



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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DR. KENNETH M. STONE, CPA, CGMA
Internal Audit Executive

FILE COPY

January 8, 2014

Mr. Todd Waelterman, Director
Street Department
1900 Hampton
St. Louis, MO 63139-2988

RE: Fixed Asset Review of Auto Towing & Storage Division (Project #2014-FA07)

Dear Mr. Waelterman:

Enclosed is the Internal Audit Section's fixed asset review report of Auto Towing & Storage Division as of June 30, 2013. A description of the scope of our work is included in the report.

Fieldwork was completed on October 16, 2013. Management's responses to the observations and recommendations were received on December 18, 2013 and have been incorporated 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.

Respectfully,

Dr. Kenneth M. Stone, CPA, CGMA
Internal Audit Executive

cc: Mr. Claude Gunn, Manager



CITY OF ST. LOUIS

**STREET DEPARTMENT
AUTO TOWING & STORAGE DIVISION**

FIXED ASSET REVIEW

AS OF JUNE 30, 2013

PROJECT #2014-FA07

DATE ISSUED: January 8, 2014

**Prepared by:
Internal Audit Section**



OFFICE OF THE COMPTROLLER

Honorable Darlene Green, Comptroller

**CITY OF ST. LOUIS
AUTO TOWING & STORAGE DIVISION
FIXED ASSET REVIEW
AS OF JUNE 30, 2013**

EXECUTIVE SUMMARY

Purpose

The Internal Audit Section (IAS) has completed a review of fixed assets of Auto Towing & Storage Division. The purpose was to determine if Auto Towing & Storage Division effectively and efficiently manages risks to ensure:

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

Scope and Methodology

The review was confined to evaluating Auto Towing & Storage Division internal controls over the operational and physical activities pertaining to the Fixed Asset Management System (FAMS). 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.

Background

Auto Towing & Storage Division, as part of the Street Department, is responsible for clearing the right of ways and improving neighborhood appearance and safety by removing, storing and selling vehicles as requested by the St. Louis City Police and other City Agencies.

Exit Conference

Management declined an Exit Conference.

**CITY OF ST. LOUIS
AUTO TOWING & STORAGE DIVISION
FIXED ASSET REVIEW
AS OF JUNE 30, 2013**

EXECUTIVE SUMMARY

Conclusion

The opportunity exists for Auto Towing & Storage Division to improve internal controls over fixed assets and property control items. The following observations resulted from the review:

1. Opportunity to obtain a FAMS Manual and appoint a FAMS Coordinator
2. Opportunity to reconcile the internal records to the Fixed Asset Property List (FAPL).

These observations are discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.


Dr. Kenneth M. Stone, CPA, CGMA
Internal Audit Executive


Date

**CITY OF ST. LOUIS
AUTO TOWING & STORAGE DIVISION
FIXED ASSET REVIEW
AS OF JUNE 30, 2013**

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OBSERVATIONS

Status of Prior Observations

There has been no review of the Auto Towing & Storage Division's fixed assets within the past five years.

Summary of Current Observation

The opportunity exists for Auto Towing & Storage Division to improve internal controls over fixed assets. The following are the observations resulting from the review:

1. Opportunity to obtain a FAMS Manual and appoint a FAMS Coordinator.
2. Opportunity to reconcile the internal records to the Fixed Asset Property List (FAPL).

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

1. Opportunity To Obtain A FAMS Manual And Appoint A FAMS Coordinator

The Auto Towing & Storage Division does not have a FAMS Coordinator to perform the required functions and duties outlined in the FAMS Policy and Procedures Manual. The FAMS Manual states:

- A primary objective of the FAMS Manual is to provide for consistent and uniform accounting of fixed asset transactions throughout the City of St. Louis and to provide guidelines for physical control and accountability of fixed assets. (Section 105.02)
- The City requires physical and accounting controls to safeguard capitalized and non-capitalized assets at the budgetary level of the organizational unit. Each organizational unit designates one or more (if needed) employees as the FAMS Coordinator(s) to monitor the custodial/stewardship responsibility function. (Section 210.08)

Management was not familiar with the FAMS Manual requirements to appoint a FAMS Coordinator and maintain a FAMS Manual. Without an appointed FAMS Coordinator the functions of reviewing, monitoring and confirming that all valid fixed asset transactions are recorded on a timely basis may not be performed.

Recommendation:

It is recommended that the Auto Towing & Storage Division obtain a copy of the FAMS Manual and appoint a FAMS coordinator as soon as possible.

Management's Response:

A copy of the FAMS Manual has been obtained from Ms. Lillie Green and Mr. Tim Jablonowski has been appointed as FAMS Coordinator.

2. Opportunity To Reconcile Internal Records To The Fixed Asset Property List

The Auto Towing & Storage Division has not reconciled its internal records to the Fixed Asset Property List (FAPL). The FAMS Manual states:

- The FAMS coordinator is responsible for reviewing FAMS management reports to verify all information was recorded accurately for the organization. (Section 210.08).
- The user organization of the City is responsible for notifying the FAMS Coordinator of retirements, transfers or other changes to fixed assets or property control items that may require changes to information recorded in FAMS. (Section 210.06)

The Auto Towing & Storage Division did not have a FAMS Manual, therefore; did not have a FAMS Coordinator. As a result, a reconciliation of internal records to FAPL was not conducted.

Without reconciliation of the internal records of the Auto Towing & Storage Division and Storage to FAPL, variances may occur as *the attached table* illustrates.

Recommendation:

Internal Audit recommends that Auto Towing & Storage Division begin reconciling its internal records to the FAPL on a regular basis.

Management's Response:

Management has corrected all variances and has sent a corrected asset list to Ms. Lillie Green on December 18, 2013

ASSET VARIANCES

<i>Description</i>	<i>Invoice#</i>	<i>Serial #</i>	<i>A On FAPL</i>	<i>B On Property List</i>
Motorola Radio	NA	466AWJ4343	Yes	No
Motorola Radio	NA	466AUE4438	Yes	No
Motorola Radio	NA	466AVQP121	Yes	No
Motorola Radio	NA	466AWC3603	Yes	No
Motorola Radio	NA	466AXL4431	Yes	No
Motorola Radio	NA	466AYU4175	Yes	No
Motorola Radio	NA	518AXN0026	Yes	No
Motorola Radio	NA	518AXN0027	Yes	No
Ford Crown Victoria	NA	2FALP71W23X173945	No	Yes
Portable Radio	206222	205CKM5460	No	Yes
Portable Radio	206223	205CKM5461	No	Yes
Portable Radio	206224	205CKM5462	No	Yes
Portable Radio	206225	205CKM5466	No	Yes
Desktop Motorola Radio (2)	205312	NA	No	Yes

A= Yes FAPL, No Property List indicates the asset listed on FAPL should be removed.

B= No FAPL, Yes on Property List indicates the ASSET listed on the Property List should be added to FAPL.