



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

DR. KENNETH M. STONE, CPA
Internal Audit Executive

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

Date: April 9, 2012

FILE COPY

Robin Jones, Manager Gateway Transportation Center
Gateway Transportation Center
430 South 15th Street
St. Louis, MO 63101

RE: Fixed Assets Review of the Gateway Transportation Center (Project #2012-23)

Dear Ms. Jones:

Enclosed is the Internal Audit Section's fixed assets review report of the Gateway Transportation Center as of September 30, 2011. A description of the scope of our work is included in the report.

Fieldwork was completed on December 14, 2011. Management's responses to the observations and recommendations noted in the report were received on March 28, 2012 and have been incorporated in the report.

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,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

CC: James M. Garavaglia, Asset Manager, Asset Management Section



CITY OF ST. LOUIS

GATEWAY TRANSPORTATION CENTER

FIXED ASSETS REVIEW

AS OF SEPTEMBER 30, 2011

PROJECT #2012-23

DATE ISSUED: APRIL 9, 2012

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
GATEWAY TRANSPORTATION CENTER
FIXED ASSETS REVIEW
AS OF SEPTEMBER 30, 2011**

EXECUTIVE SUMMARY

Purpose

The Internal Audit Section (IAS) has completed a review of fixed assets for the Gateway Transportation Center (Center). The purpose was to determine if the Center 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 Center's internal controls over operational and physical activities pertaining to the Fixed Asset Management System (FAMS). 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

The Center's mission is to provide a clean, safe and friendly transportation center featuring 24-hour operations, staff, and security. This Center offers multimodal transportation in the heart of downtown St. Louis. Amtrak passenger train, Greyhound bus, and Metro light rail and bus service the center.

Exit Conference

An exit conference was conducted at the Center on March 12, 2012. The Center was represented by the Manager. The Internal Audit Section was represented by the Internal Audit Supervisor and Auditor-in-Charge.

**CITY OF ST. LOUIS
GATEWAY TRANSPORTATION CENTER
FIXED ASSETS REVIEW
AS OF SEPTEMBER 30, 2011**

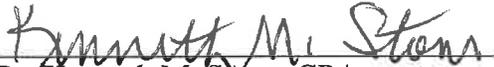
EXECUTIVE SUMMARY

Conclusion

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

Opportunity to improve internal controls over fixed assets

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


Dr. Kenneth M. Stone, CPA
Internal Audit Executive


Date

**CITY OF ST. LOUIS
GATEWAY TRANSPORTATION CENTER
FIXED ASSETS REVIEW
AS OF SEPTEMBER 30, 2011**

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OBSERVATIONS

Status of Prior Observations

There was no review of the Center's fixed assets within the past five years.

Summary of Current Observations

Opportunity exists for the Center to improve internal controls over fixed assets. The following is the observation resulting from the review:

- Opportunity to improve internal controls over fixed assets

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

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

Opportunity To Improve Internal Controls Over Fixed Assets

The Center's Fixed Assets Property Listing (FAPL) listed three fixed assets, two of which consisted of desktop computers. One of these computers could not be located as follows:

- According to the Center's manager, Information Technology Services Agency (ITSA) replaced one of the listed computers with the serial #AMGLKHI, because it was malfunctioning. No records were kept by the Center, however, to document the replacement and the appropriate forms were not submitted to the Comptroller's Office's Fixed Assets Management System (FAMS).

Section 210.08 of the FAMS manual requires physical and accounting controls to safeguard capitalized and non-capitalized assets at the budgetary level of the organization. Each organizational unit designates one or more (if needed) employees as the FAMS Coordinator(s) to monitor the custodial/stewardship responsibility function. This function includes:

- Reviewing and confirming that all valid fixed asset transactions are recorded on a timely basis at proper values and are properly classified.
- Conducting a periodic comparison of physical inventory to recorded quantities of fixed assets and property control items.
- Instituting reasonable physical safeguards.
- Verifying and reporting inter- and intra-organizational transfers.
- Acting as a liaison to the FAMS Section within the Comptroller's Office.

Failure to properly report disposal of assets may lead to overstatement of fixed asset values. The lack of control over the fixed assets and property control items increases the risk that they may be misused, lost or stolen.

Recommendation

It is recommended that the Center take the following steps:

- Maintain records of all equipment that is transferred out of the Center's control.
- Perform an annual physical inventory and maintain documentation in a central location.
- Prepare Asset Transaction Forms to record changes to the Center's FAPL.

Management's Response

I reported a computer issue to ITSA and they made a visit and determined that the computer was no longer working and supplied us with a new one. The accounting records should reflect two computers, although one of the serial numbers is not correct on the report. We have two computers listed and two physically located at the GTC although there is a serial number mismatch due to ITSA not tracking the swap and I not being aware that I needed to make record of the trade.

There is not a written policy or guideline in handling, record-keeping and /or reporting when switching out defective fixed assets (in this case a defective computer) that is replaced by the City's Information Technology Services Agency, (ITSA).