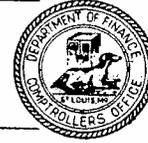


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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

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January 28, 2005

Ruth Brown, Supervisor
Records Retention
Office of the Comptroller
City of St. Louis
City Hall
1200 Market Street, Room 1
St. Louis, MO 63103

RE: Fixed Assets Management System (FAMS) Review of Comptroller's Office
Records Retention (Project # 2005-8)

Dear Ms. Brown:

Enclosed is a report of our Fixed Assets Management System (FAMS) review of the Comptroller's Office Records Retention for the period ending August 31, 2004. The objective of this review was to determine if control procedures are in place at the Records Retention to ensure fixed assets and property control items are properly reported, recorded, and safeguarded. Our fieldwork was substantially completed on September 22, 2004.

Record Retentions management declined an exit conference to discuss the observations and recommendations noted in the report.

Management response to the observations and recommendations noted in the report was received on January 25, 2005 and has been attached to the report.

The opportunity exists to improve on certain areas of the FAMS and we have made the following observations and recommendations.

1. Opportunity to Perform and Document Annual Physical Inventory

Section 210.12 of the FAMS policies and procedures states that an annual physical inventory be performed by each FAMS Coordinator on all fixed assets and property control items for its respective budgetary level organization.

Records Retention has not performed or documented any physical inventory recently. Per discussion with the designated FAMS Coordinator, the last physical inventory was performed in 1998. Also, there are no plans to perform any physical inventory of fixed assets and property control items. The designated FAMS Coordinator claimed not to be

1. Continued...

aware of her duties and responsibilities which included, among others, the performance of an annual physical inventory.

By not performing an annual inventory, fixed assets and property control items may not be properly accounted for and reported on the Fixed Assets Property Listing (FAPL) generated by the Comptroller's Office Accounting Coordinator.

Recommendation

We recommend that:

- (1) Records Retention designated FAMS Coordinator performs and documents annual physical inventory of its fixed assets and property control items.
- (2) The Records Retention Supervisor should arrange with the Comptroller's Office Accounting Coordinator for an in-house training on the duties and responsibilities of the designated FAMS Coordinator.

2. Opportunity to Complete Appropriate FAMS Forms to Update the Fixed Assets Property Listing (FAPL)

Section 210.08 of FAMS policies and procedures manual states that all fixed asset exchanges, donations, transfers, retirements and adjustments be reported on the proper FAMS input forms and submitted to FAMS and requires that the FAMS reported items be verified to ensure that all information is recorded accurately.

We noted that the Records Retention did not complete the appropriate FAMS input forms for additions and retirements and other adjustments of its fixed assets and the property control items. Eleven (11) property control items physically located at the Records Retention were not listed on FAPL. Also, seven (7) property control items currently included on FAPL (FAR05-2) and two (2) fixed assets currently listed on the FAPL (FAR05-1) as belonging to the Records Retention could not be physically located during the review.

When proper forms are not completed for additions and retirements of the fixed assets and property control items, the City of St. Louis has no way of ensuring that items listed on the FAPL, are properly accounted for and safeguarded against loss and misuse.

Recommendation

We recommend the Records Retention ensure that appropriate FAMS input forms are completed and submitted to the Comptroller's Office for all fixed assets and property control items additions, retirements and other adjustments so that the FAPL is appropriately adjusted for all the changes.

3. Opportunity to Develop Internal Fixed Assets Records/Listing

Good management practice requires that internal records be kept by the department. Section 110.10 of the FAMS policies and procedures manual states that detailed fixed assets record/listing will provide management with fixed assets information to assist them in examining and evaluating asset replacements, rates-setting and other costs of providing services.

The Records Retention did not maintain adequate and up-to-date internal records of its fixed assets and property control items. A listing of the fixed assets was compiled in the year 1998 and has not been updated since. This listing does not provide relevant information on the assets such as serial/model #, description of asset, acquisition date, cost, fixed asset numbers etc.

Failure to maintain fixed assets records/listing will affect management decision making, planning and controls of fixed assets. Records Retention will not be able to reconcile items on the FAPL to its own internal records to ensure accurate accounting of its fixed assets.

Recommendation

We recommend that the Records Retention develop a detailed and comprehensive internal records/listing and reconcile them to FAPL. The records should include at minimum, the following:

1. Description of Asset
2. Serial/Model Number
3. Fixed Asset Number
4. Cost
5. Acquisition Date

4. Opportunity to Improve Tagging of Assets and Property Control Items

Section 210.14 of the FAMS policies and procedures manual states that all fixed assets and property control items owned by the City of St. Louis shall have a tag attached in a uniform and a consistent location. The tagging will provide positive identification of City owned fixed assets and property control items.

We noted that all of the Record Retentions' fixed assets and the property control items, except for the newly leased copying and printing equipment, did not have a proper City of St. Louis tags on them.

The Records Retention Supervisor indicated that the tags were available and that the designated FAMS Coordinator was in the process of tagging all the fixed assets and the property control items.

When fixed assets are not properly tagged, the City of St. Louis has no way of ensuring that the fixed assets listed on FAPL are properly safeguarded and accounted for.

4. Continued...

Recommendation

We recommend that all fixed assets and property control items be properly tagged as prescribed in Section 210.14 of FAMS policies and procedures manual.

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 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

Attachment

CC: Honorable Darlene Green, Comptroller



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Records Retention
Room 1, City Hall
622-4274

RUTH A. BROWN
Manager

January 24, 2005

Mr. Olaide Hassan, Auditor II
Internal Audit Section
Office of the Comptroller
1114 Market Street, Room #608
St. Louis, MO. 63101

RE: FAMS review responses (Project #2005-8)

Dear Mr. Hassan,

Following are Records Retention responses to FAMS 08/31/04 audit.

1. OPPORTUNITY TO PERFORM AND DOCUMENT ANNUAL PHYSICAL INVENTORY.
 - Copy of current inventory attached.
 - First week of October, 2005 scheduled for conducting the annual physical inventory of office assets.
 - No in-house training for FAMS coordinators offered at this time per Ron Flicks.
2. OPPORTUNITY TO COMPLETE APPROPRIATE FAMS FORMS TO UPDATE THE FIXED ASSETS PROPERTY LISTING (FAPL)
 - Copies of "Understated" and "Overstated" forms attached
3. OPPORTUNITY TO DEVELOP INTERNAL FIXED ASSETS RECORDS/LISTING
 - Copy of current (01/21/05) inventory attached
4. OPPORTUNITY TO IMPROVE TAGGING OF ASSETS AND PROPERTY CONTROL ITEMS
 - All fixed assets and property control items have been tagged

