



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

December 9, 2014

Dale Glass, Commissioner  
City Justice Center (CJC)  
200 S. Tucker Boulevard  
St. Louis, MO 63102

RE: Fixed Asset Review – Medium Security Institution (MSI), Division of Corrections  
(Project #2015-FA01)

Dear Mr. Glass:

Enclosed is the Internal Audit Section's fixed asset review report of the Medium Security Institution (MSI), as of May 31, 2014. A description of the scope of our work is included in the report.

Fieldwork was completed on August 7, 2014. Management's responses to the observations and recommendations were received on December 4, 2014 and 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. Ishmael Ikpeama  
Internal Audit Supervisor

Ron Steinkamp, CPA,CIA,CFE,CRMA,CGMA  
Internal Audit Advisor

cc: Kim Cole, Business Office Manager  
Stella Elliot, Inventory Coordinator  
John Finger, Accounting Clerk



# CITY OF ST. LOUIS

**MEDIUM SECURITY INSTITUTION (MSI)**

**FIXED ASSET REVIEW**

**AS OF MAY 31, 2014**

**PROJECT #2015-FA01**

**DATE ISSUED: DECEMBER 9, 2014**

**Prepared by:  
Internal Audit Section**



# OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS  
MEDIUM SECURITY INSTITUTION (MSI)  
FIXED ASSET REVIEW  
AS OF MAY 31, 2014**

**TABLE OF CONTENTS**

---

<b>SUMMARY .....</b>	<b>1</b>
Background .....	1
Purpose .....	1
Scope and Methodology .....	1
Status of Prior Observations .....	1
Conclusion.....	2
Management's Responses .....	2
 <b>DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES.....</b>	 <b>3-4</b>

**CITY OF ST. LOUIS**  
**MEDIUM SECURITY INSTITUTION (MSI)**  
**FIXED ASSET REVIEW**  
**AS OF MAY 31, 2014**

**SUMMARY**

---

**Background**

The Medium Security Institution (MSI) serves and protects those who live, work and recreate in the City of St. Louis by providing for the care, custody and control of inmates remanded to its facilities. Assistance is also provided to the inmates in their preparation for their release as civil and productive citizens.

**Purpose**

The Internal Audit Section (IAS) has completed a review of fixed assets of the Medium Security Institution (MSI). The purpose was to determine if MSI effectively and efficiently manages risks related to fixed assets 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 MSI'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.

**Status of Prior Observations**

The previous report of MSI's fixed assets (Project#2011-26), had the following observation which required follow-up during this review:

- Opportunity to improve internal controls over fixed assets and property control items (**Repeated**).

**CITY OF ST. LOUIS  
MEDIUM SECURITY INSTITUTION (MSI)  
FIXED ASSET REVIEW  
AS OF MAY 31, 2014**

**SUMMARY**

---

**Conclusion**

Several positive internal controls were noted during the review of MSI fixed assets:

- The department had a designated FAMS Coordinator.
- A physical inventory was performed in September 2013.
- Internal listings had been developed to track computer and kitchen equipment. Lists for medical equipment and other office equipment were being developed.

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

- Improve internal controls over fixed assets and property control items.

**Management Responses**

An exit conference was conducted at the City Justice Center on December 3, 2014. MSI was represented by the Business Office Manager, Inventory Coordinator, and Accounting Clerk. The Internal Audit Section was represented by the Auditor-in charge. Written management responses were received on December 4, 2014 and have been incorporated in this report.

The observation is discussed in more detail in the *Detailed Observations, Recommendations, and Management's Responses* section of this report.

**CITY OF ST. LOUIS  
MEDIUM SECURITY INSTITUTION (MSI)  
FIXED ASSET REVIEW  
AS OF MAY 31, 2014**

**DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S  
RESPONSES**

---

**Improve Internal Controls Over Fixed Assets and Property Control Items  
(Repeated)**

We determined the Fixed Asset Property Listing (FAPL) may not be accurate and reliable, specifically:

- We randomly selected a sample of eighteen (18) items from the May 31, 2014 FAPL to verify existence at MSI. We could not locate or verify the existence of twelve (12) of the eighteen (18) items.
- We observed twenty (20) items at MSI and attempted to trace the items back to the FAPL listing. We could not trace sixteen (16) of the twenty (20) items back to the FAPL.

The FAMS Policy and Procedures Manual requires:

- Reporting of all fixed asset exchanges, donations, transfers, retirement and adjustments on the proper FAMS input forms.
- Review of FAMS management reports to verify all information was recorded accurately.
- Reconciliation of the fixed asset reports, additional information, updates and any other procedures necessary to maintain a reliable FAPL.

According to MSI management, the prior FAMS Coordinator retired last year and did not maintain or update fixed asset and property control records as required. The current FAMS Coordinator assumed duties one year ago and conducted a physical inventory in September 2013.

If fixed asset records are not properly maintained, fixed assets and property control items may be over or understated. This may also result in the loss of fixed assets and property control items going unnoticed.

**Recommendation:**

It is recommended that MSI conduct a current physical inventory and reconcile to the FAPL reports. Discrepancies should be investigated and the proper forms should be completed and forwarded to the Comptroller's Office FAMS Coordinator to add acquired items to and delete retired or obsolete items from the FAPL as necessary.

**CITY OF ST. LOUIS  
MEDIUM SECURITY INSTITUTION (MSI)  
FIXED ASSET REVIEW  
AS OF MAY 31, 2014**

**DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S  
RESPONSES**

---

***Management's Response:***

*The Division of Corrections would like to thank [Auditor-in-Charge], Auditor II, for her work on the review of Medium Security Institution (MSI) fixed assets and property control items (Project #2015-FA01). The Division agrees with her findings and had, in fact, implemented corrective measures prior to the commencement of the review.*

*In 2014 the responsibility for maintenance of the FAPL (Fixed Asset Property Listing), property listings, and physical inventories was re-assigned to the Inventory Coordinator following the retirement of the employee previously tasked with these responsibilities. In addition, a second employee was assigned as back-up and cross trained. This team has methodically approached updating the FAPL by categorizing the listed items into asset groups such as vehicles, computers, kitchen, medical, etc. Items within each asset group are inventoried, discrepancies investigated, and the appropriate paperwork forwarded to the Comptroller. When one asset group is completed, the team repeats the process with the next asset group. In addition, the team is developing internal property listings for items such as computers, televisions, and equipment purchased or leased by Corizon and other vendors.*

*Going forward, physical inventories will be completed semi-annually in January and July, discrepancies will be investigated and reconciled, and the appropriate paperwork will be filed with the Comptroller.*

*The Division is confident that this approach will create and maintain an accurate and reliable FAPL in conformance with the FAMS Policy and Procedures Manual.*