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### Report No. 2016-35

TO: Paul Cozzie, Bureau Director  
Parks and Conservation Resources Department

FROM: Hector Collazo, Jr., Inspector General/Chief Audit Executive  
Division of Inspector General 

DIST: Ken Burke, CPA, Clerk of the Circuit Court and Comptroller  
Claretha Harris, Chief Deputy Director, Finance Division

SUBJECT: Inspector General's Observation of Eagle Lake Park's  
Annual Physical Inventory of Fixed Assets

DATE: November 21, 2016

This letter serves to inform you that the Division of Inspector General completed its observation of the annual physical inventory of fixed assets for Eagle Lake Park on September 7, 2016.

Our objectives were to:

1. Interview and observe staff conducting the department's physical inventory to determine compliance with required inventory procedures.
2. Test and verify, on a sample basis, the asset counts recorded by staff.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the *Principles and Standards for Offices of Inspector General*, and accordingly, included such tests of records and other auditing procedures as we considered necessary in the circumstances.

Our test counts agreed with those of your staff. However, during our observation of Parks and Conservation Resources (PCR) staff conducting the annual inventory for Eagle Lake Park, we found some areas of non-compliance with inventory policies and procedures as noted below.



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## **1. Inventory Records For Communication Devices Are Inaccurate.**

Communication devices assigned to Eagle Lake Park, based on the inventory list and the communication devices physically at the Park, did not match. PCR staff conducting the annual inventory advised that the communication devices on the inventory lists for all PCR locations are currently inaccurate. These inaccuracies are due to a recent event where the devices were collected and provided to a single location to receive system upgrades. Once the upgrades were completed, the devices were distributed to PCR locations without consideration being given to where the device was assigned.

*Per Florida Administrative Code 69I-73 - Tangible Personal Property Owned by Local Governments*, governmental units shall maintain adequate records of property in their custody. The data listed on the inventory forms shall be compared with the individual property records. Noted differences such as location, condition, and custodian shall be investigated and corrected as appropriate.

*Per the Finance FA 300 Dept. Fixed Asset Processing Manual* dated 2014, it is the responsibility of the department to ensure that asset records are complete and accurate. Through the Asset Workbench, department Users can make corrections to various data fields.

As a result of the inventory process, the details of the fixed asset records are verified for accuracy and any necessary adjustments and corrections are made. Incorrect asset inventory increases the risk of inefficient spending by the department for items they already have in inventory and can increase the risk of theft or misappropriation.

### **We recommend management:**

- A. Investigate and update inventory records to ensure that asset records are complete and accurate for all communication devices.
- B. Establish and implement a procedure that the Fixed Asset Transfer Form (FATF) be used to document fixed asset transfers from one location to another within PCR.

### **Management Response:**

**Concur.** It has been the past practice of the department to assign radios by person, rather than location, in order to provide better accountability for lost or damaged radios. Unfortunately, our internal record keeping has not kept up with recent changes to the department radio procedures. As noted in the report, radios were collected for a system upgrade and when returned were not assigned to the original custodian. These issues were then further compounded when some staff were assigned to roving crews and radios were shared among shifts and location. In 2016, staff were once again assigned permanent work locations and we are now correcting our records to ensure radios are assigned, for asset purposes, by location and the department will maintain additional radio assignments by

personnel to ensure personal accountability for the devices. Staff anticipates accurate records will be available within 60 days of this report.

## **2. Internal Transfers Are Not Documented.**

Assets within the PCR inventory are currently allocated based on ownership rather than the actual physical location of the item. Inventoried assets have been borrowed and/or transferred from one PCR location to another. There are no records on file for these interdepartmental transfers.

*Per Florida Administrative Code 69J-73 - Tangible Personal Property Owned by Local Governments*, governmental units shall maintain adequate records of property in their custody. The data listed on the inventory forms shall be compared with the individual property records. Noted differences such as location, condition, and custodian shall be investigated and corrected as appropriate.

Per the *Finance FA 300 Dept. Fixed Asset Processing Manual* dated 2014, it is the responsibility of the department to ensure that asset records are complete and accurate. Through the Asset Workbench, department Users can make corrections to various data fields.

Conducting the annual inventory becomes more difficult and time consuming when assets appear on the inventory based on ownership rather than actual location. If items are loaned to another location, it would require the inventory taker to visit multiple locations to conduct their inventory. There is an increased risk that the inventory taker will inquire with the borrowing facility if the asset is there and may accept the word of the responder rather than verifying by physical presence. By requiring more time and travel to conduct the inventory, PCR is decreasing the efficiency and increasing the actual expense of conducting the inventory. With decreased efficiency, there is an increased risk that procedures will not be followed. When procedures are not followed, there is the increased risk of asset misappropriation. Additionally, with items not on the appropriate inventory listing, the items may not be timely reported as missing or may be incorrectly labeled as missing.

**We recommend** management establish and implement a procedure that the Fixed Asset Transfer Form (FATF) be used to document fixed asset transfers from one location to another within PCR. While this practice is deemed optional in the manual, it may be a viable solution for PCR as there is limited employee access to allow for necessary updates to the Asset Workbench within Oracle Financials. It is critical that the procedures include the requirement of the loaning department to retain a copy, forward a copy to the borrowing location with the actual asset, and forward a copy to the Property & Stores Clerk responsible for inventory control.

PCR is transitioning to a centralized inventory controller; the Property & Stores Clerk will be the assigned department user of the Asset Workbench. Completing the transfer documentation will provide the clerk the necessary information to update the asset records through the Asset Workbench. Having the transfer document on file will be critical when the annual inventory is

conducted to ensure the item is reflected on the appropriate inventory list and that the asset is accounted for during the inventory process.

**Management Response:**

**Concur.** Limited resources and the nature of our field work requires a lot of sharing of equipment and tools between our 19 assigned work locations. Sometimes this “temporary” sharing of equipment extends into long term re-assignment of equipment and our current procedures do not adequately spell out how this transfer of assets is to be handled among the field staff. With the addition of the Property & Stores Clerk position earlier this year, the department is making significant strides toward establishing written procedures in line with the recommendations in the audit report. It is our intention to have these written procedures in place by the end of the 2016 calendar year and the movement of assets will be properly tracked through the Asset Workbench.

We appreciate your staff's cooperation during this audit.