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REPORT NO. 2022-18

TO: Kelli Levy, Director
Public Works Department

FROM: Melissa Dondero, Inspector General/Chief Audit Executive *MD*
Division of Inspector General

DIST: Ken Burke, CPA, Clerk of the Circuit Court and Comptroller
Jeanette Phillips, Chief Deputy Director, Finance Division
The Honorable Chairman and Members of the Board of County Commissioners
Barry Burton, County Administrator
Jill Silverboard, Deputy County Administrator/Chief of Staff

SUBJECT: Inspector General's Follow-Up Audit of the Observation of Public Works Mosquito Control's 2021 Annual Physical Inventory of Fixed Assets

DATE: November 1, 2022

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 Public Works Mosquito Control within the Stormwater and Vegetation 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 assets 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.



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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 months of September through October 2022. The original observation of the annual physical inventory of fixed assets was completed on August 10, 2021. However, transactions and processes reviewed were not limited by the audit period.

Of the three recommendations contained in the original audit report, we determined management implemented all three 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 annual physical inventory of fixed assets for Public Works Mosquito Control within the Stormwater and Vegetation Division. The recommendations contained herein are those of the original audit, followed by the current status of the recommendations.

1. Mosquito Control Asset Records Were Not Complete And Accurate.

We performed an onsite observation of Mosquito Control's annual fixed assets inventory on August 10, 2021. During our observation, we found two asset records that were not complete and accurate. Mosquito Control's inventory report contained 186 fixed assets. Prior to our onsite observation, we randomly selected 24 assets, or 12.9%.

During our observation, we determined there were 2 asset records, or 8.3% of the sample, with discrepancies. Specifically, the following two assets were laptops the Mosquito Control asset Record Keeper released to Business Technology Services (BTS) on September 16, 2020, but they were still included on Mosquito Control's inventory report:

Location	Asset Description/ Comment	Manufacturer	Serial Number	Tag Number	Current Cost	Net Book Value (NBV)
MOSQ	Laptop	HP	5CG9214BQG	127898	\$1,017	\$339
MOSQ	Laptop	HP	5CG9214C6M	128307	\$1,017	\$339

Management completed a "Fixed Asset Surplus Transfer Form" for each asset on September 16, 2020, and the Record Keeper took the two assets to BTS. However, the forms were not completed by BTS, and the assets have not been removed from the Mosquito Control inventory report.

Inaccurate and incomplete asset records result in non-compliance with the Finance Division's fixed assets guidelines and state and local requirements governing asset financial record keeping and physical safeguarding of County owned assets. Due to their portability and size, laptops have a greater risk of theft and especially when left untracked.

The Finance Division's "Dept. FA Processing" (FA 300) guidelines state the following:

"The goal of the inventory is to maintain control of County assets by physically locating each asset assigned to a particular location on an annual basis. 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."

The Record Keeper's role is to research unaccounted for assets with a status of Pending Departmental Audit, which means the assets are missing. In the case of transferred assets, the Record Keeper should follow the Finance Division's FA 300 guidelines for transferred assets, which state the following:

"Attach Fixed Asset Transfer Form if marked:

- *Surplus*
- *Traded- attach supporting documents*
- *Scrapped*
- *Junked*
- *Cannibalized"*

According to the instructions on the "Fixed Asset Surplus Transfer Form," the form should be processed as follows:

*"Original: Signed by Releasing & Receiving Custodians, Witness & Transport, Surplus and/or Fleet as applicable, then Submitted to Finance, Fixed Assets.
Copies: Releasing, Receiving, Surplus and/or Fleet Dept. should maintain a copy for their departmental Fixed Asset records."*

Mosquito Control did not transfer assets in accordance with the Finance Division's FA 300 guidelines. The Finance Division will not update the asset record if the "Fixed Asset Surplus Transfer Form" is not prepared, signed, and submitted by the department.

We Recommended Management collaborate with BTS to complete the "Fixed Asset Surplus Transfer Form" for each asset and submit the forms to the Finance Division so it can transfer the two laptops to BTS.

Management Response:

Management Partially Concurs. The process to transfer the two laptop assets was appropriately followed by Mosquito Control by initiating the "Fixed Asset Surplus Transfer Forms." These forms were signed by the Mosquito Control asset custodian at the time and transferred to BTS. The second portion of the form confirming receipt should have been signed by BTS' custodian and the assets properly removed from Mosquito Control's Inventory. Mosquito Control will follow up and collaborate with BTS to ensure that they sign off on the transfer forms and that copies of the signed forms are returned to Mosquito Control to close the loop.

Response from BTS: BTS received the laptops and reassigned them to other personnel in the Public Works Department to support remote work efforts. The appropriate paperwork will be processed.

Status:

Implemented. Management corrected the issue by completing “Fixed Asset Surplus Transfer Forms” for two laptops with asset tag numbers 127898 and 128307. We confirmed both laptops were transferred out of Mosquito Control’s inventory.

2. Two Mosquito Control Assets Were Missing Asset Tags.

Asset tags were missing on 2 of the 24 assets, or 8.3%, selected in the sample for our onsite observation of Mosquito Control’s annual fixed assets inventory.

During our observation, we noted two assets were not tagged and more difficult to identify. The following table summarizes the assets that did not have an asset tag affixed:

Location	Asset Description/ Comment	Manufacturer	Serial Number	Tag Number	Current Cost	NBV*
MOSQ	Hand Fogger	London Fog	5465	125962	\$2,735	\$1,738
MOSQ	Fogger	London	49157	92994	\$1,810	\$0

*Rounded to nearest dollar.

The Inventory Contact Person and/or Record Keeper should ensure all assets have asset tags when conducting the annual physical fixed assets inventory. If asset tags are missing, replacement tags should be requested promptly.

Mosquito Control has a process for assets missing asset tags in which it will etch asset tag numbers into the assets or use a marker to write the asset tag numbers onto assets until it receives a replacement tag. Upon notifying the fixed assets Record Keeper, he completes and submits the “Fixed Assets Replacement Tag Request Form” to the Finance Division. Once the new asset tags arrive, the Record Keeper affixes them to the assets and updates the inventory records to replace the old tag numbers with the new tag numbers. Mosquito Control’s practice is a reliable alternative for its assets that lose the asset tag when done on a consistent basis. However, the two assets mentioned above did not have the asset tag number etched into the equipment or written on it.

Management stated keeping asset tags on some of its equipment, especially field equipment, can be difficult. Asset tags on foggers become unaffixed because of the constant washing of the equipment, chemicals spilling on the tags, grease buildup around the tags, and aging of the equipment. 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 department's physical assets. The Finance Division's FA 300 guidelines state "Property of Pinellas County" asset tags are:

- *"Assigned to assets valued at \$1,000.00 or more*
- *Record Keeper should affix the tag to the asset ASAP"*

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 Recommended Management:

- A. Submit the Finance Division's "Fixed Assets Replacement Tag Request Form" for the two assets missing tags. After the new tags are received, Mosquito Control should affix the new tags to the assets and update its inventory records to reflect the new tag number for each asset.
- B. Follow its process to etch or write the asset tag number onto the two assets until receipt of the replacement asset tags. Moving forward, Mosquito Control should consistently follow its process to mark the asset tag number on assets that have lost their asset tags until receipt of replacement tags.

Management Response:

- A. **Management Concurs.** We will be following the process described to request and replace the missing asset tags and update our records.
- B. **Management Partially Concurs.** Management will continue to follow the process of etching asset numbers on items that are missing asset tags and properly request and replace the tags in a timely manner from when the issue is found. However, outside of annual physical inventory and the event of asset transfer, it is not routine to inspect for asset tags throughout the year. For many of Mosquito Control's assets, chemical and environmental wear and tear can occasionally cause asset tags to fall off. Given that Mosquito Control has 184 assets, it may not be reasonable to purposefully inspect for inventory tags throughout the year. Missing tags will continue to be identified at annual physical inventory, the asset number will be etched on at this time and a new tag will be requested.

Status:

- A. **Implemented.** The Finance Division changed its policy to require only assets valued at \$5,000 or more to be assigned asset tags unless an asset was deemed an attractive item with a heightened risk of theft. Management corrected the issue by replacing the asset tags on the two hand foggers due to them being deemed as attractive items.

- B. **Implemented.** Management corrected the issue by etching asset numbers on the two items that were missing asset tags. IG staff confirmed through records provided by management that asset numbers were etched onto the two items that were missing asset tags.

We appreciate the cooperation shown by the staff of the Public Works Department during the course of this review.

MD/JCS