



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section
1520 Market St., Suite 3005
St. Louis, Missouri 63103-2630
(314) 657-3490
Fax: (314) 552-7670

FILE COPY

May 15, 2014

Ms. Pamela Walker, Director
Communicable Disease
Department of Health
1520 Market St.
St. Louis, MO 63103-2900

RE: Fixed Asset Review - Communicable Disease Division (Project #2014-FA09)

Dear Ms. Walker:

Enclosed is the Internal Audit Section's fixed asset review report of Communicable Disease Division as of August 31, 2013. A description of the scope of our work is included in the report.

Fieldwork was completed on February 26, 2014. Management's responses to the observations and recommendations were received on April 4, 2014 and May 12, 2014. The responses have been incorporated in the 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) 657-3490.

Respectfully,

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

cc: Ms. Melba Moore, Health Commissioner
Ms. Joan McCray, Fiscal Manager
Dr. Shatrughan Bastola, Bureau Chief
Mr. Dave Harvey, Data Manager



CITY OF ST. LOUIS

COMMUNICABLE DISEASE DIVISION

FIXED ASSET REVIEW

AS OF AUGUST 31, 2013

PROJECT #2014-FA09

DATE ISSUED: May 15, 2014

**Prepared by:
Internal Audit Section**



OFFICE OF THE COMPTROLLER

**CITY OF ST. LOUIS
COMMUNICABLE DISEASE
FIXED ASSET REVIEW
AS OF AUGUST 31, 2013**

EXECUTIVE SUMMARY

Purpose

The Internal Audit Section (IAS) has completed a review of fixed assets of the Health Department-Communicable Disease Division (Division). The purpose was to determine if the 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 the Division's 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

Communicable Disease, a division of the Health Department, is responsible for the prevention and care of reportable communicable diseases inclusive of HIV/AIDS and sexual transmitted diseases and Tuberculosis (TB). The division provides care services, education, and community planning throughout the City of St. Louis as well as the counties of St. Louis, Franklin, Jefferson, Lincoln, Warren, and St. Charles.

Exit Conference

An exit conference was conducted at the Division's office on April 4, 2014. The department was represented by the Division's Bureau Chief and the Data Manager. The Internal Audit Section was represented by the Audit Supervisor and Auditor-in-Charge.

Conclusion

There are some positive internal controls noted during the review of the Division's fixed assets. They include the following:

1. The department has designated the custodial responsibility for fixed assets and property control items to a FAMS Coordinator.
2. The department maintains an internal Access database that tracks computer equipment costing \$500 and above.

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

1. Opportunity to perform and document the annual physical inventory.
2. Opportunity to update the Fixed Assets Property Listing (FAPL) Report.

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
COMMUNICABLE DISEASE
FIXED ASSET REVIEW
AS OF AUGUST 31, 2013**

TABLE OF CONTENTS

| Description | Page(s) |
|---|----------------|
| OBSERVATIONS | |
| Status of Prior Observations | 1 |
| Status of Current Observations | 1 |
| DETAILED OBSERVATIONS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSE: | 2-3 |

Status of Prior Observations

There has been no review of the Division's fixed assets and therefore, no prior observations.

Status of Current Observations:

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

1. Opportunity to perform and document the annual physical inventory.
2. Opportunity to update the Fixed Assets Property Listing (FAPL) Report.

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

1. Opportunity to Perform and Properly Document Annual Physical Inventory.

The Division does not perform an annual physical inventory of fixed assets and property control items. Section 210.12 of the FAMS Policies and Procedures Manual states that an annual physical inventory must be performed and documented by each FAMS Coordinator on all fixed asset and property control items for their respective budgetary level organization.

The Division does not maintain the FAMS manual and therefore, is not aware of the requirement. By not performing and properly documenting the annual physical inventory, fixed assets and property control items may not be properly accounted for by the division.

Recommendation:

IAS recommends that the division perform and properly document the annual physical inventory of fixed assets and property control items.

Management's Response:

There are no current physical inventory procedures in writing. For the annual inventory for 2014 and going forward, the FAMS coordinator will conduct an annual physical inventory for fixed assets and property control items for the Department of Health, which consists of the following Departments: 700- Director's Office, 710 – Commissioner of Health, 711 – Communicable Disease Control; 714 – Animal Care and Control; 715 – Environmental Health Services and 719 – Women, Children and Adolescent Health. The annual physical inventory will be conducted in October and in accordance with Procedures 210.08 and 210.12) of the City of St. Louis FAMS Policy and Procedures Manual. Procedure 210.12 will be distributed to the manager in each of the DOH's respective departments. The completed inventory will be dated and approved by the appointing authority.

2. Opportunity to Update the Fixed Assets Property Listing (FAPL) Report.

Some fixed assets listed in the FAPL report were considered obsolete and discarded. In addition, some property control items listed in the report were not physically located. They were also considered obsolete and discarded.

Section 210.06 of the FAMS manual requires user organizations to notify the FAMS Coordinator of retirements, transfers, or other changes to fixed assets or property control items that may require a change to information recorded in the FAMS.

The Division does not routinely complete and send the delete forms to the Comptroller's Office Fixed Asset Coordinator to update the FAPL report.

The fixed assets and property control items reported on the FAPL generated by the Comptroller's Office FAMS Coordinator may be inaccurate.

Recommendation

IAS recommends that management:

- 1) Prepare and submit delete forms to remove the discarded, obsolete assets and property control items from the division's FAPL report to the Comptroller's Office Fixed Assets Coordinator.
- 2) Regularly review the FAPL reports provided to the division monthly or upon request.

Management's Response:

The fixed assets that were identified by the Internal Audit Section in the Fiscal Asset review of the Communicable Disease Section that were no longer used will be retired from the FAPL. Any additional items found during the annual physical inventory of the entire Department of Health that are longer used will also be retired.