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Report No. 2018-12

TO: Charles Freeman, Regional 911 Division Director
Department of Safety & Emergency Services

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 Follow-Up Audit of the Observation of
Regional 911 Division's Annual Physical Inventory of Fixed Assets

DATE: May 22, 2018

This letter serves to inform you that the Division of Inspector General has completed a Follow-Up Audit of the observation of the annual physical inventory of fixed assets for the Regional 911 Division. The purpose of our follow-up review was to determine the status of previous recommendations for improvement.

The objectives of the original audit 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.

To determine the status of our previous recommendations, we surveyed and/or interviewed management to determine the actual actions taken to implement recommendations for improvement. We performed limited testing to verify the implementation of the recommendations for improvement.



Our follow-up 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. We performed our follow-up testing during the month of April 2018. The original audit period was August 2016. However, transactions and processes reviewed were not limited by the audit period.

Of the five recommendations contained in the original audit report, we determined management has implemented all five recommendations. We commend management on the implementation of the recommendations.

Below reports our follow-up on actions taken by management on the Recommendations for Improvement in our original Observation of the Regional 911 Division's Annual Physical Inventory of Fixed Assets. The recommendations contained herein are those of the original audit, followed by the current status of the recommendations.

1. Asset Tags Were Missing From Inventoried Property.

We tested, on a sample basis, the asset inventory for the Regional 911 Communications Center to determine compliance with the required inventory policies and procedures. The required asset tags were not affixed on the property or were missing at the time the inventory was being conducted for three desk consoles as follows:

1. Asset #120084
2. Asset #120087
3. Asset #120085

Per the *Finance FA 300 Dept. Fixed Asset Processing Manual* dated 2014, the Record Keeper is responsible for affixing the "Property of Pinellas County" asset tag to assets ASAP (**As Soon As Possible**). The *Annual Physical Inventory Checklist* states that the Record Keeper is to verify that all new assets are tagged and included on the inventory report.

Per *Florida Administrative Code 69I-73 - Tangible Personal Property Owned by Local Governments*, each property item shall be permanently marked with the identification number assigned to that item to establish its identity and ownership by the governmental unit holding title to the item. The marking shall visually display the property identification number of the item and may include an electronic scanning code ("barcode") to facilitate electronic inventory procedures.

Asset numbers are critical for identifying the asset as property held by the Custodian and for the purpose of differentiating one item of property from another. These tags are critical for assets located outside the control of the Custodian, such as in a satellite location, to ensure they are not improperly disposed of or misappropriated.

We recommended management request replacement asset tags for the noted desk consoles, affix the new tags to the property, and update the inventory records accordingly.

Status:

Implemented. Management has updated the three assets with replacement tags, as well as updated inventory records to ensure they are complete and accurate.

2. Asset Tags Attached To Property Have A Different Number Than The Inventory List.

We tested, on a sample basis, asset inventory for the Regional 911 Division to determine compliance with the required inventory policies and procedures. During the inventory being conducted, a Master Clock/Timer (Model #9483-05, Serial #4671) was listed in the inventory under Asset Tag #120060. However, upon physical viewing of the equipment, asset tag #120468 is affixed to it.



According to Oracle Financials, Asset Tag #120468 is listed as a Master Clock/Timer (Model #9483, Serial #05220) and reflects it was transferred to Parks and Conservation Resources (PCR) Belle Harbour on September 30, 2015. The Master Clock/Timer (Model #9483, Serial #05220) is currently in the possession of the Regional 911 Division, but has an asset tag with #97012. Oracle does not reflect an active asset tag number of 97012. The department

indicates they have not transferred a Master Clock/Timer to PCR at any time and both units are physically present in the department's control.

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 help ensure that asset records are complete and accurate. Through the Asset Workbench, department users can make corrections to various data fields including serial number, make and model, condition, and comments.

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 recommended management correct the fixed asset inventory records within Oracle Financials for this item to ensure the inventory records are complete and accurate.

Status:

Implemented. Management has updated the fixed asset inventory records within Oracle Financials to reflect the correct asset and serial numbers.

3. The Custodian Of Record Did Not Sign Release Forms.

We tested, on a sample basis, asset inventory for the Regional 911 Division to determine compliance with the required inventory policies and procedures. During the inventory being conducted, two assets (#81606 and #81607) were still listed in the inventory for Regional 911 although they had been transferred to Business Technology Services (BTS) effective September 30, 2015. Regional 911 completed the *Fixed Asset Surplus Transfer Form* and transferred the physical property to BTS; however, the records have not been updated accordingly. Upon review of the *Fixed Asset Surplus Transfer Form*, it was noted that the form was signed by the Record Keeper rather than the Custodian, as required. By not having the appropriate separation of duties, there is an increased risk of misappropriation or theft.

Per the *Finance FA 300 Dept. Fixed Asset Processing Manual* dated 2014, transfers of fixed assets from one department to another are to be conducted through the iAssets Department user responsibility. The process allows the system to utilize automated workflows to obtain the appropriate signatures and prevent delays of inventory being listed for the appropriate department/divisions.

We recommended management:

- A. Contact the Finance Division to resolve the delay of the asset transfer of this property to BTS.
- B. Utilize iAssets and Asset Workbench within Oracle Financials for all fixed asset additions, deletions, and transfers of property.
- C. Ensure the Custodian signs all documents for inventory items where paper documents are required. An alternate Custodian can be appointed, but it is critical that the alternate Custodian signature is not the Record Keeper or the Inventory Taker.

Status:

- A. **Implemented.** Management submitted an updated *Fixed Asset Surplus Transfer Form* with appropriate signatures to the Finance Division.
- B. **Implemented.** Management has taken corrective actions to ensure the assets have been transferred off their inventory within Oracle Financials.
- C. **Implemented.** Management updated the *Fixed Asset Surplus Transfer Form* with appropriate signatures and submitted it to the Finance Division.

We appreciate the cooperation shown by the staff of the Regional 911 Division during the course of this review.