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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

Carnahan Courthouse Building
1114 Market St., Room 608
St. Louis, Missouri 63101
(314) 622-4723
Fax: (314) 613-3004

September 13, 2004

Colonel Leonard L. Griggs, P.E., Director of Airports
Lambert-St. Louis International Airport
P. O. Box 10212
St. Louis, MO 63145-0212

RE: Fixed Asset Review of Lambert-St. Louis International Airport
(Project # 2004-46)

Dear Colonel Griggs:

Enclosed is a report of our fixed asset review of the Lambert-St. Louis International Airport (Airport) for the period ending April 30, 2004. The objective of this review was to determine whether control procedures are in place to ensure that fixed assets and property control items are properly reported, recorded, and safeguarded. Our fieldwork was substantially completed on July 2, 2004. An exit conference to discuss the observations and recommendations noted in the report was declined. However, management's responses to the observations and recommendations noted in the report were received on September 9, 2004 and have been attached to the report.

We would like to commend the Airport on its control strengths which include written fixed asset policies and procedures, a Materials Management Section, a Capital Asset Register, a software module (Item Tracking by Department) and periodic inventories and reconciliations. However, we have made the following observations and recommendations to further improve fixed asset management:

1. **Need to Update Capital Asset Register and Item Tracking List**

Section D of Airport Property, Plant and Equipment Policies and Procedures requires that records of each asset acquisition be accurate and complete. During our review, we noted the following exceptions:

- We could not locate three (3) Motorola radios from the Item Tracking by Department report because they were not tracked by the vehicles to which they were assigned.
- We could not locate one (1) of the computer monitors from the Item Tracking by Department report. The Airport management stated that it was sent out for repairs and provided us with the related shipping documentation. However, the shipping documentation did not include the serial number of the shipped item. Therefore, we could not determine if it was the missing monitor that was shipped out for repairs.

1. Continued...

- Serial numbers were not included for the four (4) hand-held computers listed on the Capital Asset Register.
- Three (3) items located at the Airport, one (1) computer from the Fire Department and two (2) Motorola radios from the Engineering and the Auto Shop, were not listed on the Item Tracking by Department report.

Recommendation

We recommend that the Airport update its Item Tracking by Department report and Capital Asset Register to ensure that fixed assets are accurately and completely listed, including their serial numbers. Also, when an item of equipment is out for repairs, the shipping document should include a detailed description of the equipment along with its serial number to facilitate tracking of the equipment until it is repaired and returned.

2. Need to Ensure Tagging of Assets

Section D - 3 (a) of Airport Property, Plant and Equipment Policies and Procedures states that assets should be identified by pre-numbered tags permanently affixed to them. During our testing we were unable to locate proper tags on two (2) computer equipment items.

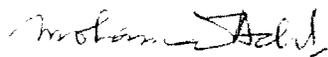
Recommendation

We recommend that the Airport ensure that all assets are properly tagged as prescribed by the Airport Property, Plant and Equipment Policies and Procedures.

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 me at (314) 613-7410.

Respectfully,



Mohammed H. Adil, CPA,
Internal Audit Supervisor

cc: Honorable Darlene Green, Comptroller
Thomas Bozzo, Deputy Comptroller
Rita Kirkland, Director of Operations, Office of the Mayor
Marie Jeffries, Executive Assistant, Budget Division
Kenneth Below, Assistant Director, Lambert - St. Louis International Airport
Larry Harrison, Accounting Manager, Lambert - St. Louis International Airport



Memorandum

Lambert-St. Louis International Airport

F Y I

To: Mohammed H. Adil, CPA
Internal Audit Supervisor

From: Larry D. Harrison

Date: September 9, 2004

Re: Fixed Asset Review (Project # 2004-46)

All of the observations noted relate to our small equipment on the Item Tracking system. These are not fixed assets by the Airports definition of > \$ 10,000.

The Airport will be implementing a new Item Tracking System which will provide much more information about the equipment and will be available to the individual departments. The departments will be given training in the proper use of this system.

Recommendation 1. Departments will be trained to track equipment they are responsible for. A list in the department will note any changes to items status.

Recommendation 2. Airport Accounting has an ongoing cycle inventory procedure to help in this situation. We believe better training of department personnel will improve the accuracy.

The observations listed will be avoided with the new Item Tracking System and with training for the department to track their small equipment.