



# **Internal Audit Department**

## **Special Report 2012-S4**

### **Naples Depot Museum Donated Assets**

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The files and draft versions of audit reports remain confidential and protected from public records requests during an active audit under *Nicolai v. Baldwin (Aug. 28, 1998 DCA of FL, 5<sup>th</sup> District)* and Florida Statute 119.0713. Workpapers supporting the observations noted within this report are public record and can be made available upon request, once the final audit report has been issued.

## BACKGROUND

Qualification for Tourist Development Taxes Revenue Funding was reviewed in conjunction with the Tourism Department Audit. When reviewing entities under Category C-1 and Category C-2 for Ordinance funding compliance, an article was discovered indicating a 1922 Model T Ford had been donated to the Naples Depot Museum.

Internal Audit went to the Finance Department to verify that the donated asset had been recorded. It appeared that the asset had not been recorded. The Clerk of Courts' Finance Director requested that Internal Audit perform an audit of the Naples Depot Museum's donated assets. The request was based on concerns that the custodian and/or sub-custodian may not be following the County's policies and procedures for reporting donated assets or validation of the annual inventory of assets report.

## SUMMARY

The following audit observations for donated assets were generated during the review:

- The Board of County Commissioners (BCC) does not appear to have approved the acceptance of four donated assets.
- Four donated assets have not been reported to the Finance Department.
- Recommendations for the acceptance of four donated assets do not appear to contain the required documentation.
- Proper title does not appear to have been obtained for a 1955 Chevrolet Bel Air or 1941 Tumblebug.
- Insurance Coverage for contents may or may not be adequate.
- \$414.26 in pledged funds has not been fully expended.

Asset policies and procedures need to be followed to provide the BCC and the Finance Department with accurate information for assets and year-end reporting.

The department should obtain approval/acceptance of donated assets and/or gifts from the BCC. The assets should be tracked until disposal and reconciled to Finance Asset Records.

### **Internal Audit Comment:**

**Internal Audit gratefully acknowledges the cooperation and assistance provided by the Museum Department. The Museum Department's willingness and diligence in providing information and responses to the recommendations greatly has assisted the Internal Audit Department with this audit.**

## **OBJECTIVE**

The objective of this review was to 1) validate proper recording/receipt of donated assets 2) determine if the Board of County Commissioners approved acceptance of donated assets, 3) determine whether the assets have been properly recorded by the Finance Department, 4) review that assets have been properly insured, and 5) that the Naples Depot Museum is in compliance with county policies and procedures pertaining to asset acquisition.

## **SCOPE**

The audit review consisted of validating exhibit assets received by the Naples Depot Museum (donated by the City of Naples), including but not limited to the following tasks:

- Review of Resolution 1987-200 (Management Policy for Collier County Museums),
- CMA 5809 (Managing personal property and consumable supplies),
- Review of the Finance Department's fixed assets records for Naples Depot Museum,
- Review of FY 2011 year-end asset confirmation for Naples Depot Museum,
- Observation of the Naples Depot Museum's assets,
- Records for donations from the Museum Department,
- Records for donations from the 1997 City of Naples Diamond Jubilee, and
- Review of Risk Management insured assets.

## **SCOPE LIMITATIONS**

The audit review was limited to the Naples Depot Museum's donated assets and the 1997 City of Naples Diamond Jubilee pledged event funds.

## OBSERVATIONS

### 1) The Board of County Commissioners (BCC) does not appear to have approved the acceptance of four donated assets.

Resolution 1987-200 states the "Approval of the Board of County Commissioners shall be obtained for accessioning a collection piece valued in excess of \$2,000."

It does not appear three assets donated by the City of Naples and one asset donated by the Estate of Paul L. Frank were approved for acceptance by the BCC. When donated assets are not approved by the BCC they may not be recognized as assets of the County causing Financial Statements to be inaccurate.

#### Recommendation:

- All donated assets exceeding \$2,000 should be recognized by the BCC.

#### Management Response:

The Museum Department will prepare and submit an executive summary for the Board of County Commissioner's (BCC) acceptance of the four donated assets. Additionally, the Museum will review all the assets at the Naples Depot, and all other County Museums, to ensure all donated items with a value exceeding \$2,000 have been approved by the BCC.

### 2) Four donated assets have not been reported to the Finance Department.

CMA #5809 states an asset has a normal useful life of more than one year and an acquisition value of more than \$1,000, including donations. Upon receipt and acceptance of an asset (either purchased or donated) the custodial department (Museum) shall complete and provide a Capital Assets Transaction Request Form to the Clerk of Courts Finance Department with the following information: date the asset was received, fair market value of the donation at the time of receipt, detailed description (including the serial number, VIN, year of model, and make of model), fund and cost center, and copies of any documents regarding the donation.

CMA #5809 requires the Finance Department to send out an annual inventory of assets report for the custodian to review and complete a physical inventory of all assets. Each year an annual inventory of assets report was submitted to the department for review. The donated assets were not added to the Finance Department's annual inventory of assets report.

The Finance Department has no record of the assets donated by the City of Naples, including a 1922 Model T Ford (historical/donated value \$11,509.68), Naples Depot sign (historical/donated value \$2,973), and 1955 Chevrolet Bel Air (historical/donated value \$7,825) or the 1941 Tumblebug (historical/donated value \$5,000). Additional donated assets that may need to be recorded by Finance include a Mullet Boat.

#### Recommendation:

- The museum should coordinate with the Finance Department to submit and record all museum assets exceeding \$1,000.

#### Management Response:

The Museum Department will coordinate with the Finance Department to submit and record all museum assets exceeding \$1,000.

Museum staff contacted a boat appraiser who informed us that the Mullet Boat had no market value. He stated that if we wanted a formal appraisal it would cost \$325. The Museum sees no benefit in paying the \$325.

### 3) Recommendations for the acceptance of five donated assets do not appear to contain the required documentation.

Resolution 1987-200 states new acquisitions (including donations) should include the name and address of the object's owner (at the time of donation), the appraised value of the object (from an independent source not associated with the museum when available and appropriate), the recommended purchase price of the object or the value if the object is a gift, the manner in which full and absolute title of the object will be transferred to the museum, description for how the object will be used and exhibited including a statement of relevance to the

museum, conservation requirements (if applicable exhibit costs), and approximate cost of care and maintenance.

It does not appear that all records were obtained or maintained by the museum department for four donated assets. The lack of proper documentation for the donated assets prevents proper recording of the assets. In review of past acquisitions there are three donated assets that may not have proper title (1922 Model T Ford, 1955 Chevrolet Bel Air, and 1941 Tumblebug), one donated asset that has no records (Naples Depot sign), and one donated asset value that has not been determined (Mullet Boat).

**Recommendation:**

- The Museum Department should determine if there is a title for the 1922 Model T Ford. If there is a title or title is required (by Department of Motor Vehicles) then the department should take the appropriate steps to obtain proper title in the County's name.
- Records for all donated assets should be obtained prior to making a recommendation to acquire an asset.
- All records should be provided to Finance at the time of acquisition for proper recording of the assets.

**Management Response:**

**The Museum has all the documentation required for accepting the above mentioned assets, except the original title certificate for the 1955 Chevrolet Bel Air.**

**The Museum is coordinating with City of Naples and the seller of the 1922 Model T to determine if a title certificate exists for the vehicle. There may not be a title for the vehicle since no serial numbers could be found anywhere on the vehicle.**

**The Museum will obtain all required documentation for all donated assets in the future, prior to recommended acceptance.**

**4) Proper title does not appear to have been obtained for a 1955 Chevrolet Bel Air or 1941 Tumblebug.**

Resolution 1987-200 also states "Objects and materials may be added to the collection by means of gifts, bequests, purchases, exchanges, or any other proper transaction by which full and absolute title to the objects is given to the museum."

The 1955 Chevrolet Bel Air's title and the 1941 Tumblebug title do not appear to have been registered by the Collier County Museum. Without proper title the assets should not be accepted by Collier County. Without proper title the assets cannot be recorded by the Finance Department as an asset of the museum.

**Recommendation:**

- The Museum Department should coordinate with the donor (City of Naples) to obtain the original title for the 1955 Chevrolet Bel Air and transfer the title into Collier County's name.
- The Museum Department should obtain the original title for the 1941 Tumblebug from the donor (Estate of Paul L. Frank) and transfer the title into Collier County's name.
- All Naples Depot Museum assets should be reviewed by the department to ensure proper title and/or evidence of ownership exists for all assets.

**Management Response:**

**The Museum Department is coordinating with the City of Naples to obtain the original title for the 1955 Chevrolet Bel Air and upon receipt will transfer the title into Collier County's name.**

**The Museum Department has the original title for the 1941 Tumblebug from Paul L. Frank and will transfer the title into Collier County's name.**

**The Manager of the Naples Depot will review donated assets for proper title or evidence of ownership.**

**5) Insurance Coverage for contents may or may not be adequate.**

Improperly recording assets (additions, disposals, and/or location) can lead to under or over valuation for insurance coverage.

**Recommendation:**

- Assets should be reported to the Finance Department and records available to Risk Management.

**Management Response:**

**The Museum Department will coordinate with the Finance Department to submit and record all museum assets exceeding \$1,000.**

**The Museum Department will coordinate with Risk Management to ensure insurance coverage is appropriate.**

**6) \$414.26 in pledged funds has not been fully expended.**

The City of Naples collected funds from the 1997 City of Naples Diamond Jubilee. \$19,908.84 was pledged by the City of Naples to the Naples Depot for exhibit assets or related expenditures. \$414.26 remains from the original amount that has not been expended by the Naples Depot Museum.

**Recommendation:**

- The Museum Director should coordinate with the City of Naples to expend remaining funds.

**Management Response:**

**The Museum Department will coordinate with the City of Naples to expend remaining funds.**

## CONCLUSION

Asset policies and procedures need to be followed to provide the BCC and the Finance Department with accurate information for assets and year-end reporting. In our audit, we noted four donated assets exceptions to the Collier County Resolution 1987-200 and CMA 5809.

It appears that records have not been properly maintained and donated assets have not been reported to the Finance Department. Internal Audit has concerns pertaining to all assets currently in the museum exhibits for ownership, valuation, record of the asset in Finance, and acceptance by the BCC. Museum assets may be understated.

It is the responsibility of management to understand and implement the proper processes and procedural controls to comply with the policies and procedures. The Clerk's Office may suggest recommendations in audit reports, but it is the decision of management to formulate and implement controls for operations.

### **Additional Recommendations:**

- The museum department should be audited for all museum locations, including but not limited to, donated assets and cash donations (audit to commence upon availability of resources).
- The department should obtain approval/acceptance of donated assets and/or gifts from the BCC.
- Assets should be tracked until disposal and reconciled to Finance Asset Records.

### **Additional Management Comments:**

**The Museum appreciates the professionalism and assistance of the Internal Audit Department in correcting these few inconsistencies, in accepting and recording donated assets. While the Museum Department acknowledges these inconsistencies, we strive for excellence in all aspects of Museum operations. We look forward to assistance from the Internal Audit Department in the future, as we review other Museum locations to ensure the Museum Department maintains the very high standards to which it subscribes.**