



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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September 26, 2019

Richard Bradley, P.E.,
Board of Public Service, Dept. #900
1200 Market Street, Room 301
St. Louis, MO 63103

RE: Fixed Asset Review of the Board of Public Service,
(Project 2019-FA08)

Dear Mr. Bradley:

The Internal Audit Section has completed a fixed asset review of the Board of Public Service. Enclosed is the report of our review. A description of the scope of our work is included in the report.

Fieldwork was completed on June 5, 2019. Management's responses to our observations and recommendations were provided by the department on July 29, 2019, and have been incorporated in this report.

This review was made under authorization contained in Article XV, Section 2, 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) 657-3454.

Respectfully,

Handwritten signature of Ishmael Ikpeama.

Ishmael Ikpeama, Ph.D.
Internal Audit Supervisor

Handwritten signature of Jason M. Fletcher.

Jason M. Fletcher, CPA
Internal Audit Manager

Enclosure

Cc: Mike Seemiller, FAMS Coordinator
Cc: Jeanne Davis Accounting Supervisor

**CITY OF ST. LOUIS
BOARD OF PUBLIC SERVICE
FIXED ASSET REVIEW
AS OF FEBRUARY 28, 2019**

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**CITY OF ST. LOUIS
BOARD OF PUBLIC SERVICE
FIXED ASSET REVIEW
AS OF FEBRUARY 28, 2019**

DETAILED OBSERVATIONS AND RECOMMENDATIONS

Background

The President of the Board of Public Service (BPS) is responsible for all public works and improvements undertaken by the City. The Board of Public Service mission is to maintain and improve the infrastructure for the benefit of the residential and business communities. The Board of Public Service duties include the design, construction, and supervision of public works and projects. The Board of Public Service has administrative supervision over Facilities Management, Equipment Services and Soldiers Memorial operations.

The Board of Public Service is also responsible for managing its fixed assets and property control items and complying with the City Fixed Asset Management System (FAMS) Policy and procedures.

Purpose

The purpose of our review was to determine if risks related to fixed assets were effectively and efficiently managed to ensure:

- Compliance with applicable policies and procedures.
- Safeguarding of assets.
- Reliability and integrity of Fixed Assets Property Listing (FAPL).
- Economic and efficient use of resources.

Scope and Methodology

The review was confined to evaluating the department's internal controls over its fixed assets and property control items in accordance with the FAMS Policy and Procedures as of February 28, 2019. The review procedures included:

- Inquiries of management and staff.
- Reviews for compliance with policies and procedures.
- Limited tests of related controls.
- Other procedures considered necessary.

Status of Prior Observations

There has been no prior Fixed Asset Review of the Board of Public Service in the past five years.

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DETAILED OBSERVATIONS AND RECOMMENDATIONS

Conclusion

The Board of Public Service did not comply with FAMS policies to ensure adequate controls over its fixed assets and property control items.

Current Observation

The opportunity exists for the Board of Public Service to improve controls over its fixed assets. The following observation has resulted from the review:

- Inadequate internal controls over its fixed assets and property control items


This observation is discussed in the **Detailed Observation, recommendations and management's responses** section of this report.


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Evaluation Criteria For Observations – Level of Importance Ratings

In order to assist management in allocating resources to address the identified issues, we have assigned the following level of importance to our observations:

-  **High** This risk ranking addresses issues that are fundamentally important to the system of internal controls or organization and action should be taken as soon as possible.

-  **Medium** This risk ranking addresses issues, which are important to the system of internal controls or organization and the actions that should be taken in the near future.

-  **Low** This risk ranking addresses issues to enhance internal controls or general efficiency, but does not require immediate action.

Management should evaluate the risks identified and determine the necessary processes and controls to put in place in order to reduce the risks identified. Management should focus on addressing the risks in order of High to Low.

 **Inadequate internal controls over its fixed assets and property control items**

The fixed asset review performed by the Internal Audit Section (IAS) on the Board of Public Service (BPS) for January 31, 2019 revealed that the department has inadequate internal controls over its fixed assets and property control items. Furthermore, based on the department's response to the fixed asset questionnaire, we noted that the department did not follow the FAMS Manual's internal control procedures concerning its fixed assets and property control items as follows:

- Internal listings of the fixed assets and property control items were not maintained
- An annual physical inventory of the fixed assets and property control items was not performed and reconciled to the department's FAMS' FAPL report and internal listings

The City of St Louis FAMS Policy and Procedures Manual 210.08 states as follows:

- "The FAMS Coordinators will be responsible for the following activities with respect to fixed assets and property control items: ...Conducting annual physical inventories in accordance with procedures specified in Section 210.12 of this manual..."

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The City of St. Louis may be subject to unreliable data due to inaccurate control over its physical assets. In addition, the City of St. Louis may be exposed to a loss of assets and loss of potential revenue.

There is no consistent compliance in the application of FAMS policy for:

- Maintaining and reconciling physical inventory of the fixed assets and property control items annually by the Board of Public Service
- Assigning responsibility to a FAMS coordinator

Recommendation

We recommend that the Board of Public Service obtain a current copy of the FAMS Policy and Procedures Manual from the Comptroller's FAMS coordinator and implement procedures to follow its requirements, including but not limited to the following:

- Prepare and maintain an internal listing of the department's property control items
- Perform and document a complete physical inventory of the department's property control items
- Reconcile the results of the physical inventory to the department's FAPL reports by completing proper FAMS addition, deletion or transfer forms as required
- Responsibility for performing annual physical inventory and reconciliation should be assign to an employee

Management Response

Thank you for sending me the completed Fixed Asset Review. I have reviewed the one observation of inadequate internal controls over its fixed assets and property control items and the recommendations by the Internal Audit section of the Comptroller's Office. I will be the employee that is responsible for performing an annual physical inventory and reconciling for the Board of Public Service. I will prepare and maintain an internal listing of our department's fixed assets and property control items. We will perform and document a complete physical inventory of our department's fixed assets and property control items. Also, I will reconcile the results of the physical inventory to the department's FAPL reports by completing proper FAMS addition, deletion or transfer forms as required by the Comptroller's Office.

Executive Officer, Board of Public Service

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DETAILED OBSERVATIONS AND RECOMMENDATIONS
