



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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June 7, 2016

Rick Ernst, Commissioner
Board of Public Service
Division of Facilities Management
City Hall, Room 17
1200 Market Street
St. Louis MO 63103

RE: Fixed Asset Review (Project 2016-FA08)

Dear Mr. Ernst:

The Internal Audit Section has completed a fixed asset review of the Division of Facilities Management. Enclosed is the report of our review. A description of the scope of our work is included in the report. Fieldwork was completed on March 31, 2016.

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,

Mohammad Adil, CPA, CGMA
Internal Audit Supervisor

Attachment

cc: Joe Polizzi, Construction/Maintenance Manager/FAMS Coordinator
Roger Sellars, Construction Maintenance Manager





CITY OF ST. LOUIS

BOARD OF PUBLIC SERVICE

DIVISION OF FACILITIES MANAGEMENT

FIXED ASSET REVIEW

PROJECT #2016-FA08

DATE ISSUED: JUNE 7, 2016

**Prepared by:
Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
BOARD OF PUBLIC SERVICE
DIVISION OF FACILITIES MANAGEMENT
FIXED ASSET REVIEW**

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**CITY OF ST. LOUIS
BOARD OF PUBLIC SERVICE
DIVISION OF FACILITIES MANAGEMENT
FIXED ASSET REVIEW**

SUMMARY

Background

The Division of Facilities Management (Division) is responsible for cleaning, maintaining and repairing major regional landmarks including City Hall, recreation centers, firehouses and the police department.

The Division is also responsible for managing its fixed assets and property control items in accordance 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) reports.
- Economic and efficient use of resources.

Scope and Methodology

The review was confined to evaluating the Division's internal controls over its fixed assets and property control items in accordance with the FAMS Policy and Procedures.

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.

Conclusion

The opportunity exists for the Division to improve internal controls over fixed assets and property control items.

Summary of Current observations

We noted the following observations:

1. Property control items not verified.
2. Undocumented physical inventory count.

The observations are discussed in more detail in the *Detailed Observations, and Recommendations* section of this report.

Management Response

The Division declined an exit conference. However, the Division did communicate verbally their agreement to the observations and recommendations noted in the report by telephone on June 2, 2016.

**CITY OF ST. LOUIS
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DIVISION OF FACILITIES MANAGEMENT
FIXED ASSET REVIEW**

DETAILED OBSERVATIONS AND RECOMMENDATIONS

1. Property Control Items Not Verified

We selected a sample of twenty-nine (29) property control items from the Division's FAPL report dated October 31, 2015, for verification. We could not verify twenty (20) of the selected items as follows:

- Two (2) items could not be located because their serial numbers were not listed on the FAPL report.
- The Division stated that six (6) items were surplus and collected by ITSA, Supply Division, or Equipment Services Division. The Division assumed that these items would be removed from FAPL by the departments who collected them. However, the Division did not maintain any internal listing of the items collected by other departments.
- The Division stated that twelve (12) items were retired and collected by the Supply Division. However, the Division did not keep any documentation of the retirements, such as an approval and collection of these items by the Supply Division.

A description for each of the twenty (20) items in question is listed in the table below.

#	Description	Serial Number	Status
1	Window Air Conditioner 230/208V	Not listed	Not located
2	OptiPelx Computer GX270	Not listed	Not located
3	Ice machine Cornelius	Not listed	Surplus
4	Compressor for 426 City Hall	99J31244	Surplus
5	3 Phase AC Motor Load Surveyor	285561001	Surplus
6	Robinair Refrigerant Recovery Unit	5314	Surplus
7	Robinair Recycling Unit	05230	Surplus
8	1997 Chevrolet Van*	1GCHG35F9V1034744	Surplus
9	Analyzers Teledyne, Model 990	35100	Retired
10	Cannon Datamax Copier, Model NP 6412	100122	Retired
11	Compressor, Model 4RK2 2500TSK	ERC96C27369	Retired
12	Compressor, Model 06EF265610	N68025501 Wc8465	Retired
13	Compaq EVO D150 CMT	V245KN8ZC411	Retired
14	Hewlett Packard Laserjet Printer	SJPMB18624	Retired
15	Calcomp 1043GT Plotter	48061	Retired
16	Compaq Armada 4110, Model 586/100 810MB	6649HUR20	Retired
17	Compaq DeskPro, Model 586/100DT	6626HVR5S127	Retired
18	IBM AT PC, Model 5170	S170-7126561	Retired
19	800MHZ Portable Motorola Smartnet Radio	466AVQJ729	Retired
20	Oilless Recovery Machine	J98-040058	Retired

*This vehicle (a fixed asset) was incorrectly classified as a property control item.

**CITY OF ST. LOUIS
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FIXED ASSET REVIEW**

DETAILED OBSERVATIONS AND RECOMMENDATIONS

Recommendation

We recommend that the Division:

- Work with the Comptroller's Office FAMS Coordinator to complete and submit proper forms to have all surplus and retired fixed assets and property control items, including those that were not part of the test sample, removed from the FAPL reports.
- Set up a system of internal control to ensure that:
 - All fixed assets and property control items are correctly classified and listed on FAPL reports with the brand name, model number, serial number, and any other identifying information to facilitate verification.
 - All additions, retirements, and surplus are promptly reported to the Comptroller's Office FAMS coordinator and reconciled to the Division's FAPL reports.
 - The Division's internal fixed assets and property control items listings are reconciled to the Division's FAPL reports at least annually.

2. Undocumented Physical Inventory Count

According to the Division, a physical inventory count was performed in March 2015. However, the results of the count were neither documented nor reconciled to the Division's FAPL reports. Also, we were told that the count was limited only to the tools and equipment used for the maintenance of the City Facilities and did not include the Division's other fixed assets and property control items.

Recommendation

We recommend that the Division set up a system of internal controls to ensure that:

- A physical inventory count is performed at least annually.
- The results of the count are documented and reconciled to the Division's FAPL reports and internal listings of fixed assets and property control items.
- Any discrepancies between the count and the FAPL reports and internal listings are investigated and resolved.
- Proper forms are completed to update the FAPL reports and internal listings based on the results of the count.