



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

212 City Hall
(314) 622-4389
FAX: (314) 622-4026

December 20, 2016

Beverly Fitzsimmons, Deputy Comptroller
City Hall
1200 Market Street, Room 311
St. Louis MO 63103

RE: Fixed Asset Review of the Comptroller's Office (Project 2017-FA03)

Dear Ms. Fitzsimmons:

The Internal Audit Section has completed a fixed asset review of the Comptroller's Office. Enclosed is the report of our review. A description of the scope of our work is included in the report. Fieldwork was completed on September 27, 2016. A management response to our observations and recommendations was provided by the Comptroller's Office on December 16, 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) 657-3446.

Respectfully,

Mohammad Adil, CPA, CGMA
Internal Audit Supervisor

Enclosure

Cc: Charlie Franz, Accounting Manager II
Mark Miles, Fiscal Manager
Lillie Green, FAMS Coordinator





CITY OF ST. LOUIS

COMPTROLLER'S OFFICE

FIXED ASSET REVIEW

PROJECT #2017-FA03

DATE ISSUED: DECEMBER 20, 2016

**Prepared by:
Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
COMPTROLLER'S OFFICE
FIXED ASSET REVIEW**

TABLE OF CONTENTS

SUMMARY1
 Background.....1
 Purpose.....1
 Scope and Methodology1
 Conclusion1
 Current Observations1

DETAILED OBSERVATIONS AND RECOMMENDATIONS2

**CITY OF ST. LOUIS
COMPTROLLER'S OFFICE
FIXED ASSET REVIEW**

SUMMARY

Background

The Comptroller's Office serves as the City's chief fiscal officer, directing all the fiscal affairs of the city for a combined annual budget of more than \$900 million.

The Comptroller's Office 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;
- Validity of asset records maintained in FAMS and reported on the Fixed Assets Property Listing (FAPL) reports; and
- Economic and efficient use of resources.

Scope and Methodology

The review was limited to evaluating the Comptroller's office's internal controls over its fixed assets and property control items in accordance with the FAMS Policy and Procedures as of June 30, 2016. The review procedures included:

- Inquiries of management and staff;
- Reviews for compliance with policies and procedures;
- Limited tests of related controls; and
- Other procedures considered necessary.

Conclusion

The opportunity exists for the Comptroller's Office to improve internal controls over fixed assets and property control items.

Current Observations

1. Items Not Located
2. Annual Physical Inventory Count Not Performed

Management Response

The Comptroller's Office declined an exit conference 2016. However, the Comptroller's Office provided written response to the observations and recommendations noted in the report on December 16, 2016, which have been incorporated into this report.

**CITY OF ST. LOUIS
COMPTROLLER'S OFFICE
FIXED ASSET REVIEW**

DETAILED OBSERVATIONS AND RECOMMENDATIONS

1. Items Not Located

We selected 46 items consisting of 21 fixed assets and 25 property control items from the Comptroller's Office FAMS FAPL reports, dated June 30, 2016, to verify their existence.

We could not locate 15 property control items of the selected sample as follows:

Item #	Description	Acquisition Date	Serial Number	Type
1	Executive Chair Swivel Tilt Leather Antique Blue	March 1990	Not listed	Property Control
2	Xerox Fax Machine WorkCenter Pro 575	April 2003	SN PE4-519833	Property Control
3	Bell and Howell Microfiche Machine	January 1997	6642	Property Control
4	Executive Desk, Green Metal, Six Drawer &, Green Formica Tops	November 1979	Not listed	Property Control
5	Secretary Desk Medium Oak/Bone Right Return	February 1990	Not listed	Property Control
6	OptiPlex 760	February 2009	SN 8YY04J1	Property Control
7	Dell OptiPlex 755	November 2008	SN 00144-481-439-150	Property Control
8	Kodak Scanner Station 100	October 2006	SN K45320829	Property Control
9	Dell Latitude D820 Laptop	June 2007	Not listed	Property Control
10	Dell Latitude D820 Laptop	June 2007	Not listed	Property Control
11	HP Computer Printer LaserJet IID	August 1990	SN 2924J48544	Property Control
12	HP LaserJet 4000N	December 1998	SN USEB033665	Property Control
13	Cisco Catalyst 3750V2 24ps switch	April 2013	SNSFD01650Y1JK	Property Control
14	Cisco Catalyst 10/100POE+2 SFP Standard Image	June 2009	Not listed	Property Control
15	IBM Electric Typewriter Model 001 Type6705	January 1980	SN 4014451	Property Control

According to the Comptroller's Office FAMS Coordinator, the property control items above were acquired more than 20 years ago and thought to have been retired by the previous coordinator; or had been replaced.

Recommendation

We recommend that the Department:

**CITY OF ST. LOUIS
COMPTROLLER'S OFFICE
FIXED ASSET REVIEW**

DETAILED OBSERVATIONS AND RECOMMENDATIONS

- Review the most recent FAPL reports and identify all surplus items, including those listed above and remove them from FAPL by completing proper FAMS form and submitting them to the FAMS.
- Set up a system of internal controls to ensure that:
 - All future acquisitions, retirements, and dispositions of the fixed assets and property control items are approved by the Supply Division or Information Technology Services Agency (ITSA) as applicable, and that the proper forms are timely completed for reporting to the FAMS.
 - All fixed assets and property control items are correctly classified and listed in the FAPL reports 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 FAMS Coordinator by completing proper forms.
 - All fixed assets and property control items, currently in possession of the Department, are reconciled to FAPL reports, and the internal listing at regular intervals and all variances investigated and the resolution documented (see Observation #2).

Management Response

The property control items listed as "not located" had been previously removed from the asset inventory but the fixed asset coordinator was not notified when those items were removed. In compliance with the recommendation by Internal Audit, those items have been retired and removed from the fixed asset list.

In addition, controls are being put in place to ensure assets are listed with model number, brand name, serial number, etc. as applicable.

2. Annual Physical Inventory Count Not Performed

Based on our discussions with the Comptroller's Office FAMS Coordinator, we noted that a physical inventory of the fixed assets and property control items had not been performed annually. Last physical inventory count was performed three years ago.

Recommendation

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

- A physical inventory count of all sections of the Comptroller's Office fixed assets and property control items is performed and documented at least annually.

**CITY OF ST. LOUIS
COMPTROLLER'S OFFICE
FIXED ASSET REVIEW**

DETAILED OBSERVATIONS AND RECOMMENDATIONS

- The results of the count are reconciled to the Comptroller's Office FAPL reports and the internal listing of the fixed assets and property control items owned.
- Any variances among the results of the count and FAPL reports and the internal listing are investigated and resolved promptly by preparing and submitting the required forms to the FAMS Coordinator.

Management Response

We will attempt to perform an annual physical inventory of all sections of the Comptroller's Office as recommended.