



Internal Audit Department

Audit Report 2017-9

Fixed Asset Verification:

Security Equipment

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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, 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 Facilities Management Division Director provided the Management Response on April 14, 2017.

Summary

The following observation was generated during this review:

1. SAP asset numbers 30001093 and 30001102 were incorrectly reported as missing by the Facilities Division.

Objective

The objective of this review was to confirm the status of specific security assets in the custody of the Facilities 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 security assets.

Note: FY2015 was D. Linguidi's first year as custodian for these assets. The previous custodian was Skip Camp.

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 Accounting Supervisor 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.

The Assistant Finance Director reviewed the list of “Unaccounted FY2016 Disposals” (i.e. items that had been reported missing for two consecutive inventory cycles - FY2015 & FY2016) and identified two specific assets as questionable due to their nature (SAP#/County#):

30001093; CC10000376 HIPE MULTIZONE X-RAY DETECTION MACHINE; and

30001102; CT25059 HI SCAN 7555i OVERSIZED TUNNEL SCANNER

The issue was presented to Internal Audit to verify whether the assets were properly reported as missing.

Observation

1) SAP asset numbers 30001093 and 30001102 were incorrectly reported as missing by the Facilities Division.

The Facilities Division verified the existence of the following security assets during the FY2015 & FY2016 physical inventories:

- 5 Walk-Thru Metal Detectors
- 5 X-Ray Tunnel Scanners

Internal Audit verified the existence of the following security assets during their investigation:

- 6 Walk-Thru Metal Detectors
- 6 X-Ray Tunnel Scanners

Based on the confirmations performed by Internal Audit, it has been determined that SAP asset numbers 30001093 (Hipe Multizone X-Ray Detection Machine) & 30001102 (Hi Scan 7555I Oversized Tunnel Scanner w/ Wonitor) were incorrectly reported as missing by the Facilities Division.

Furthermore, Internal Audit reviewed a service invoice from Smiths Detection that indicates that Collier County had been paying, and continues to pay, for annual service on six x-ray machines. This is consistent with Internal Audit's confirmations (down to the reported serial numbers), but not the physical inventory completed by the Facilities Division. No action is required with regards to the service policy, as Internal Audit was able to confirm that all assets under service plans remain active and in Collier County's possession.

Finally, during the course of their physical confirmation, Internal Audit identified one asset (Garrett PV6500 Walk Through Metal Detector) that had been reported as sold in 2009. Clearly, this item was not sold, as it remains active and in the County's possession. Additional details on the disposition/sale were not readily available due to the age of the transaction and the underlying asset.

As a general note, fixed asset details (including physical location, make/model, serial #) were not always sufficient as reported by the Facilities Division. As part of the confirmation process, Internal Audit recorded these details for clarity purposes.

In addition, several items were identified during the confirmation process that did not have a visible County bar code or tag identifying the unit.

Recommendations:

- 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.
- 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.
- Create new asset records for the following assets (SAP#/County#) located by Internal Audit and confirmed by the Facilities Management Division:
 - 30001102; CT25059 Hi Scan 7555I Oversized Tunnel Scanner w/ Wonitor (disposed in 2016);
 - 30001093; CC10000376 Hipe Multizone X-Ray Detection Machine (disposed in 2016); and

- UNKNOWN; 20022651 Garrett PV6500 Walk Through Metal Detector (disposed in 2009).
- Have the Facilities Division specifically confirm the existence of (SAP#/County#):
 - 30000934/10002908 Metal Detector – Bldg F; the physical inventory performed by Facilities in 2015 included sufficient detail to support the existence of the asset (the serial number was populated by the custodian as a result of the process.) This may be a stand-alone unit (not paired with an x-ray tunnel scanner), but Internal Audit was unable to physically locate the item. Facilities should be directed to provide specific location details during the next inventory cycle.

Conclusion

Facilities Management Division should request asset tags from the asset management accountant and update the inventory list (descriptions, asset locations, and serial numbers) for the thirteen pieces of security equipment. New asset records will be created in SAP to reinstate inventory numbers CC10000376, CT25059, and 20022651 by using the existing inventory number/barcode that is associated with the equipment and will not be assigned values for inventory purposes since the items were previously reported as missing and were located but appear to have exhausted their book value due to age.

Detailed, thorough and accurate inventory records are necessary for 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 Facilities Management 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:

“Having reviewed the Draft Audit Report sent on March 31, 2017, from the Clerk’s Finance Staff, Facilities Management staff conducted an investigation to address the findings/recommendations. The attached spreadsheet (Asset Audit Spreadsheet) addresses the physical verification of the security equipment assets in question for all the Division’s security posts.

Due to the lack of information displayed in SAP, (including physical location, make/model, or serial #) properly validating and verifying SAP asset numbers 30001093 and 30001102 is not possible. However, four pieces of x-ray/security equipment have been physically located and it is possible that the two missing assets in question may each correlate to any one of these four units.

The attached spreadsheet outlines the equipment that has been physically inspected and verified by Facilities Management staff. Thirteen (13) separate assets were physically inspected that relate to the x-ray/security equipment in question, and their individual locations have been noted.

Collier County has five (5) security checkpoints (Courthouse, Courthouse Annex, Building F Administration, Emergency Service Center, and the Immokalee Government Center) where an x-ray machine and a walk-through scanner are utilized. Each of these locations has an x-ray machine and a walk-through scanner, with the exception of the Courthouse that has two (2) x-ray machines and two (2) walk-through scanners - one (1) for the general public (Courthouse Main) and one (1) for employees (Courthouse Secondary).

The result of our physical inspection reveals a total of six (6) x-ray machines and six (6) walk through scanners in operation, and one (1) extra walk-through scanner currently housed in the Courthouse Annex loading dock as a spare should any active machine fail, totaling 13 pieces of x-ray/security equipment.

SAP item with asset tag# 20022651 has been verified to be in operation at the Emergency Service Center. Additional information regarding the disposition/sale was not readily available in SAP due to the age of the transaction as confirmed by the

Clerk's staff. This item should be reactivated in SAP with the additional information provided, as noted in the attached spreadsheet.

Additionally, if an inventory sticker for an asset is missing, or the location, description, and model/serial number information needs updating in SAP, then Facilities Management staff will work with the Clerk's asset management accountant to update asset equipment information."