



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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June 29, 2016

Melba R. Moore, MS, CPHA
Acting Director/Commissioner of Health
Department of Health
1520 Market Street, Suite 4027
St. Louis, MO 63103-2636

RE: Fixed Asset Review - Health Department (Project 2016-FA07)

Dear Ms. Moore:

The Internal Audit Section has completed a fixed asset review of the Health Department. 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 16, 2016 and a management response to our observations and recommendations was provided by the Health Department on June 28, 2016.

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) 657-3490.

Respectfully,

Mohammad Adil, CPA, CGMA
Internal Audit Supervisor

Attachment

cc: Joan McCray, Fiscal Manager, Department of Health
Patty Koller, FAMS Coordinator, Department of Health





CITY OF ST. LOUIS

HEALTH DEPARTMENT

FIXED ASSET REVIEW

PROJECT #2016-FA07

DATE ISSUED: JUNE 29, 2016

**Prepared by:
Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

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

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

SUMMARY

Background

The Health Department (Department) assures a healthy St. Louis community with public health services and partnerships that provide continuous protection, prevention and promotion for the public's health.

The Department 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 Listings (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.

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 Department to improve internal controls over fixed assets and property control items.

Current observation

We noted the following observations:

1. Fixed Asset and property control items not verified
2. Reclassification of x-ray machine
3. Incomplete physical inventory

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

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

SUMMARY

Management Response

The Department declined an exit conference. However, the department provided written responses to the observations and recommendations noted in the report on June 28, 2016, which have been incorporated in this report.

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

DETAILED OBSERVATIONS AND RECOMMENDATIONS

1. Fixed Asset and Property Control Items Not Verified

We selected twenty-seven (27) items, consisting of seven (7) fixed assets and twenty (20) property control items from the Department's FAPL dated October 2015 (most recent), for verification. We could not verify one (1) fixed asset and nine (9) property control items of the selected items as follows:

Item #	Description	Acquisition Date	Serial Number	Type	Status
1	Latitude Autogen Computer	2/2011	3455972	Property Control Item	Not Found
2	Latitude Autogen Computer	3/2011	3463830	Property Control Item	Not Found
3	Latitude Autogen Computer	3/2011	3463839	Property Control Item	Not Found
4	Equipment Shredder	9/1994	1429571	Property Control Item	Surplus*
5	HP LaserJet Color printer 3700N	11/2004	Not Listed	Property Control Item	Surplus
6	Hoyer Lifts acquired June 1990	6/1990	Not Listed	Property Control Item	Surplus
7	Microscope Binocular	9/1989	Not Listed	Property Control Item	Surplus
8	Microscope Halogen	4/1989	Not Listed	Property Control Item	Surplus
9	Aluminum Pop Tent	8/2009	Not Listed	Property Control Item	Surplus
10	Equipment charting system	6/1990	Not Listed	Fixed Asset	Surplus

According to the Health Department the surplus items listed above were collected by either Information Technology Services Agency (ITSA) or the Supply Division. However, it appears that the Department did not complete and submit the required FAMS forms to the Comptroller's Office FAMS Coordinator to have them removed from the Department's FAPL.

Recommendation

We recommend that the Department:

- Locate the three computers that we could not find.
- Review the most current FAPL and identify all surplus items, including those listed above and remove them from FAPL by completing proper FAMS form and submitting them to the Comptroller's Office FAMS Coordinator.
- Set up a system of internal controls to ensure that:
 - All fixed assets and property control items are correctly classified and listed in FAPL and the internal listings with the asset number, brand name, model number, and serial number to facilitate their verification.
 - All items no longer in use are disposed of with the approval of Supply Division or ITSA, as appropriate, and reported to the Comptroller's Office FAMS Coordinator by completing proper forms.
 - All fixed assets and property control items, currently in possession of the Department, are reconciled to FAPL, and the internal listing at regular intervals and all variances investigated and resolved (see Observation #3).

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

DETAILED OBSERVATIONS AND RECOMMENDATIONS

Management Response

Health Department agrees with the observations and recommendations.

2. Reclassification of X-Ray Machine

In April 2014, the Department purchased one (1) x-ray machine for \$33,770. However, this purchase was erroneously listed on the Department's FAPL as ten (10) x-ray machines valued at \$3,370 each, classified as property control items.

Recommendation

We recommend that the Department:

- Complete proper FAMS forms to correctly report this purchase as one (1) x-ray machine valued at \$33,770.
- List the x-ray machine on FAPL as a fixed asset with its asset number, the brand name, model number, and serial number.

Management Response

Health Department agrees with the observations and recommendations.

3. Incomplete Physical Inventory

The Department's last physical inventory count, performed in July 2015, only included the computer equipment. It did not include the Department's other fixed assets and property control items.

Recommendation

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

- A physical inventory count of the Department's all fixed assets and property control items is performed and documented at least annually.
- The results of the count are reconciled to the Department's FAPL and the internal listing.
- Any variances between the results of the count and FAPL, and the internal listing are investigated and resolved promptly by preparing and submitting the required forms to the Comptroller's FAMS Coordinator.

Management Response

Health Department agrees with the observations and recommendations.