

## AUDIT AND FINANCE COMMITTEE

### *Fixed Assets Report*

#### **Reason for the Report**

The Grand Jury elected to inquire into whether the various departments of El Dorado County government are maintaining accurate records and/or inventory of equipment and fixed assets. This inquiry did not address the issue of record keeping in regard to disposal of assets by the County.

The inquiry occurred as a result of (1) observation of discarded items in an alleyway behind the Government Center and (2) testimony taken by the Grand Jury.

#### **Scope of the Investigation**

- Interview with the County Auditor/Controller;
- A review of the County's Fixed Asset Inventory System - Property Inventory By Department ("Inventory Report"); and
- A random physical audit by the Grand Jury.

#### **Findings**

- F1: On September 5, 2001, miscellaneous property was observed in an unsecured alley behind County Administration Building B, adjacent to the Department of Veterans Services. The items appeared to be surplus and/or discarded equipment, including computer and radio equipment, shelving, bins and old furniture. The items remained in this area for several weeks.
- F2: The existence and location of County assets is memorialized in the Inventory Report and listed by department only. The format of the report is not designed to contain information as to precise physical locations.
- F3: Departments selected for the random audit were, at best, only able to locate inventory assets noted in the Inventory Report by reference to individual memory or hand-written notes on the Report.
- F4: One audited department, with several locations, had particular problems locating items of inventory listed on the Inventory Report, which were housed at outlying department locations.
- F5: The software program that produces the Inventory Report is not adequate to maintain complete records of fixed assets and inventory. The software does not allow

departments to keep accurate records of items being surplusd out of the departments or relocated within the departments.

- F6: Departments audited by the Grand Jury do not have independent computer systems for tracking fixed assets or inventory within their individual departments.

### **Recommendations**

- R1: All equipment being surplusd should be properly placed in a secured facility. Those items should not be allowed to accumulate in unsecured areas.
- R2: The Department of Information Services, in conjunction with the user departments, should design and establish standardized procedures for the surplusd, locating, and relocating or discarding of equipment.
- R3: The existing Inventory Report program should be modified, or a new computer program designed, to provide for systematic notations useful to individual departments in maintaining accurate and up-to-date fixed assets and inventory records.

### **Commendations**

The Grand Jury commends county personnel for their creative means of maintaining records as best they can with what they have available. The Grand Jury was impressed by the fact that an employee in the Tax Collector's Office, from memory, could take the investigating members immediately to each item indicated on the Inventory Report.

### **Responses Required for Findings**

F1 through F6            El Dorado County Board of Supervisors

### **Responses Required for Recommendations**

R1 through R3            El Dorado County Board of Supervisors