

AUDITOR'S REPORT

HARRIS COUNTY FLEET SERVICES AS OF OCTOBER 21, 2014



May 15, 2015

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HARRIS COUNTY AUDITOR

May 15, 2015

Mr. Bruce High, Executive Director
Harris County Central Technology Services
406 Caroline, 4th Fl.
Houston, TX 77002

RE: Reassignment of Harris County Fleet Services (the Office)

With the reassignment of the Office to the Harris County Central Technology Services from the Office of the Purchasing Agent, the Compliance Audit Department performed the procedures below as of October 21, 2014.

The procedures performed included:

- Determining whether cash in the Office reconciled to the imprest balance and the balance was accurately recorded in the County's Integrated Financial and Administrative Solution (IFAS) system.
- Determining whether the collections on hand reconciled to County receipts, financial reports generated by the Office, and a validated bank deposit slip or Treasurer's Receipt.
- Determining whether fuel, purchasing, and travel cards assigned to the Office are in the Office's possession.
- On a test basis, determining whether controlled and capital assets existed and were accurately recorded in the County's property and equipment records.

The engagement process included providing you with a combined engagement and scope letter and conducting an exit conference with your personnel. The purpose of the letter and conference was to discuss issues identified during the engagement and solicit suggestions for resolving the issues. A draft report was provided to you and your personnel for review.

Mr. Bruce High, Executive Director
Harris County Central Technology Services

The enclosed Auditor's Report presents the significant issues identified during our procedures, recommendations developed in conjunction with your staff, and any actions you have taken to implement the recommendations. Less significant issues and recommendations have been verbally communicated to your staff

We appreciate the time and attention provided by you and your staff during our procedures.

Sincerely,



Barbara J. Schott
County Auditor

cc: District Judges
County Judge Ed Emmett
Commissioners:
 R. Jack Cagle
 El Franco Lee
 Jack Morman
 Steve Radack
Devon Anderson
Vince Ryan
William J. Jackson
DeWight Dopslauf

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ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Multiple Quantities	Pursuant to Harris County Accounting Procedure A.1-1, <i>Property Handling Guidelines</i> , (Procedure A.1-1), assets recorded in the County's property and equipment records should contain accurate information, such as unit value and serial number.	<p>One purchase order was used to acquire multiple quantities of equipment. For these items, the Office did not separate the individual assets purchased in the County's property and equipment records. There were 111 assets related to 21 purchase orders totaling \$204,126 that were not separated, therefore correct unit values and serial numbers were not recorded.</p> <p>As a result, the ability to detect missing assets in a timely manner is reduced.</p> <p>See note "a" on the attached Appendix.</p>	<p>The Office should follow Procedure A.1-1, and ensure the property and equipment records contain accurate information, including unit values and serial numbers.</p> <p>To improve internal controls, the Office should consider generating a quarterly asset report and review the data entry fields to monitor the quality of information and errors, such as recording multiple quantities, and perform periodic property inventory audits.</p>	<p>When equipment is purchased for Fleet Services use, the PO's will be split and tagged accordingly.</p> <p>CTS is currently conducting a physical inventory and addressing each issue. We will continue to monitor the inventory to ensure items are split and tagged accordingly. We will also ensure the coding on the Request for PO's is correct.</p>
Items Not Located	Pursuant to Harris County Accounting Procedure A.1-1, <i>Property Handling Guidelines</i> , assets that are no longer in the Office's control and considered missing should be removed from the County's property and equipment records for the Office by requesting Commissioners Court approval to remove the assets.	<p>Of the 22 assets selected for testing, 6 assets (27%) totaling \$23,410, could not be located. Two were capital assets, each with a unit value of \$5,000 or more. The remaining 4 were considered County controlled assets with a value of at least \$500 but less than the \$5,000 capitalization threshold.</p> <p>As a result, the County's property and equipment records, and financial accounting records may</p>	<p>The Office should attempt to locate these assets, and steps should be taken to identify and address the cause of the missing assets. If they are unable to do so, they should determine whether County Auditor's Form 3351, <i>County Property Deletion/Indemnification Request Form</i> should be submitted to Purchasing to obtain Commissioners Court approval to remove these</p>	<p>CTS is currently conducting a physical inventory and addressing each issue.</p> <p>Once the transfer of Fleet's assets from 615 to 292 is complete, records can be updated.</p> <p>We will continue to monitor the inventory.</p>

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Items Not Located (Continued)		<p>be overstated.</p> <p>See note “b” on the attached Appendix.</p>	<p>assets from the County’s property and equipment records.</p> <p>To improve internal controls, the Office should consider generating a quarterly asset report and review the data entry fields to monitor the quality of information and errors, such as items not located, and perform periodic property inventory audits.</p>	
Serial Numbers	<p>Pursuant to Harris County Accounting Procedure A.1-1, <i>Property Handling Guidelines</i>, (Procedure A.1-1), the County department must ensure the inventory records reflect sufficient identifying information that includes unique identifying serial numbers.</p>	<p>There were 2 items totaling \$3,713 listed on the County’s property and equipment records where the unique identifying serial number was omitted.</p> <p>As a result, items cannot be accurately reconciled with the County’s property and equipment records, which results in non-compliance with Procedure A.1-1.</p> <p>See note “c” on the attached Appendix.</p>	<p>The Office should correct the property and equipment records by recording the serial numbers for each item and ensure the records contain accurate information</p> <p>To improve internal controls, the Office should consider generating a quarterly asset report and review the data entry fields to monitor the quality of information and errors, and perform periodic property inventory audits.</p>	<p>CTS is currently conducting a physical inventory and addressing each issue.</p> <p>Once the transfer of Fleet’s assets from 615 to 292 is complete, records can be updated.</p> <p>We will continue to monitor the inventory.</p>

**Harris County Fleet Services
Appendix
Inventory Records Exceptions**

OrgKey	Asset ID	Notes	Description	Serial Number	Status	Cost	Qty
55061550	P205168-001-001	a	PRINTER DELL 2335DN MONO MULTI FUNCTION		UA	\$1,525.17	3
55061550	P006997-002-001	a	PART# 01400950 BREAKOUT.		UA	\$2,336.04	4
55061550	P011356-002-001	a	NETVECTRA GT 30, HP D7540A WINTERMINAL		UA	\$6,950.00	10
55061550	P005797-001-001	a	1551B0700 LASER SCANNER.		UA	\$7,227.00	10
55061550	P220416-001-001	a	HIGH END OPTIPLEX 9010 MINITOWER W/O MON		UA	\$12,017.94	11
55061550	P145675-001-001	a	CPU DELL OPTIPLEX 740 SMALL FORM		UA	\$24,620.00	20
55061550	P075831-001-001	a	BATTERY BACKUPS		UA	\$2,513.58	2
55061550	P113380-001-001	a	COMPUTER, DIMENSION - (2) \$1,605.65 EA -		UA	\$3,250.80	2
55061550	P104743-001-001	a	EVAPORATIVE FAN, 36, PORT-A-COOL, MDL."		UA	\$4,950.00	3
55061550	P113158-001-001	a	LAPTOP, DELL LATITUDE D620 INTEL, CORE 2		UA	\$9,834.95	5
55061550	P074679-003-001	a	CPU DIMENSION 8300 SERIES PERSONAL		UA	\$4,313.52	2
55061550	P229138-001-001	a	SCAN TOOL WITH REFLASH,		UA	\$10,975.00	5
55061550	P074679-001-001	a	CPU DIMENSION 8300 SERIES PERSONAL COMP		UA	\$4,999.32	2
55061550	P201231-001-001	a	LATITUDE E6420 ATG LAPTOPS, WITH WINDOWS		UA	\$12,779.10	5
55061550	P074679-002-001	a	CPU DIMENSION 8300 SERIES PERSONAL COMP		UA	\$8,036.28	3
55061550	P229131-001-001	a	AC RECYCLING MACHINE, ROBINAIR,		UA	\$8,967.00	3
55061550	P113171-001-001	a	HAND-HELD SCANNER KIT, (4) @ \$2,876 EA -		UA	\$13,056.00	4
55061550	P229287-001-001	a	TRANS-TECH 4 ATF EXCHANGE SYSTEM,		UA	\$17,400.00	5
55061550	P205520-001-001	a	RTI FULLY AUTOMATIC A/C MACHINE,		UA	\$7,398.00	2
55061550	P110833-001-001	a	TIRE BALANCERS, CORGHI #EM8540, 110V STA		UA	\$20,311.50	5
55061550	P221137-001-001	a	ARBITRATORS, MK2.0 MAIN UNITE WITH GPS,		UA	\$20,664.50	5
55061550	A062236-A01	b	EPSON FX286 DOT MATRIX PRINTER	4014616	RC	\$525.00	1
55061550	A066697-A01	b	XEROX 6020 MEMORYWRITER TYPEWRITER	255877	RC	\$595.00	1
55061550	P108359-001-001	b,c	NOTEBOOK, HP COMPAQ BUSINESS NX9420 - \$1		UA	\$1,870.00	1
55061550	0357359-001-001	b	SERVER DELL POWEREDGE 2100 PENTIUM	8G6FN	TG	\$3,954.00	1
55061550	P208901-001-001	b	SCANNER, WITECH SYSTEM SCANNER FOR USE O	WVP-23563	TV	\$5,490.72	1
55061550	0350692-001-001	b	ANIMAL CONTROL UNIT SWAB FIBGLS 6HOL	ARF95 5307 12/96	TV	\$10,975.00	1
55061550	P230792-001-001	c	COMPUTER - DELL LATITUDE E6430 ATG		UA	\$1,843.11	1

**Harris County Fleet Services
Appendix
Inventory Records Exceptions**

Notes

- a Multiple Quantities
- b Not Located
- c No Serial Number

Status Codes

- RC Received
- UA User Asset, County Controlled
- TG Tagged by Purchasing
- TV Tagged by Purchasing, Approved for an Asset by Auditor's Office (Accounting)