP RECORDS IN 2018	\$51,400
AMOUNT MISSING FROM DWP RECORDS IN 2019	\$15,000
<i>Total of Exceptions Tallied Between 2016 and 2019</i>	<i>\$156,836</i>

Of note, the Forestry Division had indicated to us that the interim reports were intended to be a means for communicating financials to the Shade Tree Commission but were also too difficult to maintain due to the busyness of operations.

RECOMMENDATION

DPW should implement an internal control system for the receipt and documentation of payments. This system should be incorporated into the department's policies and procedures.

We recommend the following steps be taken:

1. First and foremost, any checks not recorded by DPW should be located, recorded, and deposited into the trust fund with documentation of their origins.
2. Procedurally, checks received by the Forestry Division should be received and documented by one individual and verified by someone else, also in Forestry Division, before being sent to DPW Admin.
3. The interim reporting procedure attempted by the Forestry Division was a good practice; however, this process should be maintained consistently and initialed by more than one person. When these interim reports are presented to the Shade Tree Commission, we suggest that, if possible, two individuals at the Commission also verify and initial the records.
4. DPW should consider implementing a routine reconciliation process to ensure all revenues received by the Forestry Division are also recorded in DPW's financial database.
5. The department should factor a review of JDE records into its reconciliation process. Following routine reconciliations, reports created by the Forestry Division should agree with DPW's records and the line items in JDE.

AUDITEE RESPONSE

As acknowledged in this Report, even if DPW is unable to obtain procedural documents from other City Departments involved in the financial process of the STTF, we concur and will implement a practice of this finding's listed recommendations 1 – 5. Furthermore, in relation to the listed tables IV – VIII, DPW believes that the amount of \$156,836.00 was received by PLI, being that PLI does receive STTF remittances outside of DPW's purview. Nonetheless, DPW agrees to improve the overall internal control to better account for STTF's revenue cycles.

FINDING #3: INVOICING CONTROLS AND SEGREGATION OF DUTIES

The department does not have a standardized invoicing system. Documentation of some transactions provided for the scope of the audit revealed various types of invoices, some with missing invoice numbers and one with an incorrect calculation of fees. There were also two different types of permits identified, one missing the permit number and type of work performed. The documentation of transactions invoiced was inconsistent.

INVOICES

The screenshots provided below show the headers of three different invoice types identified in documentation provided to the Controller’s Office.

Figure 11 below shows a screenshot of an invoice on DPW letterhead with the word “Invoice” under the letterhead. We were unable to identify an invoice number on this document.

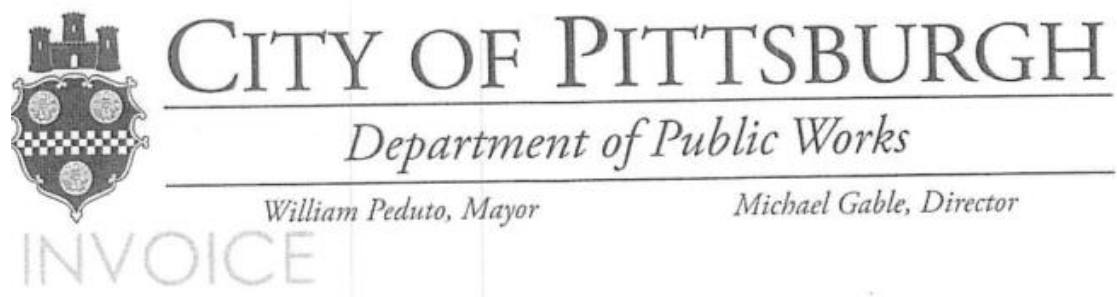


Figure 11: Invoice with DPW letterhead and "Invoice" in the header.

Figure 12 below is an invoice with “Forestry Invoice” in the header. The DPW letterhead is not included, and we were unable to locate an invoice number.

Forestry Invoice

231400 **Storm Cleanup/Emergency Response** **Non-Asset**
Location Description: Private tree that fell from [REDACTED] On Friday April 26th 2019
Task Description: Private tree blocking public ROW

Figure 12: Invoice with Forestry Division header. Some information has been redacted for this report.

Figure 13 below is the header of a letter from the Forestry Division requesting payment for mitigation services. However, we were unable to locate an invoice number and the word “invoice” does not appear in this header as it does in the header identified in **Figure 11**.



CITY OF PITTSBURGH

Department of Public Works

William Peduto, Mayor

Michael Gable, Director

Figure 13: Invoice on DPW letterhead. "Invoice" does not appear in the header.

On Page 2 of the **Figure 13** invoice, we also noted a miscalculation of the services rendered. **Figure 14** below is a capture of the description and calculation of mitigation services. The calculation highlighted indicates that 25 trees of 2.5-inch caliper were removed at a cost of \$600. No other fees appear to be included. Therefore, the calculation should be $25 \times \$600 = \$15,000$. The amount charged was **\$15,128**.

The replacement value is \$600.00 per tree calculated by the following method:
\$200.00 for a new 2.5 inch caliper tree
\$200.00 for delivery and installation
\$200.00 for labor and materials for site prep.

The combined dbh of all 3 trees removed is 63 inches. It would take approximately 25 new 2.5 inch caliper trees to begin canopy restoration in the neighborhood.

25 new 2.5 inch caliper trees x \$600.00 each = \$15,128.00.

Figure 14: Departmental calculation of services rendered by the Forestry Division as indicated on Page 2 of invoice.

Forestry Division
City of Pittsburgh

PERMIT No. 19-21
DATE OF ISSUANCE 7/31/19

Permission is hereby granted to:
(OWNER) NAME [REDACTED]
ADDRESS: [REDACTED]

Phone No. [REDACTED]
CONTRACTOR Green Source, Inc. PHONE NO. [REDACTED]

TYPE OF WORK TO BE PERFORMED
 PRUNING REMOVAL PLANTING OTHER

DESCRIPTION TREE IN SIDEWALK

AT THE FOLLOWING LOCATION [REDACTED]

Mitigation Required
1525-577
Tree Replacement and Removal Permit

Figure 15: Permit No. 19-21

PERMITS

We identified two types of permits, which will be shown in **Figures 15** and **16**.

Figure 15 is a picture of permit **No. 19-21**, which was issued on July 31, 2019. Per the description, the permit was issued for "TREE IN SIDEWALK." Per the Forestry Division, the permit number indicates that it was the 21st permit issued in 2019. There is also handwritten invoicing information on the permit indicating "mitigation required" and a charge of \$1,525 for "tree replacement and removal permit." The Forestry Division explained to us that this permit is

actually for alternative compliance, and the mitigation note applies to the permit for tree removal.

Figure 16: Unnumbered permit.

Figure 16 is another permit, this one with no permit number. There are no additional notations on this permit to indicate the type of revenue stream (e.g., mitigation, alternative compliance, etc.) the permit applies to. This permit also does not indicate the service fees assessed for the work being done. Although the header of this permit contains the same information as that of No. 19-21, the format is different.

The two examples of permits reviewed during the audit show some inconsistencies in forms and processes. The Forestry Division indicated to us that it does not have an invoice form. Forms can be created, as needed, by the department's clerks or leadership. Also, some of the invoices distributed during the scope of the audit were created by the former director of the department for

specific transactions. We also noted that permit revenue, as identified here, did not appear in the trust fund until 2019. As indicated in our initial [Recommendation](#), the trust fund's resolution does not indicate permit fees as acceptable revenue.

Figure 17: Slip from \$25 transaction in Forestry Division receipt book.

RECEIPT BOOK

A slip from a receipt book was attached to a \$25 transaction provided by the Forestry Division for “Tree Pruning.” As shown in Figure 17, the receipt slip indicates that four types of payments can be accepted: cash, check, money order, and credit card.

Although Resolution 531 of 1998 indicates that “cash” can be received, the Forestry Division confirmed that cash is not an acceptable form of payment. Incidentally, this type of revenue did not begin to appear in the trust fund until 2019.

RECOMMENDATION

The examples provided in Figures 11 through 17 indicate inconsistencies in invoicing and documentation controls. We recommend that the department standardize the invoicing process, and policies and procedures will, of course, support such an effort. More specifically, invoice forms should be created and approved by the department administrators. Only current-edition forms that have been approved by the department should be issued.

If possible, invoices should be prenumbered to allow for ease of tracking, as this would be a good example of an internal control. This, however, may not be feasible for the department so, in considering that, we recommend that the department at least establish a numbering system for its invoices and ensure each invoice is numbered and documented in a database. As invoices are issued, the database should be updated to reflect the

disposition of the invoice. The database should be verified by at least two people in the Forestry Division, but this tracking process should also be monitored by DPW Admin.

In regard to the receipt book (**Figure 17**), if only specific forms of payments (e.g., checks and money orders) are accepted by the department, we also recommend that the receipt and tracking system not include invalid payment options.

Considering the scope and busyness of the operation, this is all the more important to ensure that tree-related ordinance violations are paid in a timely fashion and the funds due to the City are deposited in the trust fund. A proper invoicing system will also minimize invoicing errors (e.g., calculation errors).

AUDITEE RESPONSE

DPW fully recognizes the need for consistency in documentation control, processes, and duties within the Department's purview, including the proper administration of annual fees that the Forestry Division receives per the appropriation of the annual resolution, and will work with the appropriate DPW Divisions and/or Bureaus to standardize this work flow for the improvement of such efforts.

FINDING #4: INTERIM REPORTS

The discrepancies with reporting described in [Finding #2](#) bring up a related concern, which regards the communication of financial activity between the Forestry Division and the Shade Tree Commission. If the Commission is tasked with deciding on expenditures from the trust fund and reviewing revenues generated, it must have accurate information on the transactions tied to the STTF, particularly if the Commission's bylaws and Minutes are considered to act as policies and procedures for the trust fund's operations. As indicated in [Finding #1](#), we do not recommend that this continue to be the case; however, we assessed the viability of this as a control during the scope of the audit based on the information provided to us by the department. We reviewed 48 transactions and found that 28 of these transactions were documented by DPW administrators but not documented on the Forestry Division's interim report. This indicates a 58% disagreement in reporting between DPW and the Forestry Division, which also indicates the potentiality that the Commission is unaware of over half of the transactions managed by the department and connected to the trust fund.

As noted previously, the interim reporting was not maintained throughout the scope of the audit. It was noted that the City Forester lacks administrative support and the process was too cumbersome to execute without additional staffing. The City Forester tasked with this responsibility noted to us that this procedure was too difficult to keep up based on busyness, and, therefore, †This reporting process is no longer administered.

RECOMMENDATION

The steps we recommended in [Finding #2](#) will provide stronger control of the revenue cycle. As noted, we recommend that the revenue received by the Forestry Division be verified by at least two different employees before funds are reported to DPW Admin for deposit into the STTF. Any information DPW is able to aggregate from the Department of City Planning and DOMI on their processes that connect to STTF transactions should be also shared with the Forestry Division and Shade Tree Commission. All entities connected to the trust fund should be aware of each other's relevant policies; procedures; intake requirements; and, as applicable, fees.

We acknowledge that there are many aspects of the operations that eventually flow into the STTF, and each entity involved is tasked with maintaining a large volume of work. Having said that, we also recommend that DPW Admin identify the barriers making consistent and accurate reporting difficult and develop a plan to overcome those barriers. If workload volume is an issue, a strategic policy and procedure to segregate intake and reporting duties could be of great help. The goal should be to deliver accurate and consistent reports to the Shade Tree Commission so that it can also succeed in its mission and legislative responsibilities. Incidentally, based on our review of the *Shade Tree Commission's Member Bylaws*, the [Commission's Treasurer](#) should be tasked with the recordkeeping and reporting of financials between DPW and the Commission when financials connect to the STTF. Since DPW currently utilizes Commission bylaws—along with resolutions and Commission Minutes—in the management of the trust fund,

DPW Admin should consider how best to unify financial communication between its Forestry Division and the Commission's Treasurer.

AUDITEE RESPONSE

DPW will apply the recommendation in this finding, and looks forward to the Mayor's Office and City Council's support in establishing a redefined Policies and Procedures for each City Department involved in the STTF (DPW, DCP, PLI, and DOMI) in order to reach this Report's notable objectives, and will properly make the Pittsburgh Shade Tree Commission aware of changes to current, unsatisfactory process once the necessary recommendations are internally confirmed and/or legislated.

ADDENDUM

Fiscal auditing is an essential process in constructively reviewing financial operations. The process allows for the discovery of opportunities to build up and strengthen the financial functions of the City's trust funds. Fiscal auditors provide an opinion of the financial accuracy of the management of trust funds. The procedures of each audit can include but are not limited to risk assessments; legislative research and review; and testing of departmental documentation of financial records and, as necessary, policies and procedures.

The results of the Controller Office audits are kept in record and reviewed regularly. If the auditee disagrees with the recommendations made by the Office of the Controller, the auditee is advised of the responsibility for accepting the potential risks of that decision. If the auditee agrees, follow-ups are performed on any recommendations made until evidence is given showing that the identified risks are resolved. Fiscal audit reports and follow-ups can be viewed on the Controller portion of the City of Pittsburgh's website under [Fiscal Audits](#).