



**Internal Audit Committee of
Brevard County, Florida**

**Internal Audit of
Asset Management**

**Prepared By:
Internal Auditors of Brevard County
June 5, 2009**

Table of Contents

Transmittal Letter	1
Executive Summary	2
Background	3 - 5
Objectives and Approach	6 - 7
Issues Matrix	8 - 9
Observations and Considerations	10 - 13
Appendix:	
Process Maps	14 - 24
Risk Control Matrixes	25 - 28

June 5, 2009

The Audit Committee of
Brevard County, Florida
Viera, Florida 32940-6699

Pursuant to the approved 2008/2009 internal audit plan, we hereby submit our internal audit report covering Asset Management. We will be presenting this report to the Audit Committee at the next scheduled meeting on June 24, 2009.

Our report is organized in the following sections:

Executive Summary	This provides a summary of the issues related to our internal audit of Asset Management.
Background	This provides an overview of Asset Management for Brevard County.
Objectives and Approach	The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach.
Issues Matrix	This section gives a description of the issues identified and recommended action, as well as management's response.
Observations and Considerations	This section provides for Asset Management observations and considerations for potential operational improvement.
Process Map	This section provides a process map depicting the flow of the Asset Management processes as validated by Asset Management.
Risk and Control Matrix	The risk and control matrix is a risk assessment tool that presents a clear picture of the processes, risks, controls, and monitoring methods management uses in ensuring a sound control environment over the Asset Management process.

We would like to thank all those involved in assisting the Internal Auditors in connection with our review of Asset Management.

Respectfully Submitted,

INTERNAL AUDITORS

Executive Summary

Executive Summary

Our review focused on the asset management process at the County. This function was reviewed back in 2002 and we have noted significant process improvements, key controls and automation techniques in place to help effectively achieve the objectives and mandates of Asset Management. This is evident based on the internal audit currently performed and consideration of issues from our previous internal audit report dated April 22, 2002. During the course of our work, we discussed the control design and potential operating deficiencies with management. Our observations and recommendations for improving controls are described in detail in the Issues Matrix included in this report. A summary of issues identified and their relative risk rating is provided below. Relative risk is an evaluation of the severity of the concern and the potential impact on operations. Items rated as "High" risk are considered to be of immediate concern and could cause significant operational issues if not addressed in a timely manner. Items rated as "Moderate" risk may also cause operational issues and do not require immediate attention, but should be addressed as soon as possible. Items rated as "Low" risk could escalate into operational issues, but can be addressed through the normal course of conducting business.

Control Issues Summary	Relative Risk
1. <u>Segregation of Duties and User Access</u> : Appropriate segregation of duties should include separating authorization, recording, and reconciliation functions. We reviewed segregation of duties and user access for all Asset Management and Finance personnel and noted gaps. Without proper segregation of duties surrounding the custody of assets, recording of changes to property records, and control functions, misappropriation of property could occur without being detected in a timely manner, if at all.	High

During our current review, we identified process improvement considerations for Asset Management based on best practices noted in similar entities and operations. These observations are for consideration only and should be further evaluated by management as to the feasibility and practicality of implementation.

Observation and Considerations Summary
1. <u>Retirement of Grant Assets</u> : Individual departments are responsible for the appropriate use of grant assets. When grant assets are retired, certain obligations may be required under grant funding agreements. We reviewed the process for the retirement of grant assets and noted control gaps. In certain cases, without consideration of grant requirements, certain asset retirements may not be in compliance with agreements.
2. <u>Purchase Requisition Review</u> : We reviewed and discussed with management the purchase requisition review process performed by Asset Management. This process entails reviewing all purchase requisitions over \$750 and all requisitions entered into for departments having construction in progress (CIP). It is estimated the error rate on requisitions is approximately 1% based on errors identified and corrected by Asset Management. This estimate was based on a one month sample of requisitions and errors identified. Based on the controls identified and level of effort on requisition review, we recommend management re-evaluate the purchase requisition review thresholds.
3. <u>Automation within Miscellaneous Equipment Surplus Sales</u> : Effective use of automation processes can aid in providing timely information to efficiently manage the flow of property, effectively utilize people and equipment, coordinate internal activities, and communicate with the public. We observed and reviewed the miscellaneous equipment surplus sales process and noted labor intensive processes more effectively performed using automated tools available to Asset Management. Specifically, count procedures performed at the surplus warehouse did not utilize bar code scanners available for tagged property. We recommend Asset Management automate, where possible, the surplus sale efforts.
4. <u>Surplus Sales/Transfer Efforts</u> : Asset Management performs quarterly sealed bid live auctions on miscellaneous property in addition to utilizing online auctions. Some governmental entities are moving towards an online auction system and have realized significant increases in surplus sales. This has been utilized by Asset Management for Heavy Equipment/Vehicle sales and those miscellaneous property items where it has been determined to be most cost effective to sell online. We recommend additional consideration be placed on web-based auction systems for miscellaneous equipment sales where practical. This may reduce the level of personnel effort and may increase proceeds from miscellaneous equipment surplus sales.

Background

Background

Overview

Objectives and Responsibilities

The Asset Management department is within Brevard County's (the "County") Central Services function. The County has organized the primary responsibility for the accountability and control of property under Asset Management with certain roles and responsibilities performed in conjunction with County Finance.

The Asset Management's objectives are as follows:

1. Establish and maintain controls relating to the financial reporting of capital assets
2. Annually inventory all County-owned tangible property, reducing the risk of losing capital assets
3. Manage and coordinate the collection, re-distribution and disposal of surplus property

The County has organized the following mandated programs under the responsibility of Asset Management. These responsibilities are in line with the objectives for Asset Management and are mandated by the State of Florida, locally and where applicable, under Generally Accepted Accounting Principles (GAAP).

1. Identify, maintain and record all capital equipment
2. Track, record and reconcile construction projects and infrastructure
3. Physically inventory/ evaluate assets
4. Collection, redistribution and disposal of surplus property
5. Vehicle/ boat registration

Local Mandate - Accountability of County Owned Property

Administrative Order – 24 (AO-24) Accountability of County Owned Property mandates Asset Management with the purpose as follows:

To prescribe responsibility, accountability, and control of all real and personal property having a cost equal to or greater than an established capitalization threshold and has an estimated useful life extending beyond one year.

Under this mandate, Asset Management has the following responsibilities:

- All real and personal property will be tracked and maintained in detailed inventory records. Records will be reconciled to capital outlay and general ledger control accounts on a semi-annual basis. County Finance in collaboration with Asset Management will perform the reconciliations.
- Reflect any changes from County Finance to detailed Asset Management records such as, capitalized engineering costs, construction period interest, capital leases, and other necessary corrections.
- Settle Asset under Construction to appropriate assets so that insurance and depreciation can begin.
- Record and permanently mark all tangible assets.
- Ensure that a complete physical inventory of all property is taken every fiscal year and whenever there is a change of custodian.
- Record the required percentage of Federal participation for grant assets based on information on the Material Requisition.
- Review all Material Requisitions in SAP to determine the correct account assignment category is selected for capital assets. SAP is the financial reporting system currently used by the County.
- Maintain property records containing required information for content, class, and control accounts as specified under the "Rules of the Auditor General."
- Issue each Custodian an Official Receipt for Property (ORP) annually at the completion of the inventory. Land, buildings, structures and other improvements will be included with the ORP.
- Prepare Missing Property Reports (PR 160) for all items not located during the annual inventory and submit the missing property reports to the proper authority.
- Obtain and maintain backup support for all acquisitions, dispositions and transfers.
- Pull monthly expenditure reports and post all Assets under Construction in the Asset Module.
- Review purchase orders to determine what requires accountability control for all Constitutional Officer's, Sheriff's Finance, and County Health Facilities. Asset Management will add and post the assets to the correct inventory.

Background - continued

Local Mandate - Accountability of County Owned Property - continued

- Monitor expenditures with the assistance of County Finance.
- Attempt to relocate usable items in other County offices where a need exists.
- Remove trade-ins based on trade-in information provided on the purchase order.
- Pickup surplus property as needed.
- Prepare receipts for Custodians and remove items from applicable inventory.
- View large items requesting disposal, determine if property has a commercial value, obtain permission to junk, and send department a receipt.

Statistical Data

Statistical data prepared in the adopted budget for fiscal year 2008-2009 pertaining to Asset Management as follows:

Description	
Operating Budget	\$ 462,421
Full-time Positions	7
Part-time Positions	-
Total Number of Assets Recorded (projected)	30,418
Assets Inventoried (projected)	24,432
Collection, Re-distribution and Disposal of Surplus Property (projected)	6,800
Revenues from Surplus Property Sales (projected)	\$ 790,716

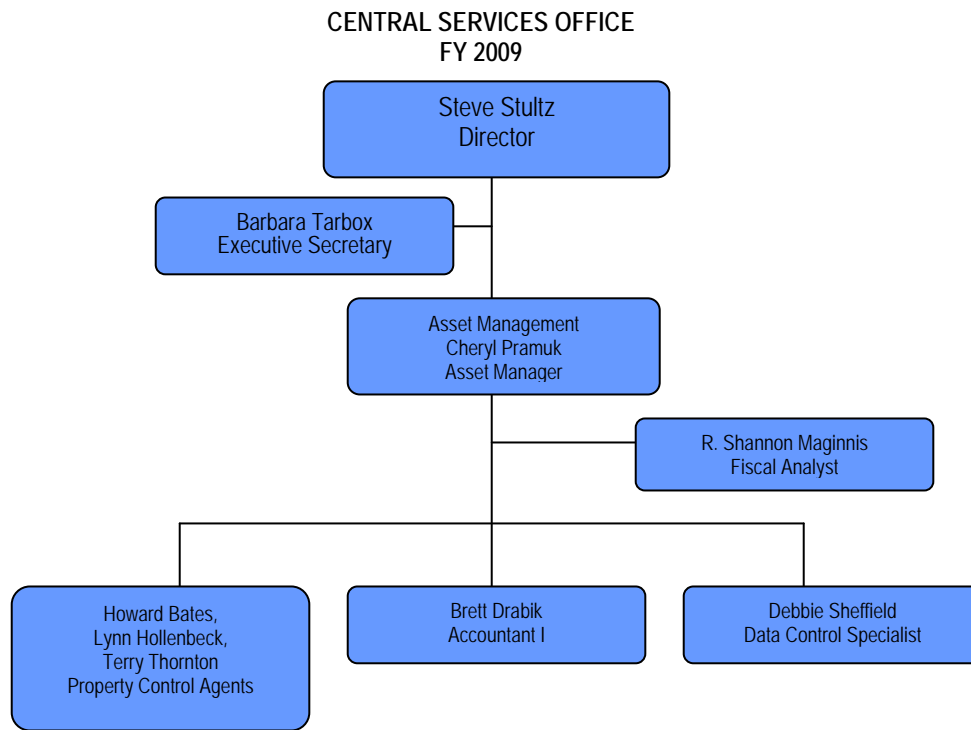
Financial Data

Capital assets of Brevard County, Florida at September 30, 2008, per the audited financial statements are categorized at cost as follows:

Type	Governmental Activities	Business-type Activities	Totals
Land and other non-depreciable assets	\$ 227,779,001	\$ 37,784,864	\$ 265,563,865
Construction in progress	76,933,236	7,287,220	84,220,456
Buildings and structures	230,433,500	52,095,372	282,528,872
Infrastructure	121,357,423	10,192,418	131,549,841
Improvements to land	28,548,920	8,893,840	37,442,760
Improvements other than buildings	16,383,016	263,359,517	279,742,533
Operating machinery and equipment	139,144,304	46,158,847	185,303,151
Total Assets	\$ 840,579,400	\$ 425,772,078	\$ 1,266,351,478

Background - continued

Asset Management Organizational Structure*



* No Organizational Structure changes from FY 2008.

Objectives and Approach

Objectives and Approach

Objectives

The objectives of the internal audit review of Asset Management include ensuring the following:

- Property records are maintained in accordance with the Rules of the Auditor General, Florida Statutes, Brevard County policies and administrative orders;
- Property additions are tagged and accounted for in accordance with Asset Management requirements;
- Dispositions of tangible personal property, including surplus property in accordance with Florida Statutes and Brevard County policies;
- Real property acquisitions and dispositions are handled and accounted for in accordance with Florida Statutes and Brevard County policies;
- An annual physical inventory is taken in accordance with the Rules of the Auditor General and Florida Statutes;
- Controls relating to the financial reporting of capital assets are adequate and provide for appropriate reconciliations.

Approach

Our audit approach consisted of three phases:

Understanding and Documentation of the Process (Phase 1)

During phase 1, we interviewed the Central Services Office Director, Asset Manager, Fiscal Analyst and other personnel within Central Services and Finance to discuss the scope and objectives of the audit work and obtain preliminary data. The significant processes in Asset Management were mapped by us and reviewed by the Asset Manager as confirmation of our understanding. We reviewed Florida Statutes, Administrative Orders, County policies, best practices and other resources related to Asset Management.

Detailed Testing (Phase 2)

We conducted the following procedures to meet our audit objectives outlined above:

Maintenance of Property Records:

- We reviewed detailed property records ensuring that property records include all required information in accordance with the Rules of the Auditor General, Florida Statutes, Brevard County policies and Administrative Orders. Samples were selected to verify the accuracy of property records and required information.
- We attended physical property counts at two County departments, performing sample count procedures for the existence and completeness of property records and inspection of physical property for appropriate identification "tag."
- We reviewed and tested transfers between departments and updates within SAP.

Property Additions are Tagged and Accounted for Appropriately:

- We assisted in the performance of tagging new property at one department, ensuring that additions are tagged and accounted for in accordance with Asset Management requirements.
- During the physical property counts observed and performed, we inspected physical property for appropriate identification "tag" on a variety of property including furniture and equipment, computers, and vehicles.
- We used computer assisted audit techniques (CAAT's) to validate unique inventory numbers for all property.
- We performed a random sample selection on 30 new additions during the year ensuring all additions were issued tags when appropriate and performed procedures to validate the performance of tagging new property.

Dispositions of Tangible Personal Property, Including Surplus are Handled Appropriately:

- We selected a sample of 30 from all tangible personal property disposed of during Fiscal 2009 to internal audit date, ensuring property was authorized to be disposed of in accordance with County Policies and Procedures and Administrative Orders.
- We reviewed property retired by Asset Management verifying that surplus sales were reconciled and handled appropriately.
- We reviewed assets retired as stolen, damaged and/or obsolete for appropriate control and appropriate removal from the Asset Management system.

Real Property Acquisitions and Disposals are Handled and Accounted for Appropriately:

- We performed a title search of property owned by the County and agreed items sampled to the detailed property records.
- There were no new real property disposals; this was confirmed with County Finance.

Objectives and Approach - continued

Annual Physical Inventory Performed:

- We reviewed the inventory tracking method to ensure annual physical inventories are performed. From a list of all departments, we confirmed on a sample basis the dates the inventory counts were performed to the Official Receipt of Property (ORP) as evidence of count performed. This ORP is signed by both the department's custodians and Asset Management personnel performing the count.
- We reviewed signature card changes to verify that a physical inventory count was performed when there is a change in custodian. This was validated based on the ORP signed by both outgoing and incoming custodians.
- We attended two departmental counts performed and observed count procedures being performed, and performed independent test counts for both existence and completeness of the department's inventory.

Adequacy of Controls Relating to Financial Reporting of Capital Assets with Appropriate Reconciliations:

- We reviewed the reconciliations performed by Asset Management with the assistance of Finance to ensure the General Ledger is reconciled with the asset subledger.
- We reviewed reconciliations performed on Construction in Progress on a sample of projects.
- We reviewed surplus sale reconciliations.

Reporting (Phase 3)

At the conclusion of our audit, we documented our understanding of the process surrounding Asset Management based on our interviews at the County and summarized our findings related to that function. We conducted an exit conference with the Central Services Office Director and Asset Manager. We prepared our report and related findings and provided copies to appropriate County Personnel. We have incorporated management's responses into our report.

Issues Matrix

ISSUES, RECOMMENDATIONS AND MANAGEMENT RESPONSE

Rating	Issues	Recommendation	Management Response
High	<p>1. Segregation of Duties and User Access</p> <p>Appropriate segregation of duties should include separating the authorization, custody of assets, recording and control functions. No one person should have the ability to record or make changes to asset records, maintain custody of such asset, and/or reconcile asset records.</p> <p>Asset Management Access Currently the Asset Manager and Fiscal Analyst (to facilitate training for transition purposes) have Super User access within the County's SAP Asset Management module.</p> <p>Data Control Specialist and Accountant I have access to make property additions/changes/deletions. Property Control Agents have limited access the to SAP Asset Management module however have access to update property records through the use of inventory bar code scanners.</p> <p>As a result of the above access, duties are not always appropriately segregated within the SAP Asset Management module based on individual roles and responsibilities. The following users have conflicting access and duties:</p> <ol style="list-style-type: none"> 1) Asset Manager and Fiscal Analyst have super user access, custody of surplus property, and perform reconciling functions. This provides conflicting access between changes to property records, access and control over surplus property. 2) Accountant I on occasion receives monies from surplus sales, issues receipts to customers, and performs bank deposits and reconciliations of surplus sales. The Accountant I also has access to additions and retirements within the SAP asset module. This access and functions performed are incompatible and create risk of misappropriations. 	<p>Segregation of duties should be appropriately established within SAP, and access should be reviewed and monitored regularly, especially when there are job/function changes.</p> <p>Proper internal controls around Asset Management reduce the risk and opportunity for fraudulent activity. Unauthorized retirements can be made and subsequently processed through the system when access and segregated duties are not maintained.</p> <p>Due to the small size of the Asset Management department, it can be difficult to segregate all incompatible functions. The practicality and risk should be evaluated and attempts made to segregate key functions at a minimum.</p> <p>We recommend the following actions be implemented to segregate the more critical functions:</p> <ol style="list-style-type: none"> 1) The Asset Manager's primary role is to oversee and control the activities of Asset Management. As a result, access to make changes (adjustments) and retirements should be limited and/or removed. Reviews by the Asset Manager of property changes performed by the Fiscal Analyst should be formally documented as they are completed. 2) Accountant I should not be the initial receiver of monies from surplus sales. This function should be performed by someone not involved in the surplus sales reconciliation functions. 	<p>Asset Management Response:</p> <ol style="list-style-type: none"> 1. The Asset Manager will be restricted from performing asset retirements. Monthly reviews will be performed by the Asset Manager to review any changes/adjustments performed by the Fiscal Analyst. The Fiscal Analyst will perform monthly review of changes/adjustments made by the Asset Manager. 2. Accountant I will not be the initial receiver of monies from surplus sales. <p>Responsible Party: Cheryl Pramuk, Asset Manager</p> <p>Estimated Completion Date: Completed as of June 10, 2009.</p>

ISSUES, RECOMMENDATIONS AND MANAGEMENT RESPONSE

Rating	Issues	Recommendation	Management Response
High	<p>1. <i>Segregation of Duties and User Access - continued</i></p> <p>3) Property Control Agents tag new property (control function); make updates/changes to property descriptions including Serial Numbers/VINs (recording function) and remove/transfer surplus property from departments (custody of assets). This creates a conflict of segregation of duties and user access.</p>	<p>To facilitate accurate records, the Property Control Agents have the ability to update property information on the bar code scanners used to perform count procedures. By updating information for location, improving property descriptions, and correcting errors, the efficiency of having this access improves the timeliness of record keeping.</p> <p>The trade off of segregation risk and timeliness of records should be evaluated by management. At a minimum, mitigating controls are needed to monitor changes on a periodic basis.</p> <p>3) Change reports should be reviewed by the Fiscal Analyst and/or Asset Manager for the appropriateness of property updates/changes performed by the Property Control Agents as part of the annual inventory process.</p> <p>Rotation of Property Control Agents can be used to mitigate the segregation risk noted, if deemed not to significantly impact efficiency.</p>	<p>Asset Management Response:</p> <p>3. The Inventory Process/Procedure Check List form has been revised to include a review of all property updates/changes by the Fiscal Analyst and/or Asset Manager. Whenever possible, the rotation of Property Control Agents will be used to mitigate the segregation risk.</p> <p>Responsible Party: Cheryl Pramuk, Asset Manager</p> <p>Estimated Completion Date: Completed as of June 10, 2009.</p>

Observations & Considerations

Observations & Considerations

Observations & Considerations
<p data-bbox="186 275 535 300">1. Retirement of Grant Assets</p> <p data-bbox="186 306 1419 426">Assets purchased with grant dollars are currently identified and segregated based on cost center number. These assets typically have specific requirements under the grant funding agreements. Controls are necessary to ensure obligations are considered before retirement of these assets. Obligations for retired grant assets may include replacing grant assets with similar assets, replacing or pay back of proceeds received from a retired grant asset to the grant funding pool or grantor.</p> <p data-bbox="186 457 318 483">Retirements</p> <p data-bbox="186 489 1419 577">Currently grant assets are not identified upon retirement by the department disposing the asset or Asset Management. Proceeds from the sale of grant assets are added to the fund where the asset was originally held. This minimizes risk under certain grant obligations.</p> <p data-bbox="186 609 1419 697">As a result of grant assets not being identified upon retirement, certain obligations under the grant may not be met. This could result in a requirement to pay back grant dollars, replace the asset and/or the public perception pertaining to funding at the County.</p> <p data-bbox="186 728 1419 789">To facilitate compliance for the retirement of grant assets, assets disposed of using grant dollars should be identified and considered by the department with grant dollars awarded.</p> <p data-bbox="186 821 1419 972">The individual departments are responsible for the appropriate use of grant assets and the determination of requirements met under grant funding agreements. As a control function, Asset Management should receive confirmation from the individual departments of obligations considered under the grant agreement. This can be achieved by revising the current BCC-176 – “Change in Tangible Personal Property Status” to include a consideration by the department of the grant funding agreement requirements for the proposed asset retirement.</p>

Observations & Considerations - Continued

Observation & Considerations	
<p>2. Purchase Order Review</p> <p>Purchase Order Review We observed the purchase order review process performed by Asset Management.</p> <p>As summarized on the process flow diagram below, Asset Management reviews all purchase requisitions in SAP over \$750 and all requisitions entered into for those departments that have construction in progress (CIP). Asset Management specifically reviews the G/L Account No., Cost Center and Internal Order number. Once reviewed, these purchase orders are released within SAP and reviewed by the Purchasing Department.</p> <p>Process Flow Diagram – Acquisitions</p> <pre> graph TD subgraph Department A{Purchase assets included in budget? note 1} B[Purchase requisition generated, approved and released in SAP] C[Page 3] A -- yes --> B C --> B end subgraph Purchasing D[Sign-off and release purchase requisition see Purchasing Process 210] E[PO process see Purchasing Process 210] F[Page 2] D --> E E --> F end subgraph Asset_Mgmt_AM G[Review requisitions over \$750 capital asset policy for accuracy and completeness note 2] H[Release approved requisition 205] G --> H end B --> G H --> D </pre>	
<p>The approval and release of requisition control above ensures all capital additions are accurately and appropriately recorded in SAP and reduce the following errors:</p> <ul style="list-style-type: none"> • Inappropriately charging Capital equipment to the Operating General Ledger (GL) • Operating expenses charged to Capital Equipment • Incorrect internal order numbers for CIP projects <p>As a result of this control, it is estimated that Asset Management reviews and identifies approximately 8-10 errors per month on 975 purchase requisitions reviewed. This is based on a one month sample of errors noted by Asset Management. Based on these control efforts by Asset Management, substantially fewer errors are now present. Management may consider reducing those areas with limited risk. Management should consider the following areas to reduce purchase requisition review:</p> <ul style="list-style-type: none"> • Revisit the capitalization threshold for equipment, considering an increase from \$750 to \$1,000. • Review CIP departments' requisitions over \$750 rather than 100%. <p>The above thresholds should be evaluated to determine whether efficiencies gained outweigh risks of misstatement and control of assets under \$1,000.</p>	

Observations & Considerations - continued

Observation and Considerations

3. *Miscellaneous Equipment Surplus Sales*

Automation

Effective use of automation processes can aid in providing timely information to efficiently manage the flow of property, effectively utilize people and equipment, coordinate internal activities, and communicate with customers.

We observed and reviewed the miscellaneous equipment surplus sales process and noted the following activities performed:

- A full blind property count is performed on surplus property at the warehouse.
- Manual count sheets are entered into excel based on description and serial number.
- Property spreadsheet is reconciled to SAP reports and property report approved for disposal.
- Once reconciled to SAP and Property Approved for Disposal, property is manually entered into a Bid Sales system for live public auction using a sealed bid method for high bidders.
- At the end of the auction, the sealed bids are opened in teams of two and imputed and reviewed on Bid Sales. Bid Sales automatically selects the highest bidder.

Miscellaneous equipment surplus sales are performed on a quarterly basis.

As a result of our understanding and review of the process, we noted the following:

- Count procedures performed at the surplus warehouse did not use bar code scanners readily available on tagged property. Based on discussions with Asset Management personnel, it could take up to 40 hours to manually count and itemize all equipment surplus property. This information must then be re-entered into the bid sales system.
- In addition, reconciliations between SAP and manual count sheets could be reduced or eliminated with the use of bar code scanners.
- Based on Asset Management's experience, the whole public auction preparation and sealed bid process for miscellaneous equipment sales involve approximately 300-350 personnel hours with proceeds of \$20,000 on 2,000 items. This process was viewed as highly labor intensive for the consideration received.

We recommend that Asset Management continue to enhance the miscellaneous equipment surplus sales process by utilizing the current automation technology such as scanners/computers to perform the count procedures and reconciliations performed, where possible. In certain case, it may still be necessary to use manual processes such as recording property under \$750 but expect a combination of automation and manual input would reduce the time spent on this function.

Observations & Considerations - continued

Observation and Considerations

4. *Surplus Sales / Transfer Efforts*

Surplus Sales

Asset Management attempts to maximize the use of surplus sale proceeds with public auctions. Currently miscellaneous equipment surplus sales are performed using a live sealed bid auction. Heavy equipment and machinery are sold using a 3rd party online auction company. In addition, Asset Management performed a pilot project in January 2009 on miscellaneous equipment surplus sales evaluating the use of an online auction provider. The following represent net sale proceeds achieved in the 2009 fiscal year using both a live sealed bid auction and outsourced online auction:

Date	Type of Sale	Sale Proceeds \$	# of sale items	Proceeds per item \$
10/2008	Misc. Equipment	126	5	25
02/2008	Vehicle/Heavy Equipment	474,856 *	180	2,638 *
01/2009	Misc. Equipment (online auction)	6,342 *	150	42 *
02/2009	Misc. Equipment	20,455	2075	10
* Online auction company used (net proceeds)				

Based on the results above and preliminary evaluations performed by Asset Management, the use of an online auction system could greatly improve sale proceeds for the County. This is evident by miscellaneous equipment sales with average sales proceeds (after auction company commissions) of \$42 versus \$10-\$25. These results are consistent with current practices throughout a number of County's and Government entities.

It was noted through discussion with management that a combination of online auction / live auction activity could improve surplus sales and reduce staff time. Further analysis should be performed on what items would further benefit from online auctions and what property is better suited for a live auction.

Transfer Efforts

Asset Management attempts to reallocate surplus property that could be functional in different departments. This is achieved as follows:

- Posting a list of miscellaneous surplus equipment quarterly
- Posting vehicles and heavy equipment semi-yearly
- Recording property sought by various departments who communicate their property needs to Asset Management

Based on statistics maintained by Asset Management, the following assets at cost were transferred from surplus and other departments for the following years:

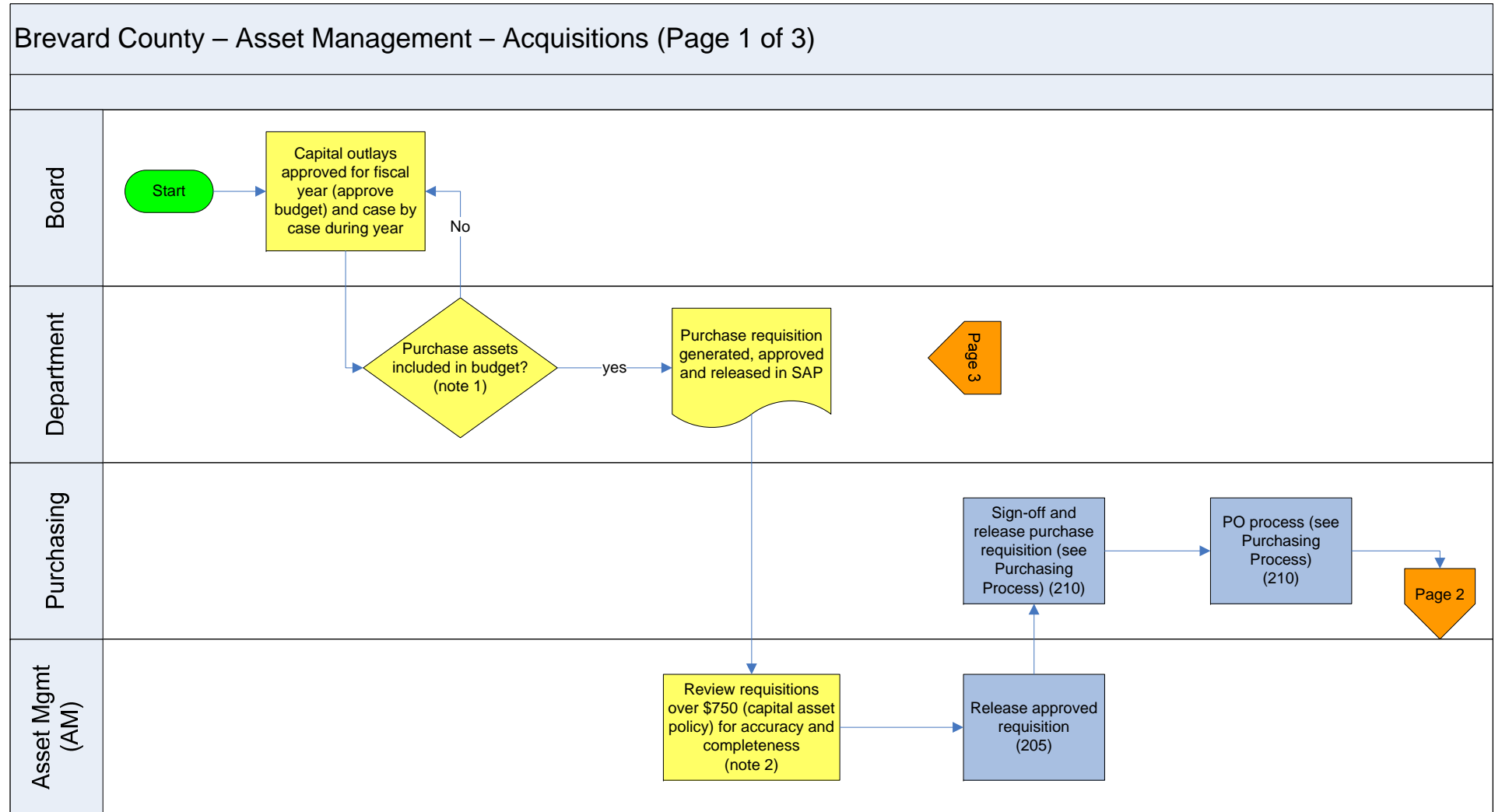
Assets Put Back in Service	
Year	Cost of Assets - \$
2008	123,088
2007	141,042
2006	128,138

The above represents effective use of current resources and Asset Management should continue to post updated miscellaneous surplus equipment on shared drives on a timely basis. In some instances, County's and Government entities have posted descriptions and pictures on intranet sites to facilitate timely transfers and surplus sales. If practical, this may aid in timely transfers and reduce unnecessary purchases of new property.

Asset Management should consider posting vehicle and heavy equipment more regularly with the assistance of fleet and other departments involved in vehicle and heavy equipment surplus to facilitate timely transfers if possible.

Appendix

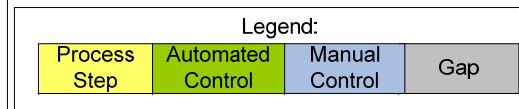
PROCESS MAP



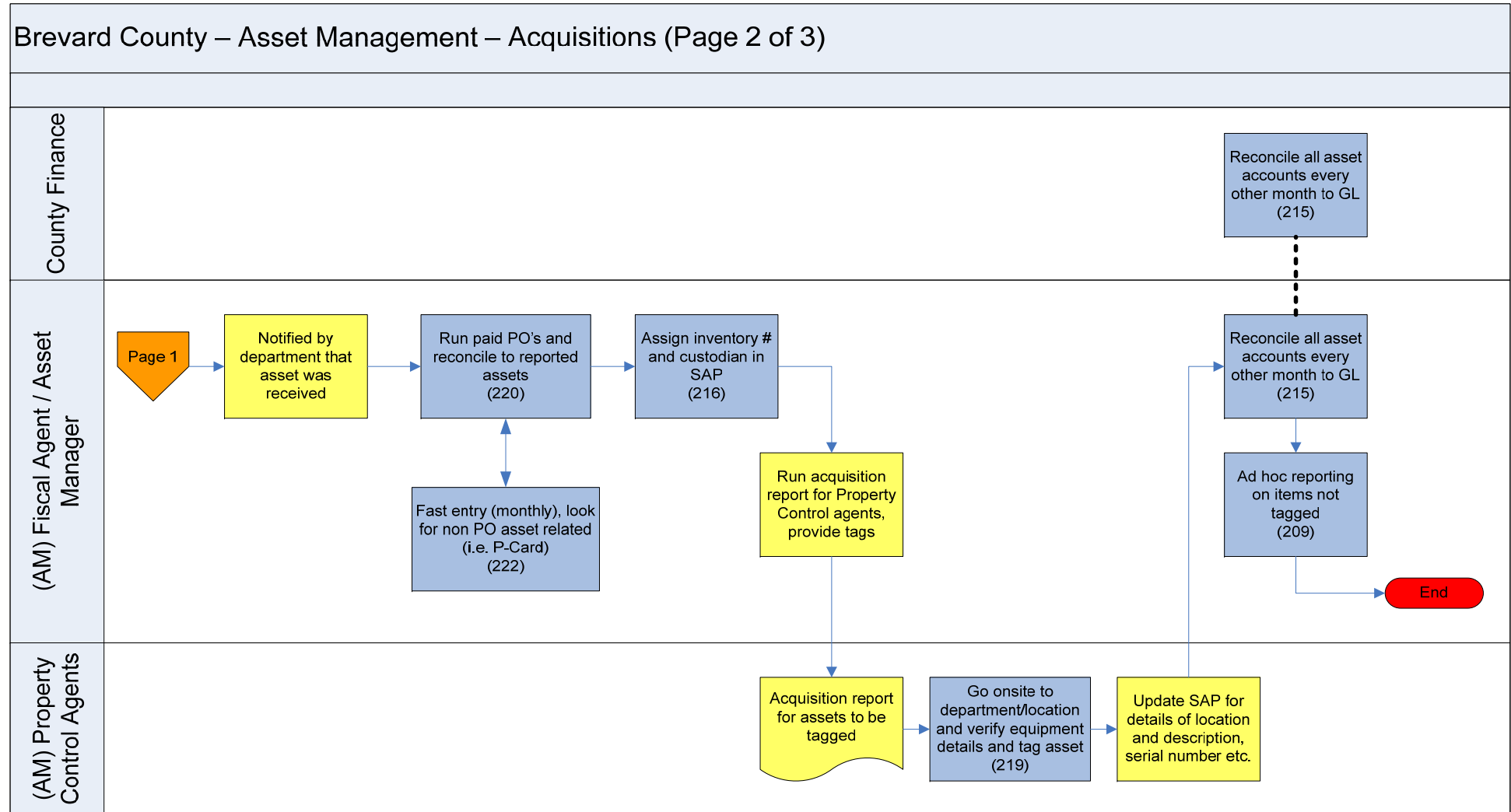
Note 1:
Purchases with grant dollars are treated the same as non grant dollar purchases.

Note 2:
All requisitions are reviewed for those departments that typically have construction costs (CIP) such as Park and Recreation, Facilities, Fire Department, Solid Waste, Water Resources and Road and Bridge.

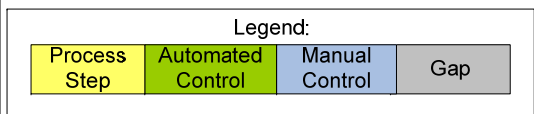
For all other departments, review of requisitions is performed for those over \$750 (capitalization threshold) primarily by Accountant I with support from other staff within Asset Management.



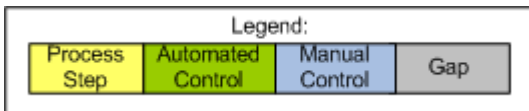
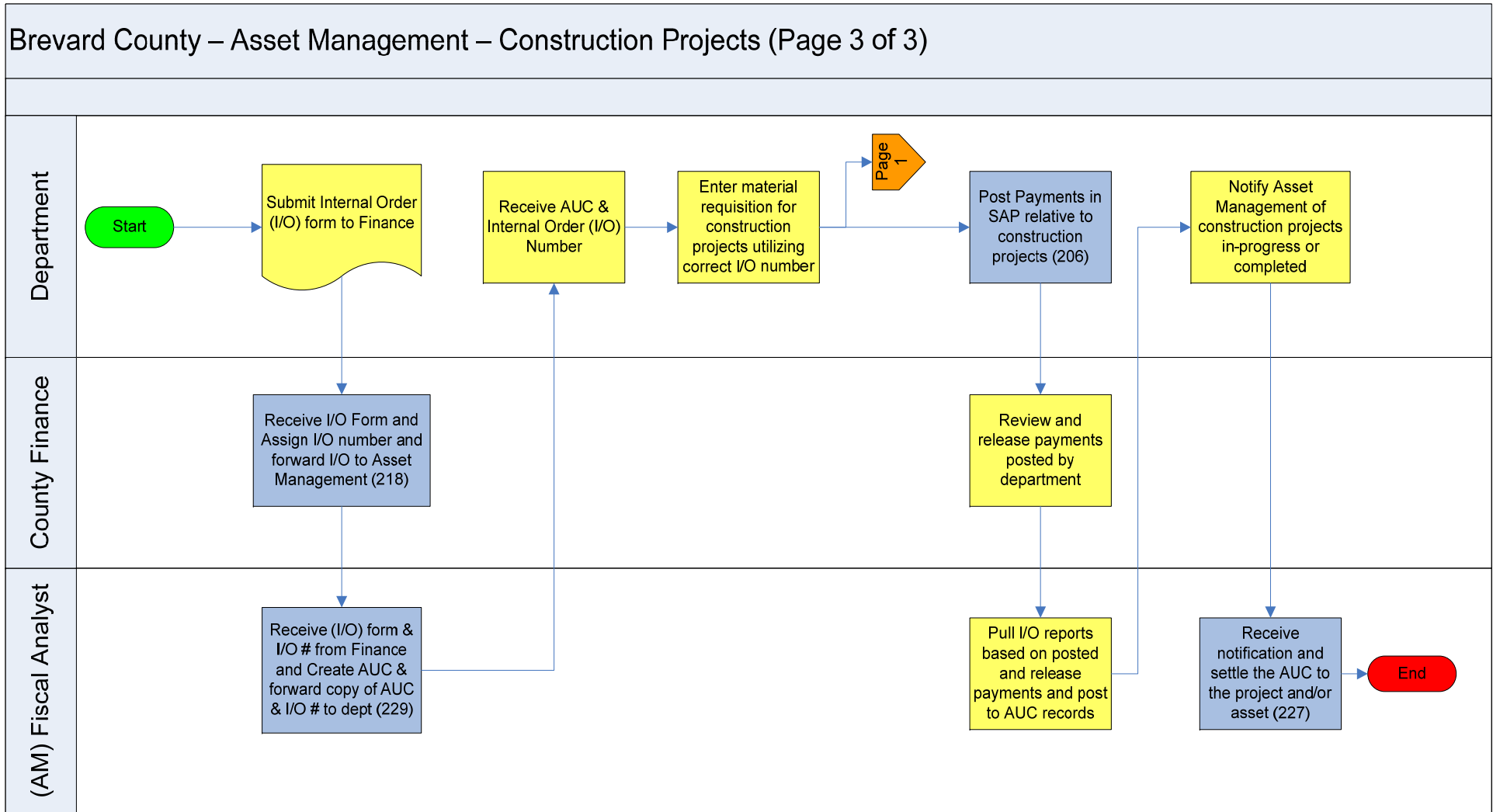
PROCESS MAP



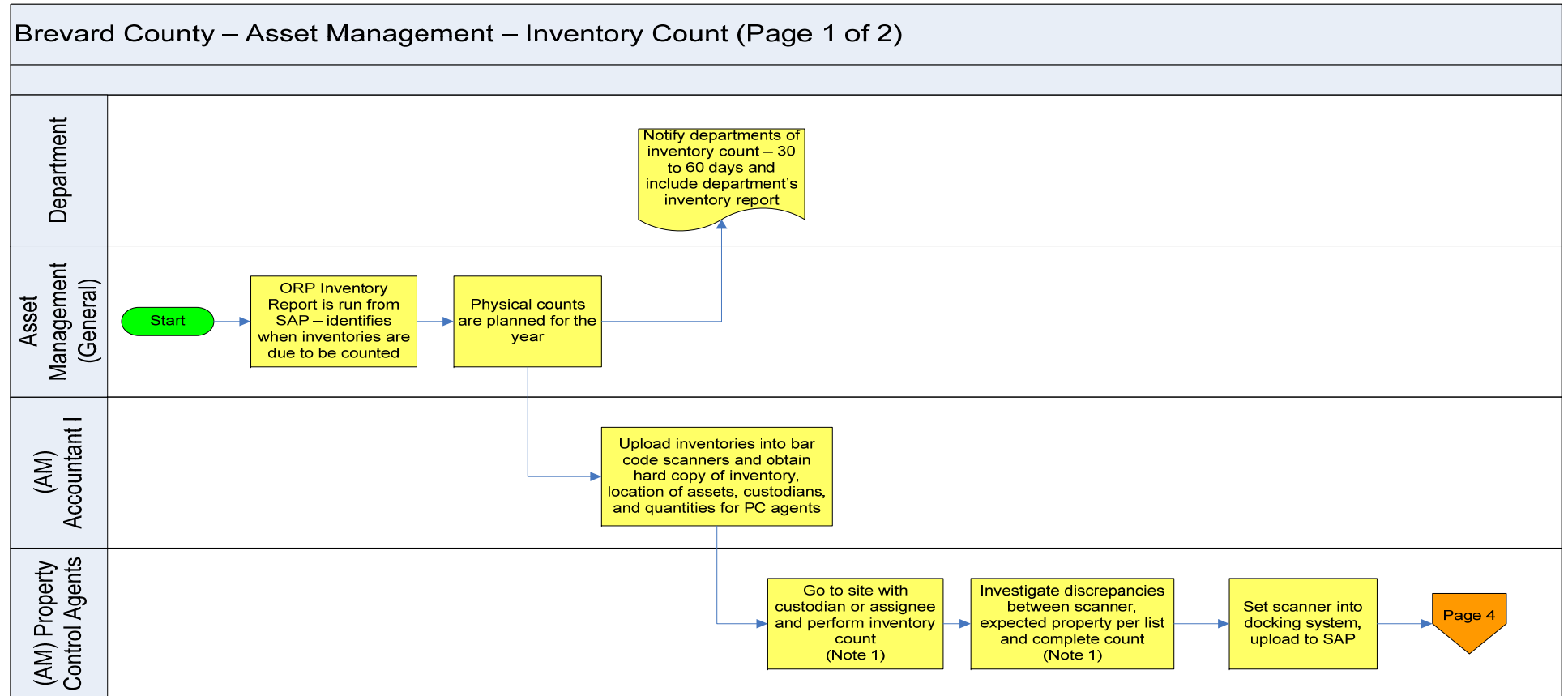
Note:
 Charter Offices have their own process. Asset management maintains asset records and reviews PO's related to property acquisitions.



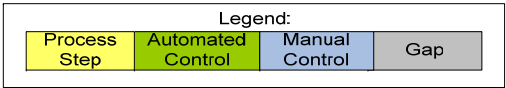
PROCESS MAP



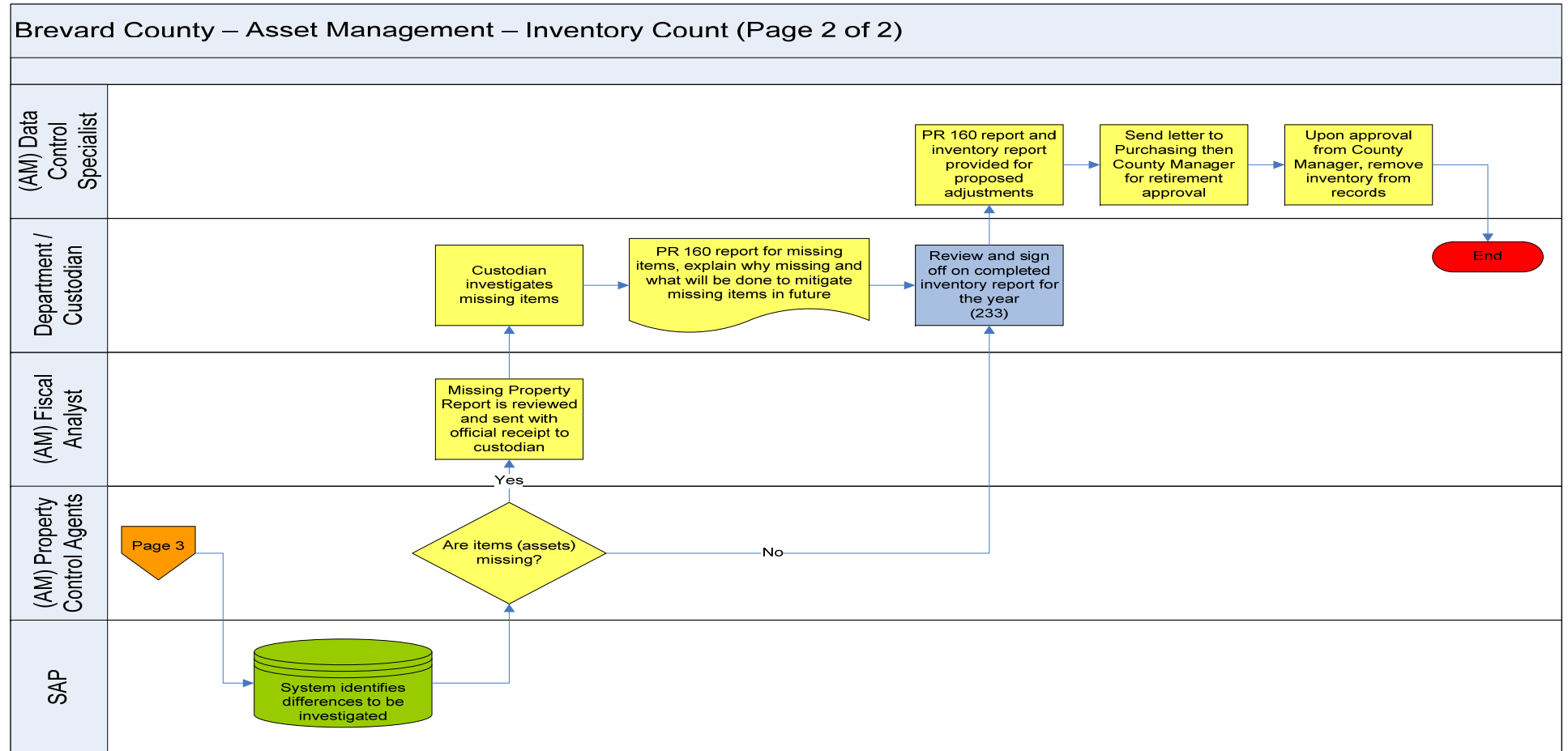
PROCESS MAP



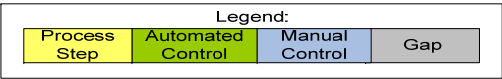
Note 1:
 Inventory is scanned on-site, scanner will notify control agents if property is not included on list, property not on list is investigated. Property control agents will look for property that is not tagged as well. Property Control Agents (PCAs) work with department throughout the correction process regarding exceptions.



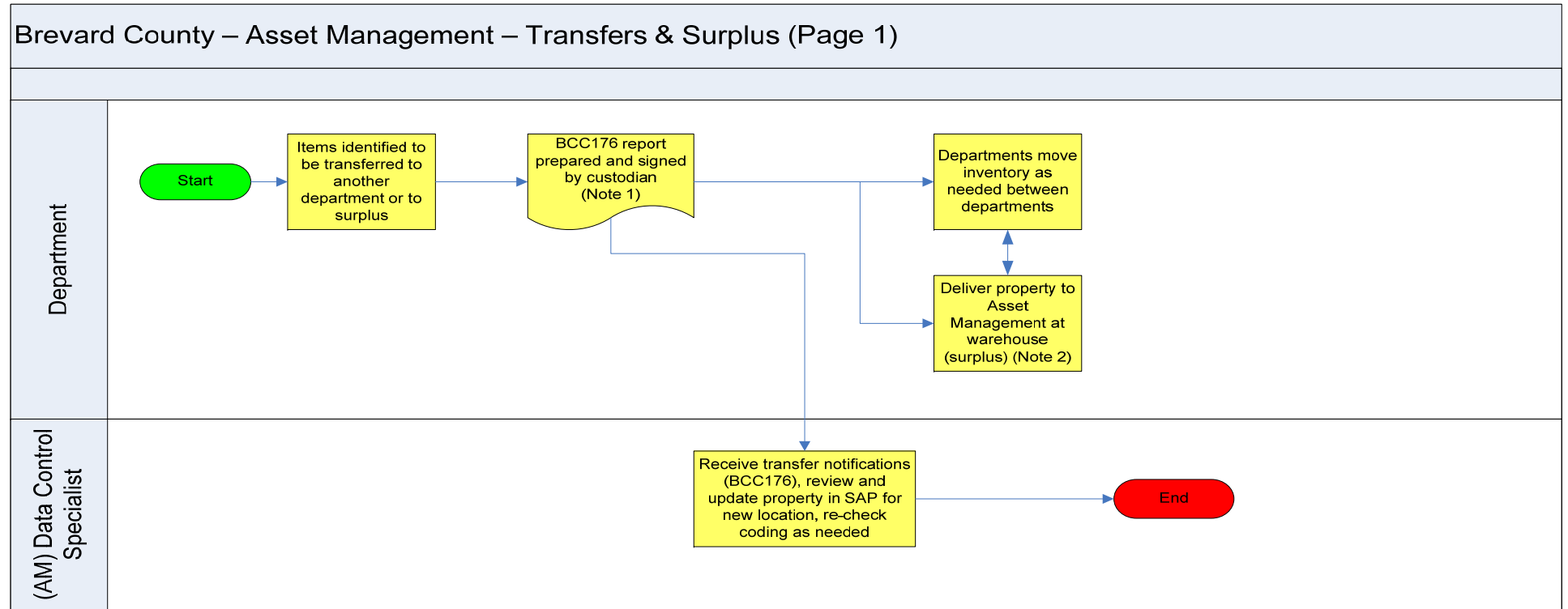
PROCESS MAP



Note:
 Idle and obsolete inventory is the responsibility of the property custodian. Custodian will notify Asset Management of such property.

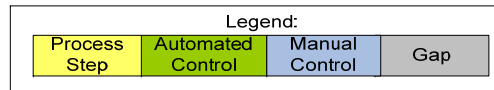


PROCESS MAP

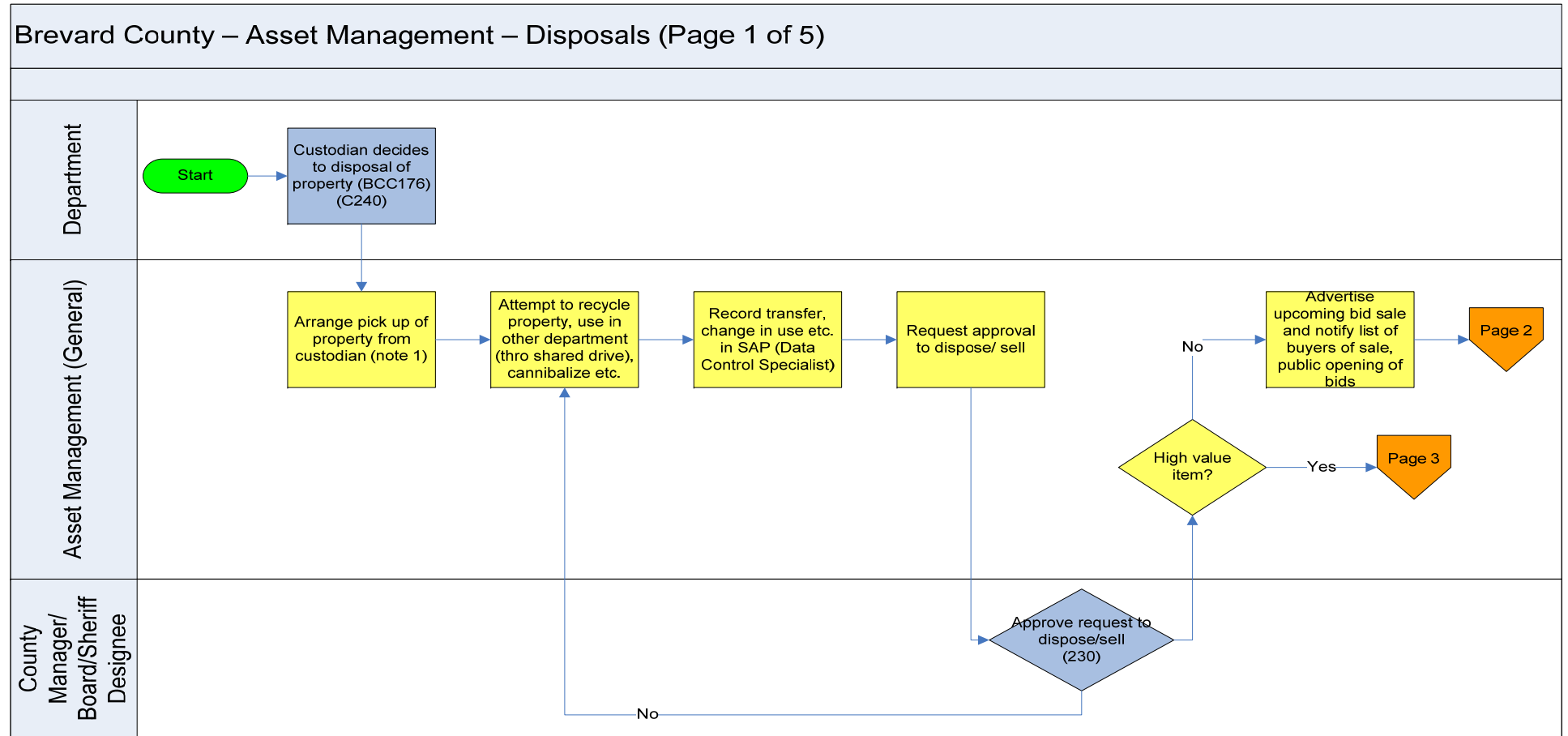


Note 1:
BCC 176 used to transfer property from one department to another. Signed by custodian or someone delegated by custodian. Signature card is maintained for all departments of those authorized to transfer property.

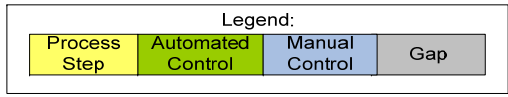
Note 2:
Asset Management will arrange pickup of property versus drop off as well.



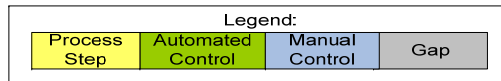
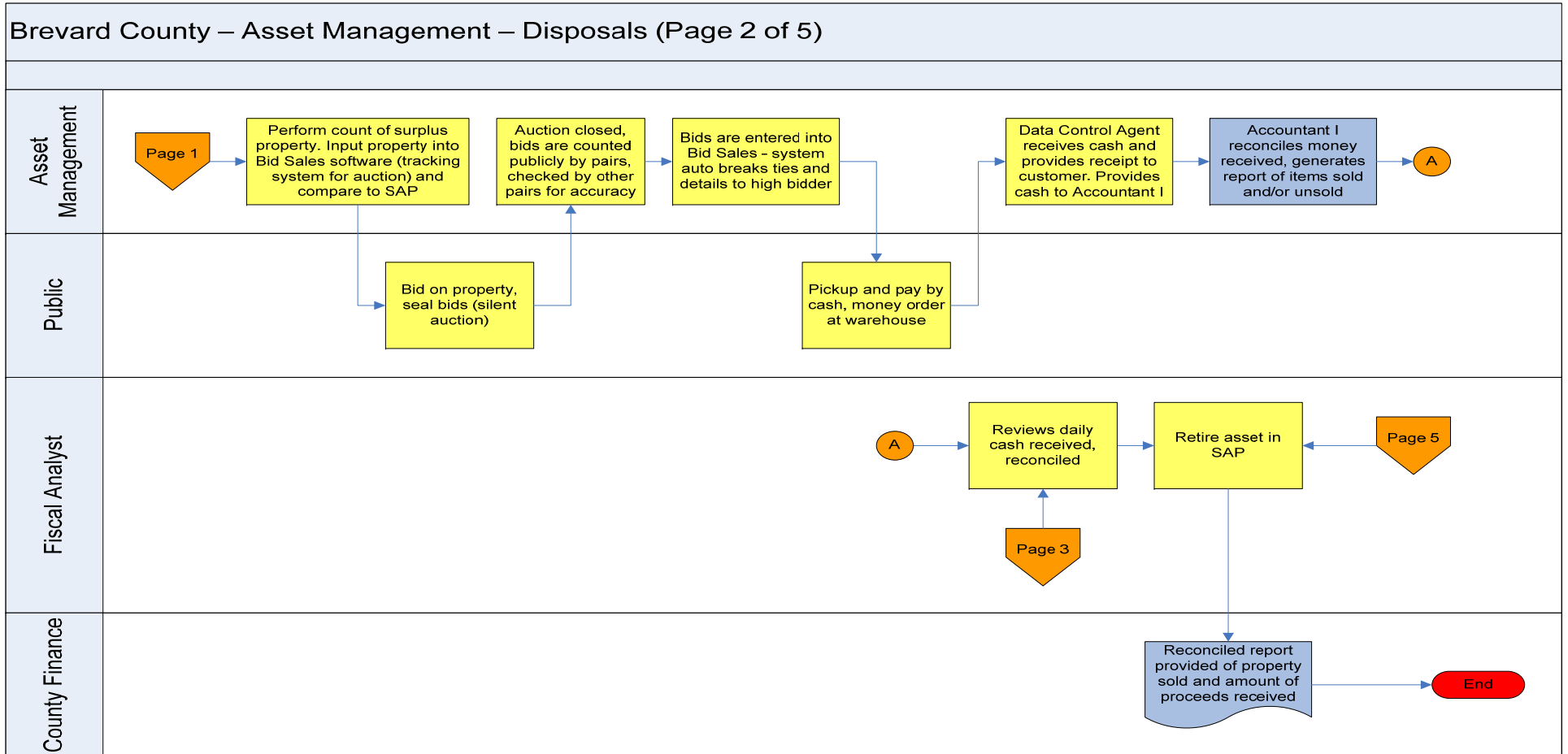
PROCESS MAP



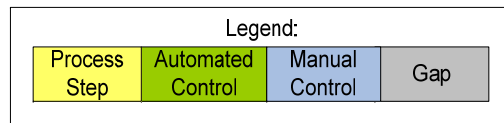
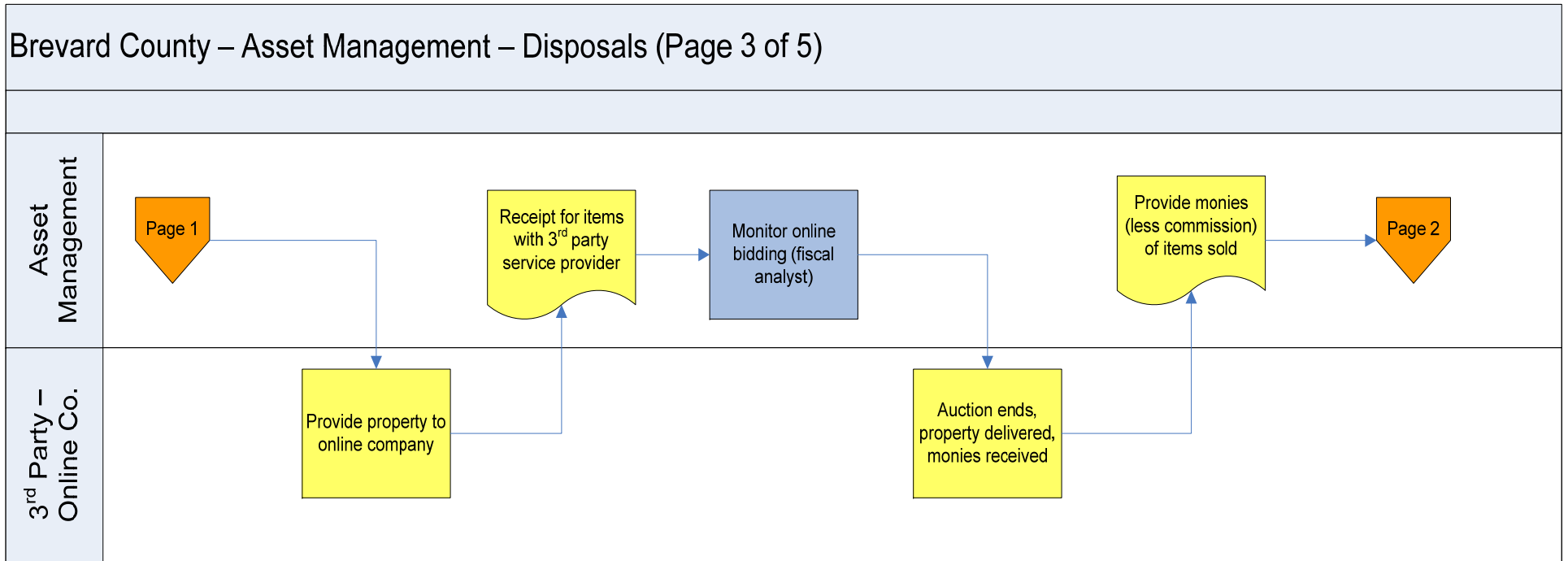
Note 1:
Pick up of surplus property is primarily performed by Property Control Agents within Asset Management group.



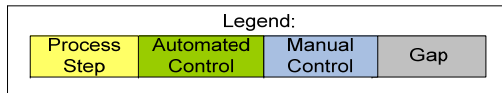
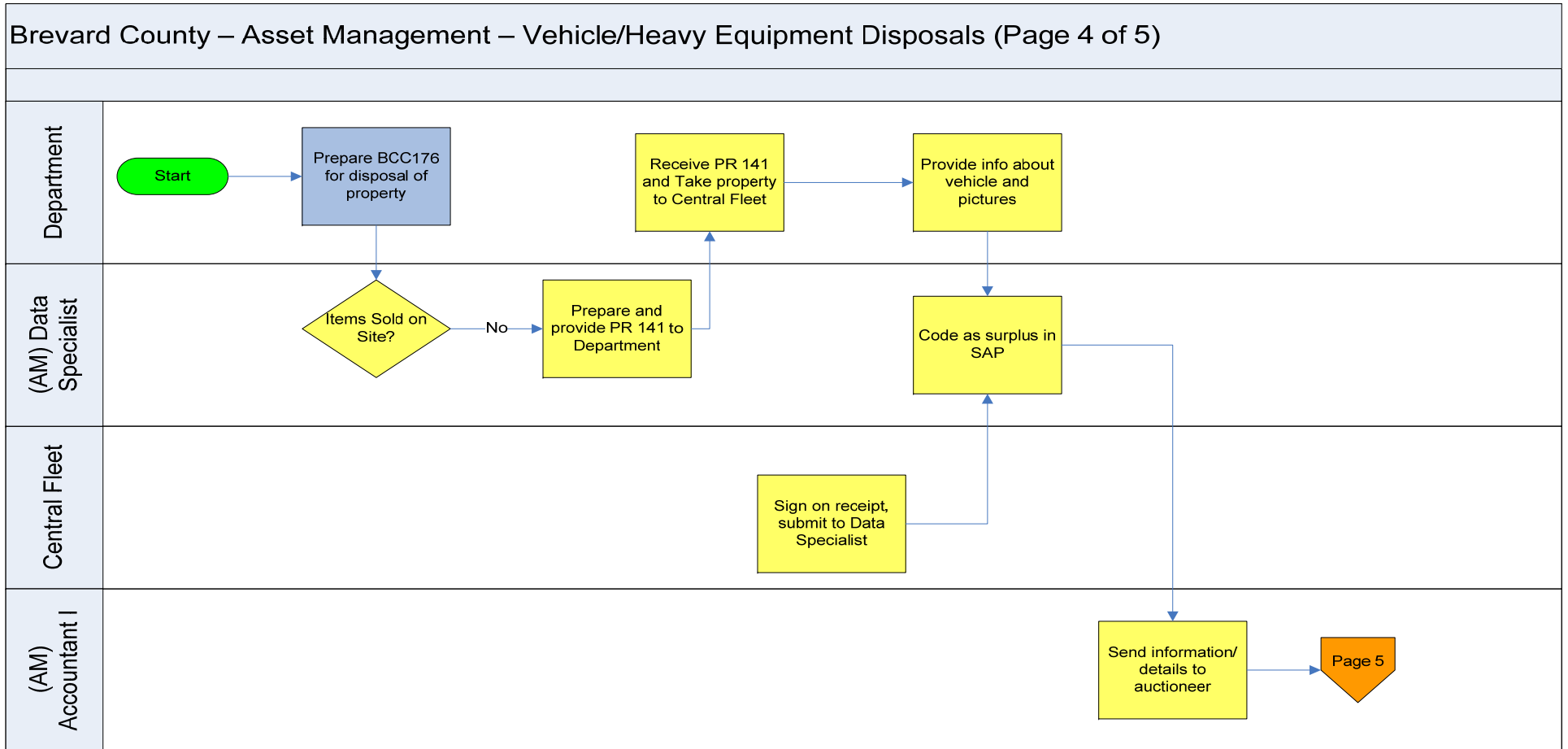
PROCESS MAP



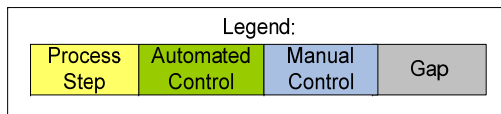
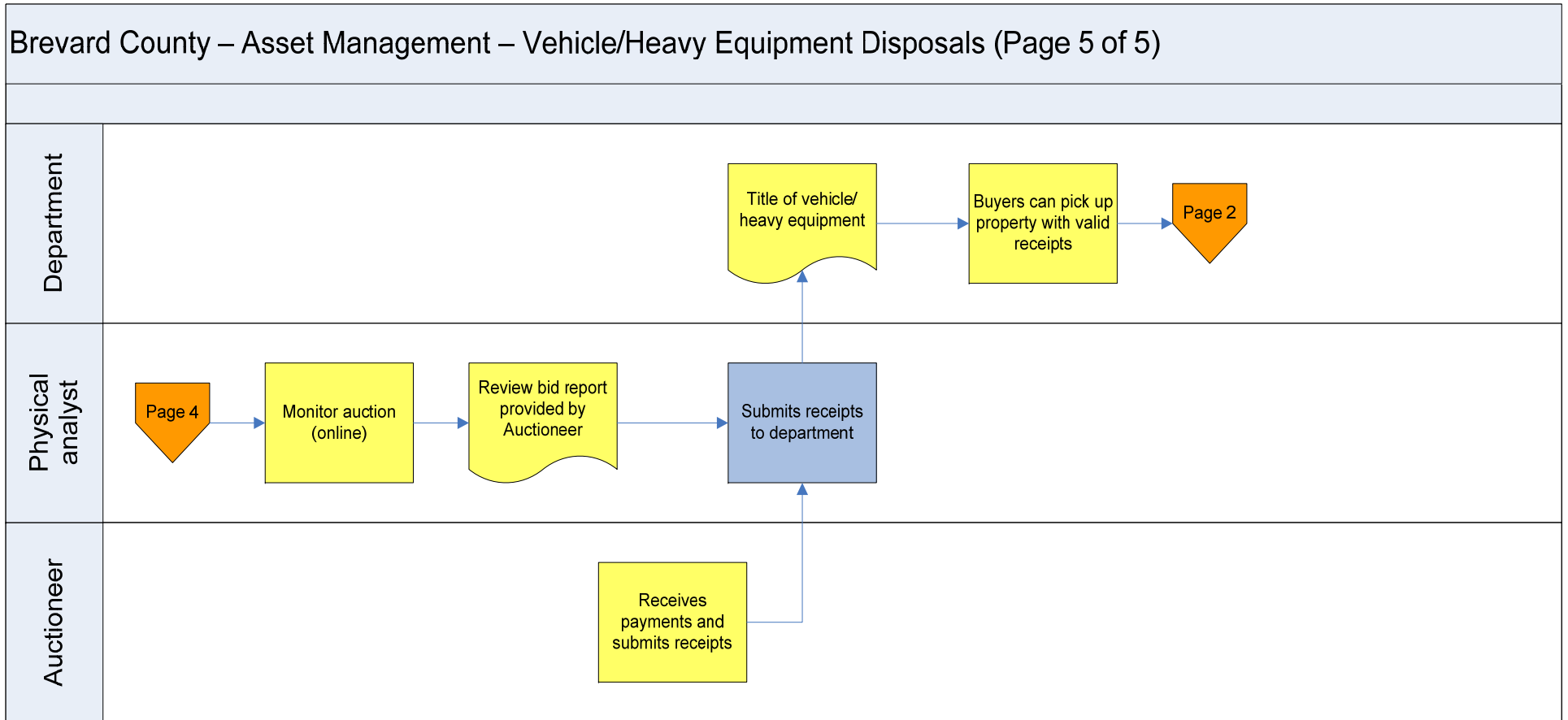
PROCESS MAP



PROCESS MAP



PROCESS MAP



RISK CONTROL MATRIXES

Risk	Control	Key/Non-Key	Control Type	Automation	Process Owner Name	Control Freq.	Operating Effectiveness
100. What ensures that there is proper segregation of duties?							
	200: The authorization, custody, and record-keeping of property are performed by separate individuals. User access within the accounting system is limited based on function.	Yes	Preventative	Manual	Asset Management, Finance, Property Custodian	Continuous	Operation Gap - See observation and recommendation #1.
105. What ensures that all capital additions are accurately and appropriately recorded in accordance with Florida Statute and County policies?							
	205: Asset Management reviews and approves all purchase requisitions over \$750 and all material requisitions for departments with construction projects. Property with estimated lives greater than one year and greater than \$750 are capitalized per County policy.	Yes	Preventative	Manual	Asset Management	Continuous	Effective
	206: Construction projects are identified by departments and costs are segregated by Internal Order in SAP.	Yes	Preventative	Manual	Departments	Continuous	Effective
	207: Access to recording capital assets in SAP asset module is limited to Asset Management.	Yes	Preventative	Automated	Asset Management	Continuous	Operation Gap - See observation and recommendation #1.
	208: Commission policies and Administrative Orders exist for Asset Management and are updated in a timely manner.	Yes	Preventative	Manual	Asset Management	Continuous	Effective
	209: Ad hoc reporting is performed on items not tagged.	Yes	Detective	Manual	Asset Management	Bi-Weekly	Effective

RISK CONTROL MATRIXES

Risk	Control	Key/Non-Key	Control Type	Automation	Process Owner Name	Control Freq.	Operating Effectiveness
110. What ensures that capital asset additions are authorized?							
115. What ensures that recorded capital asset acquisitions represent capital assets acquired by the County?							
	210: All capital expenditures are approved per the authority matrix during the PO process. Evidence of approval is maintained on the PO. When purchase orders are not utilized for purchases, an approval is required on the invoices in accordance with the established approval matrix over purchasing.	Yes	Preventative	Manual	Purchasing	Continuous	See Purchase Internal Audit Report
	215: Asset Management and Finance reconcile the fixed asset roll forward schedule in SAP to the G/L.	Yes	Detective	Manual	Asset Management/ Finance	Monthly	Effective
	216: Asset Management assigns unique inventory numbers and specifies responsible Custodian in SAP.	Yes	Preventative	Manual	Asset Management	Continuous	Effective
	218: Any changes to property control records including capitalized engineering costs, construction period interest, capital leases, and other necessary corrections are tracked in Internal Order and/or communicated to Asset Management.	Yes	Preventative	Manual	Asset Management/ Finance	Continuous	Effective
	219: Capital additions are inspected and tagged, descriptions and information is updated in SAP.	Yes	Preventative	Manual	Property Control Agents (Asset Management)	Continuous	Effective

RISK CONTROL MATRIXES

Risk	Control	Key/Non-Key	Control Type	Automation	Process Owner Name	Control Freq.	Operating Effectiveness
120. What ensures fixed asset additions are recorded in the appropriate period?							
	215: Asset Management and Finance reconcile the fixed asset roll forward schedule in SAP to the G/L.	Yes	Detective	Manual	Asset Management/ Finance	Monthly	Effective
	220: A report is generated for monthly paid PO's and compared to reported monthly asset additions to ensure completeness.	Yes	Detective	Manual	Asset Management	Monthly	Effective
	222: Fast entry report is run for non PO related assets (i.e. P-Card) to identify assets not recorded.	Yes	Detective	Manual	Asset Management	Monthly	Effective
125. What ensures that depreciation is correctly calculated/recorded, valid and recorded in the proper period?							
	215: Asset Management and Finance reconcile the fixed asset roll forward schedule in SAP to the G/L.	Yes	Detective	Manual	Asset Management/ Finance	Monthly	Effective
	225: Coding of asset is reviewed prior to the property being put into use to ensure proper classification and depreciation rate.	Yes	Detective	Manual	Asset Management/ Finance	Continuous	Effective
	226: SAP System automatically records depreciation accurately and appropriately.	Yes	Preventative	Automated	SAP/IS	Continuous	Effective
	227: Asset Management receives notification from project managers regarding Construction in Progress on a timely basis confirming project completion.	Yes	Preventative	Manual	Asset Management/ Project Manager/ Finance	Continuous	Effective

RISK CONTROL MATRIXES

Risk	Control	Key/Non-Key	Control Type	Automation	Process Owner Name	Control Freq.	Operating Effectiveness
150. What ensure that an annual count is performed in compliance with Florida Statutes and Administrative Order?	250: A master list of all departments is maintained and reviewed to track the dates of a department's property count. The Official Receipt for Property is provided and signed by custodians acknowledging the count and property on hand.	Yes	Detective	Manual	Asset Management / Property Custodians	Annual	Effective
	251: SAP tracks the date of the last inventory count by asset.	Yes	Preventative	Automated	SAP/IS	Continuous	Effective