



CITY OF ST. LOUIS

REGISTRAR'S OFFICE

FIXED ASSETS REVIEW

AS OF AUGUST 31, 2012

PROJECT #2013-FA3

DATE ISSUED: MARCH 5, 2013

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER



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DR. KENNETH M. STONE, CPA
Internal Audit Executive

FILE COPY

March 5, 2013

Parrie L. May, Register
1200 Market Street, Room 234
St. Louis, MO 63103-2804

RE: Fixed Assets Review of the Register's Office (Project #2013-FA3)

Dear Ms. May:

Enclosed is the Internal Audit Section's fixed assets review report of the Register's Office as of August 31, 2012. A description of the scope of our work is included in the report.

Fieldwork was completed on December 21, 2012. Management's responses to the observations and recommendations noted in the report were received on February 27, 2013 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, CGMA
Internal Audit Executive

Enclosure

**CITY OF ST. LOUIS
REGISTER'S OFFICE
FIXED ASSETS REVIEW
AS OF AUGUST 31, 2012**

EXECUTIVE SUMMARY

Purpose

The Internal Audit Section (IAS) has completed a review of fixed assets of the Register's Office. The purpose was to determine if the Register's Office 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 Register's Office 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

The primary functions of the Register's Office include: maintaining original roles of City ordinances, contracts, bonds and other official records of the City. The Register's Office also administers oaths of office, publishes the City Journal, certifies elections and important documents.

Exit Conference

An exit conference was conducted at the Register's Office on February 19, 2013. The Register's Office was represented by the Register. The Internal Audit Section was represented by an Internal Audit Supervisor and the Auditor-in-charge.

**CITY OF ST. LOUIS
REGISTER'S OFFICE
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EXECUTIVE SUMMARY

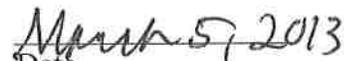
Conclusion

The opportunity exists for the Register's Office to improve internal controls over fixed assets and property control items. The following are the observations resulting from the review:

1. Opportunity to appoint a Fixed Assets Coordinator.
2. Opportunity to reconcile the Fixed Assets Property Listing (FAPL) to internal fixed assets records.
3. Opportunity to perform annual physical inventory.

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
REGISTER'S OFFICE
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TABLE OF CONTENTS

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

OBSERVATIONS

Status of Prior Observations

There has been no review of the Register's Office's fixed assets within the past five years; therefore, there are no prior observations to be followed-up on.

Summary of Current Observations

The opportunity exists for the Register's Office to improve internal controls over fixed assets. The following are the observations resulting from the review:

1. Opportunity to appoint a Fixed Assets Coordinator.
2. Opportunity to reconcile the Fixed Assets Property Listing (FAPL) to internal fixed assets records.
3. Opportunity to perform annual physical inventory.

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

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

1. Opportunity To Appoint A FAMS Coordinator

During conversation with management it was noted that there was no FAMS Coordinator designated. In addition there was no FAMS Manual for the organization.

Section 110.30 of the FAMS Manual states the following: "The City requires physical and accounting controls to safeguard capitalized and non-capitalized assets at the budgetary level of the organizational unit. Each organizational unit designates one or more (if needed) employees as the FAMS Coordinator(s) to monitor the custodial/stewardship responsibility function."

Management has not assigned a FAMS coordinator. The duties of the coordinator are informally handled by management.

Without an appointed FAMS coordinator the functions of reviewing, monitoring, and confirming that all valid fixed asset transactions are recorded on a timely basis may not be performed.

Recommendation

IAS recommends that management:

- Appoint a FAMS coordinator as soon as possible to review and monitor the department's fixed assets.
- Obtain a copy of the FAMS manual

Management's Response

Register has obtained a FAMS Manual and also, appointed a FAMS Coordinator to review and monitor the department's assets. This process started at the time of the IAS introductory meeting on 12-06-12.

2. Opportunity To Reconcile Fixed Asset Property Listing To Internal Fixed Assets Records

The Registrar's Office has two copiers. One of the copiers is a new leased item.

Section 210.08 states that FAMS coordinators are responsible for reviewing FAMS management reports to verify all information was recorded accurately for that organization.

A reconciliation of the monthly reports provided by the Comptroller's Office to departmental listings of fixed assets was not performed.

2. Continued...

Without the reconciliation of the Register's Office's internal records to the FAPL, the fixed assets may not be accurately stated. Surplus items may not be removed from the FAPL and the possibility of other misstatements may occur.

Recommendation

IAS recommends that the Registrar's Office begin reconciling the departmental internal records to the FAPL on a quarterly basis.

Management's Response

The process has already been in place to the extent that we were informed of the need to separate Fixed Assets from Property control listing of other items. Physical audits are performed quarterly and records will be maintained in a central location.

3. Opportunity To Perform Annual Physical Inventory

The Registrar's Office has not performed an annual physical inventory within the past year.

Section 110.32 of the FAMS manual requires an annual physical inventory by budgetary level organization of all fixed assets and property control items.

The responsibility of conducting an annual physical inventory has not been assigned to a specific person.

Failure to perform an annual physical inventory increases the risk that items may be misused, lost or stolen and not be noticed.

Recommendation

IAS recommends that the Registrar's Office assign an individual or individuals to perform an annual physical inventory and maintain documentation in a central location.

Management's Response

The Register has assigned individuals to perform an annual physical inventory and maintain documentation in a central location. Also, these individuals are serving as Fixed Asset Coordinators and Property Control Managers.