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Report No. 2019-22

TO: Andrew Pupke, Director
Real Estate Management 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
Jeanette Phillips, Director, Finance Division
Keith Royster, Manager, Facility Operations Division

SUBJECT: Inspector General's Observation of the Facility Operations Division's
Annual Physical Inventory of Fixed Assets

DATE: July 26, 2019

This letter serves to inform you that the Division of Inspector General completed its observation of the annual physical inventory of fixed assets for the Facility Operations Division on June 14, 2019, at the Clearwater and St. Petersburg facilities, and on June 20, 2019, at the Criminal Justice Center and Detention Center (jail).

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 assets 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.

We conclude that the Facility Operations Division physical inventory was performed in compliance with required inventory procedures and our sample tests agreed with those



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of your staff. However, there was an issue related to the identification of some assets as noted below.

1. Some Assets Are Missing Tags.

Asset tags were missing for 16% of the assets in our sample. We performed an onsite observation of the Facility Operations Division's (Division) annual fixed assets physical inventory on June 14, 2019, and June 20, 2019. Prior to our onsite observation, we randomly selected 25 assets from the Division's fixed assets inventory report. The Division has assets in five separate locations for fixed asset reporting purposes. Our sample included observation of assets at each location. These locations are identified as the following:

- OpsCentral
- OpsDetention
- OpsNWClear
- OpsNWMid
- OpsSouth

During our observation, we noted the following four assets were not tagged and difficult to identify and locate.

Location	Asset Description/ Comment	Manufacturer	Serial Number	Tag Number	Current Cost	NBV
OpsDetention	57527CART, BENCHMobile, 10 Drawer	Kennedy	N/A	96795	\$3,387.60	\$0
OpsNWClear	65202Dehumidifier	Fantech	-	120131	\$2,003.26	\$977.78
OpsNWClear	46231PUNCH	GREENLEE	1732	85199	\$1,884.00	\$0
OpsNWClear	45022SYSTEMPRIOR MONTH CHARGE TO WRG ACCT	MORSE- WATCHMAN	-	85387	\$2,949.00	\$0

A majority of the Division's assets are tools and machines. Tools and machines have a greater risk of theft, especially when they are left untracked. Often, tools and equipment get circulated within different departments or across different locations. This practice increases the risk associated with misplacement, loss, and theft. The Inventory Contact and/or Record Keeper should ensure that all assets have asset tags when conducting the Division's annual physical fixed assets inventory. If asset tags are missing, replacement tags should be requested promptly.

Management was unsure why the asset tags were missing during our observation. Missing tags for assets may not have been recorded by the Inventory Contact and/or Record Keeper during the prior physical inventory. The process to identify assets during the inventory becomes more cumbersome when assets are missing tags. In addition, the risk for theft or loss increases when assets are not properly tagged.

Asset tags are used to monitor and track a company's physical assets. The Finance Division's Department Fixed Asset Processing Procedures state that asset tags are, "Assigned to assets valued at \$1000.00 or more with a useful life of 1 year or more" and the "Record Keeper should affix the tag to the asset when the asset is received."

The Finance Division's Annual Physical Inventory Checklist procedures state the following:

"The Department Director is responsible for the annual physical inventory; the assigned Inventory Contact will document the inventory. The department's Record Keeper should verify that all new assets are properly tagged; complete the applicable forms, and review the PDA (Pending Departmental Audit) Report. The Inventory Contact will be responsible for recording the inventory results on the Inventory Report, verifying that the Oracle location on the inventory report agrees with the physical location of the asset, and verifying that the asset number, description, manufacturer, model and serial number agree."

We recommend Management submit the Finance Division's "Fixed Assets Replacement Tag Request Form" for the four assets missing tags.

Management Response:

Management Concur. The forms have been submitted to replace the four missing asset tags.

We appreciate your staff's cooperation during this audit.