



OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



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Comptroller

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October 23, 2014

Dennis Jenkerson, Fire Chief  
Public Safety Department  
Headquarters Complex  
1421 North Jefferson Avenue  
St. Louis, Missouri 63106-2100

RE: Contract Review – Scott Health and Safety (Project No. 2014-CN10)

Dear Mr. Jenkerson:

Enclosed is the Internal Audit Section's report on the review of the contract with Scott Health and Safety, a Division of Scott Technologies, Inc., for warranty and maintenance of Self Contained Breathing Apparatus (SCBA) and Associated Equipment. The period under examination was from July 1, 2012 through June 30, 2013. A description of the scope of our work is included in the report.

This review was made under the authorization contained in Section 2, Article XV, of the Charter, City of Saint 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,

Mohammad Adil, CPA, CGMA  
Internal Audit Supervisor

Ron Steinkamp, CPA, CIA, CFE, CRMA, CGMA  
Internal Audit Advisor

Enclosure:

Cc: Richard Gray, Director  
Michael Arras, Deputy Fire Chief  
Cynthia Dixon, Administrative Assistant II/Fiscal Services Manager



# CITY OF ST. LOUIS

**FIRE DEPARTMENT**

**CONTRACT REVIEW**

**SCOTT HEALTH & SAFETY**

**JULY 1, 2012 THROUGH JUNE 30, 2013**

**PROJECT #2014-CN10**

**DATE ISSUED: OCTOBER 23, 2014**

**Prepared By:  
The Internal Audit Section**



# OFFICE OF THE COMPTROLLER

**HONORABLE DARLENE GREEN, COMPTROLLER**

**CITY OF ST. LOUIS  
FIRE DEPARTMENT  
CONTRACT REVIEW  
SCOTT HEALTH AND SAFETY  
JULY 1, 2012 THROUGH JUNE 30, 2013**

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**SUMMARY**

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**Background**

The contract was awarded to Scott Health and Safety (the Contractor) on July 1, 2010 for a three year period. The purpose of the contract was to inspect, repair, test and maintain Scott- Manufactured Self Contained Breathing Apparatus (SCBA) and Associated Equipment. The contract amount was \$787,388 for the period of the contract.

**Purpose**

The purpose of Internal Audit's review was to determine if the Contractor complied with the terms, conditions, and various provisions of the contract.

**Scope and Methodology**

Inquiries were made and tests were performed regarding the Contractor's compliance with the terms, conditions, and various provisions of the contract. The scope of the review was from July 1, 2012 through June 30, 2013.

**Conclusion**

The Contractor did not fully comply with the terms, conditions and various provisions of the contract.

**Exit Conference**

An exit conference was conducted with the Fire Department on September 5, 2014 with Ms. Dixon, Fiscal Services Manager, Fire Department, Michael Arras, Deputy Fire Chief, Sean Hill, Area Service Manager, Scott Safety, Comptroller's Department Mohammad Adil, and Roderick Malone were in attendance. At the exit conference we discussed the report observations and recommendations. Management of the Fire Department subsequently provided a written response which we received on October 13, 2014 and incorporated into this report.

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**DETAILED OBSERVATIONS AND RECOMMENDATIONS**

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**Status of Prior Observation**

This Contract has not been previously reviewed by the Internal Audit Section (IAS).

**Summary of Current Observations**

We noted the following observations and opportunities for improvement:

1. All Firefighters Did Not Receive Annual Face Piece Fit Test
2. Hydrostatic Testing of Cylinders Not Performed
3. Weekly Reports of Unserviceable Equipment Not Provided
4. Contract Did Not Require a Performance Bond
5. Inventory Not Maintained of Equipment Purchased by Contractor
6. Contract Did Not Contain an Audit Clause
7. Contract Not Signed by Contractor

These observations are discussed in more detail in the *Detailed Observations and Recommendations* section of this report.

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**DETAILED OBSERVATIONS AND RECOMMENDATIONS**

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**1. All Firefighters Did Not Receive Annual Face Piece Test**

The face piece is used in numerous respiratory protection assemblies from supplied air to air purification. It is attached to the self-contained breathing apparatus (SBCA) worn by the firefighter and consists of plastic and rubber that straddles the face of the firefighter wearing the SCBA.

The Face Piece Fit Test evaluates the interface between the firefighter's face and the face piece to ensure a proper and correct fit for an air tight seal.

The contractor maintained a list of firefighters who were required to receive an Annual face Piece Fit Test. Our review of the list disclosed the following:

- We noted that four firefighters were not on the list. These individuals were fire inspectors and battalion chiefs. Firefighters in these categories don't routinely fight fires. However, they were issued a SCBA and could be exposed to situations where the use of their SCBA becomes necessary for their safety and the safety of others.
- We randomly selected 70 firefighters out of the 691 listed on the Fire Department's list of firefighters, to determine if they received the face piece fit test. Our review disclosed that five of the 70 firefighters sampled, did not receive their Annual Face Piece Fit Test.

It does not appear that an adequate system of internal controls was in place to ensure all firefighters receive the Annual Face Piece Test. Non-compliance with this contract requirement may expose the firefighters to significant safety hazards and the City to substantial financial risk resulting from an improperly fitted face piece.

**Recommendation**

It is recommended that Fire Department management establish a system of internal control to ensure each and every firefighter receives an Annual Face Piece Fit Test even if some of them do not routinely fight fires. This should include:

- Reviewing on regular intervals the list of firefighters maintained by the contractor for completeness.
- Reviewing the Contractor's face piece fit test report to ensure all firefighters received the test.

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**1. Continued...**

*Management Response*

*All members that are supplied a face piece will be fit tested in the future.*

**2. Hydrostatic Testing of Cylinders Not Performed**

Hydrostatic testing is a common way to check an SBCA cylinder for leaks and flaws. During the test, the cylinder is examined to ensure it can hold its rated pressure. Article 2.2 of the contract requires the contractor to perform hydrostatic testing of cylinders.

We found no evidence that the hydrostatic testing was performed during the review period (July 1, 2012 – June 30, 2013). It was performed in February 2014. No records were maintained to determine when the testing was performed previously. A system of internal controls is not in place at the Fire Department to ensure the contractor performs regular hydrostatic testing. Non-compliance with this contract requirement could expose the firefighters to significant safety hazards and the City to substantial financial risk.

**Recommendation**

It is recommended that the Fire Department develop and implement a system of internal controls to ensure hydrostatic testing of the SBCA is performed on a predetermined regular interval and detailed records of the testing are maintained.

*Management Response*

*The equipment was purchased in late 2008. Per US Department of Transportation regulations, hydrostatic testing must take place every 5 years. During the audit period, none of the cylinders were due for testing. We have begun hydrostatic testing of all cylinders at the 5 year anniversary date.*

**3. Weekly Reports of Unserviceable Equipment Not Provided**

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The contractor is required to furnish any required repair parts, testing equipment and tools and invoice the Fire Department separately. All replaced equipment and parts remain the property of the Fire Department. Article 2.1 of the contract requires the Contractor to identify and segregate any unserviceable equipment and parts and provide a weekly written report, to the Fire Department representative describing the unserviceable equipment and parts.

We found no evidence that the Contractor was providing weekly reports of unserviceable equipment as required by the contract.

The Fire Department did not have a system of internal controls in place to ensure contractor's compliance with the reporting requirement of the contract. As a result, the Fire Department may not receive valuable information necessary to properly budget for the equipment annually.

**Recommendation**

The department establishes a system of internal controls to ensure Contractor's compliance with the reporting requirement of the contract terms.

***Management Response***

*A weekly report is unnecessary. The new contract will request bi-annual reports of unserviceable equipment.*

**4. Contract Did Not Require a Performance Bond**

The contract did not require the Contractor to maintain a Performance Bond during the life of the contract. The absence of a Performance Bond could expose the City to significant safety and financial risk in the event that the Contractor cannot fulfill the terms of the contract.

Good management practices dictate that the Fire Department requires that the Contractor submit a performance bond for the protection of the City's interests in the contract.

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**4. Continued...**

**Recommendation**

It is recommended that the Fire Department management require an adequate Performance Bond on this and all future contracts.

***Management Response***

*We are currently discussing this issue with the City Counselor.*

**5. Inventory Not Maintained of Equipment Purchased by Contractor**

The Fire Department did not maintain an inventory of the breathing equipment and parts purchased by the Contractor under the contract and did not periodically verify their existence. Without proper accounting of these assets the risk exists that they may be damaged, lost or misappropriated.

Good management practices dictate that the City keep independent records of all asset purchases by the Contractor and conduct a physical inventory periodically to verify their existence.

**Recommendation**

It is recommended that the Fire Department establish and implement a system of internal controls to:

- Maintain an accurate inventory of equipment purchased by the Contractor under the contract including an equipment description, serial numbers, quantity and condition. Update the list continuously for any additions and dispositions.
- Conduct a periodic physical inventory to verify the existence and condition of this equipment.

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**5. Continued...**

***Management Response***

*The department will prepare an inventory list of all equipment and periodically verify the quantities.*

**6. Contract Did Not Contain an Audit Clause**

An audit clause in a contract agreement gives the City the right to examine the books and records of the Contractor to ensure the Contractor's compliance with the terms and conditions of the contract. The absence of an audit clause may prevent the Department from verifying that the Contractor is in compliance with the terms of contract.

The current contract did not contain an audit clause.

Good management practices dictate that City contracts have an audit clause that authorizes the City to review the books and records of the Contractor.

**Recommendation**

We recommend that the Fire Department ensure that an audit clause is included in all of its contract agreements.

***Management Response***

*An audit clause will be added to the new contract beginning in fiscal year 2015.*

**7. Contract Not Signed by Contractor**

A contract that is not signed by the respective parties may not be enforceable and could be vacated by the Contractor without any legal remedy. We could not find a copy of the contract signed by the Contractor.

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**7. Continued...**

Good management practices dictate that all parties to a contract should sign the contract for it to be legally binding.

**Recommendation**

We recommend that Fire Department management develop a contract checklist to ensure all contracts entered into by the Fire Department are complete and duly signed by all parties to the contract.

***Management Response***

*The new contract will have all of the appropriate signatures.*