



Internal Audit Department

Audit Report 2017-10

Fixed Asset Verification:

Library Furniture

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TABLE OF CONTENTS

SUMMARY	3
OBJECTIVE	3
SCOPE	3
BACKGROUND	4
OBSERVATION, RECOMMENDATIONS, & CONCLUSION	5
MANAGEMENT RESPONSE.....	6

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, 5th District)* and Florida Statute 119.0713. Work-papers supporting the observations noted within this report will become public record and can be made available upon request once the final audit report has been issued.

The draft audit report was released to the Department for Management Response on March 31, 2017. The Library Division Director provided the Management Response on April 14, 2017.

Summary

The following observation was generated during this review:

1. Several assets (twelve in total) were incorrectly reported as missing by the Library Division.

Objective

The objective of this review was to confirm the status of specific furniture assets in the custody of the Library Division.

Scope

The review consisted of, but was not limited to the following tasks:

- Review of Clerk's Finance and Accounting Department records;
- Review of prior Clerk's Internal Audit reports and supporting audit work-papers;
- Review of Florida Statutes and Administrative Code;
- Review of Prior Fixed Asset Reports;
- Review of FY 2015 & FY 2016 Physical Inventories;
- Review of SAP supporting documentation; and
- Confirmation of specific furniture assets.

Note: FY2016 was T. Williams' first year as custodian for these assets. The previous custodian was Val Kocin.

Background

Florida Administrative Code Rule 69I-73: “Tangible Personal Property Owned by Local Governments” requires a complete annual inventory of fixed assets.

Finance and Accounting Policy FAP #2-04: “Fixed Assets” requires the asset management accountant to conduct an annual physical inventory of all county assets.

Finance and Accounting Policy FAP #1-11: “Inventory of Tangible Personal Property” requires the Clerk’s Finance Department to submit a list of tangible assets to the custodian for inventory purposes each fiscal year.

Annual physical inventory instructions provided by the asset management accountant to the custodians provides the following guidance for missing property:

- Property that is missing during the inventory must be reported to the Custodian.
 - A thorough investigation is required to determine what happened.
- If property was stolen, the department must file a police report.
 - A completed Capital Asset Transaction Form to request the disposition of the stolen property is required; the police report must be attached.
- If the property is missing, a completed Unaccounted for Property Form is required.

The missing property will remain on the official records for two inventory cycles.

Property reported as missing for two consecutive inventory cycles (years) is disposed.

Internal Audit reviewed the list of “Unaccounted FY2016 Disposals” (i.e. items that had been reported missing for two consecutive inventory cycles - FY2015 & FY2016) and identified the following fifteen assets as questionable due to their nature, age, and last reported condition:

Golden Gate Library (eight assets):

Three tables, four lounge chairs, and one printer station.

South Regional Library (seven assets):

Three circulation desks and four computer workstation units.

Internal Audit conducted limited physical inventories at the two locations to confirm the status of the furniture reported as missing by the Division.

Observation

1) Several assets (twelve in total) were incorrectly reported as missing by the Library Division.

Based on the confirmations performed by Internal Audit, it has been determined that several assets (twelve in total) were incorrectly reported as missing by the Library Division.

As a general note, fixed asset details were not always sufficient as reported by the Library Division. Discussion with staff during the field visits revealed that the vague and general descriptions in place are a significant obstacle to completing a physical inventory. The extent of detail available for these types of assets is limited, but there are some additional specifics that can be incorporated into the asset record to provide some clarity. As part of the confirmation process, Internal Audit recorded some of these additional details.

In addition, Internal Audit was unable to locate a County bar code or identifying tag on any of the assets in question.

Recommendations:

- 1) Update SAP inventory records with the additional details obtained by Internal Audit during the confirmation process. The additional detail should aid in future inventories performed by the Division.
- 2) Staff should request County bar codes/tags from the asset management accountant for placement on any units found to be missing the identifiers during the physical inventory process.
- 3) Create new asset records for the following assets (SAP#/County#) located by Internal Audit and confirmed by the Library Division:
 - a. 30008260; CC10001586 Lounge Chair (disposed in 2016);
 - b. 30008261; CC10001587 Lounge Chair (disposed in 2016);
 - c. 30008262; CC10001588 Lounge Chair (disposed in 2016);
 - d. 30008263; CC10001589 Lounge Chair (disposed in 2016);
 - e. 30008264; CC10001590 Printer Station (disposed in 2016);
 - f. 30008288; CC10001963 Circulation Desk (disposed in 2016);
 - g. 30008289; CC10001964 Circulation Desk (disposed in 2016);
 - h. 30008303; CC10001978 Circulation Desk (disposed in 2016);
 - i. 30008340; CC10002048 Computer Workstations (disposed in 2016);
 - j. 30008341; CC10002049 Computer Workstations (disposed in 2016);
 - k. 30008342; CC10002050 Computer Workstations (disposed in 2016); and
 - l. 30008343; CC10002051 Computer Workstations (disposed in 2016).
- 4) Have the Library Division specifically confirm the condition of (SAP#/County#):
 - a. 30008341; CC10002049 Computer Workstations – the asset consists of one base workstation with three adder workstations, resulting in a total of four workstations per unit. Internal Audit located the base workstation and two of the adder workstations during the physical inventory. The Library Division should confirm the existence of the third adder workstation or request a partial disposal if the final adder workstation cannot be located.

Conclusion

The Library Division should request asset tags from the asset management accountant for the twelve furniture items that were disposed of in 2016 and found to be operational in 2017. New asset records will be created in SAP to reinstate the twelve furniture assets and will not be assigned values for inventory purposes since the items were previously disposed of and would require a restatement of financial information and Board of County Commissioner approval.

Detailed, thorough and accurate inventory records are necessary for a proper accounting of the County's fixed assets. In addition, sufficiently detailed records are extremely beneficial to the accuracy and efficiency of the annual physical inventory process. Records that are more detailed reduce the risk that assets will be improperly verified or disposed. Internal Audit encourages the

Library Division to enhance and correct details throughout the course of the inventory process. Updating records requires more time and attention up front, but even incremental enhancements to the records will prove to be exponentially beneficial to future inventory processes and efforts.

County Management Response:

“After review of the internal audit recommendations, the Library identified the twelve of the items originally marked as missing. All identified furniture items were found without a county bar code or other identifying tag. The library has requested reactivation of the assets and requested replacement county property tags.

It appears these twelve items at the time of acquisition back in 2008/2009 were not properly assigned a county property tag. Current Library Administration recognized this asset acquisition process flaw and has, since the beginning of FY 2017, developed and implemented a process for verifying the receipt of all assets, assigning clear descriptions of assets, and attaching photographs of both the asset and the corresponding county asset tag to the inventory record. The Library’s asset inventory has been separated by cost center and the physical location of the asset within the cost center is also noted to further aid in the annual inventory process. All location managers have been instructed on the updated annual inventory process and how assets are to be tagged and inventoried. The Library has a formal process in place for the disposition and transfer of assets. All location managers have been retrained on the requirements of this process.”