

AUDITOR'S REPORT

HARRIS COUNTY POLLUTION CONTROL SERVICES AS OF SEPTEMBER 17, 2014



March 6, 2015

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HARRIS COUNTY AUDITOR

March 6, 2015

Mr. Bob Allen
Harris County Pollution Control Services
101 South Richey, Suite H
Pasadena, Texas 77506

RE: Cash count and review of assets for Pollution Control Services (the Office) as of September 17, 2014

The Compliance Audit Department performed a surprise cash and asset count on September 17, 2014 at the Office.

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.
- On a test basis, determining whether controlled and capital assets existed and were accurately recorded in the County's property and equipment records.

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.

Mr. Bob Allen
Harris County Pollution Control Services

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

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ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Transferred Items	Pursuant to Harris County Accounting Procedure A.1-1, <i>Property Handling Guidelines</i> , inventoried property records should be kept current with new items added and deleted items removed timely (e.g., transfer, loss, theft, destruction). Additionally, annual inventory verification and discrepancies should be documented, investigated, and reconciled.	<p>There were 32 assets purchased with grant funds totaling \$443,797 that were listed on the Harris County Health Department's property and equipment listing; however, these assets were in possession of and used by Harris County Pollution Control.</p> <p>As a result, the property and equipment records for the Office were understated and did not reflect all property and equipment.</p> <p>See note "c" on the attached Appendix.</p>	The Office should properly record the assets in IFAS (Fixed Asset Module) under Pollution Control in the location field, and the grant org key in IFAS should remain PHES, Harris County Public Health & Environmental Services, as the grant funding source.	We have requested from PHES that the location of the items in IFAS be changed to Pollution Control and the grant org key remains PHES.
Serial Numbers	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>There were 27 items totaling \$42,544 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>The Office should correct the property and equipment records by recording the serial numbers for each item.</p> <p>The Office should also ensure the County's property and equipment records contain accurate information, including unique identifying numbers.</p> <p>To improve internal controls, the Office should consider</p>	<p>The serial numbers were located and updated on the property and equipment records. We are planning to conduct an inventory of all property and equipment so we can properly record serial numbers.</p> <p>Additionally, PCS will review quarterly asset reports and perform an annual audit.</p>

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Serial Numbers (Continued)		See note “d” on the attached Appendix.	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.	
Assets Traded In	<p>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. Assets that have been traded in (exchanged) and are no longer in the Office’s control should be corrected in the County’s property and equipment records to reflect the replacement equipment.</p> <p>A Capital County Asset is defined as: County personal property including all weapons/firearms with a unit value of \$5,000 or more. A Controlled County Asset is defined as: County personal</p>	<p>One out of 8 (13%) Controlled County assets totaling \$550 was not located. Management informed us that this asset was exchanged with the vendor as a replacement. However, the asset was not properly removed from the County’s property and equipment records, and the replacement item was not property added.</p> <p>As a result, the property and equipment records did not correctly reflect the asset that was in the Office’s possession.</p> <p>See note “b” on the attached Appendix.</p>	<p>For an exchange of assets, the Office should obtain supporting documentation from the vendor to document the exchange.</p> <p>In addition, the Office should follow Purchasing’s Procedure 11.3, <i>Disposal of County Property</i>, relating to equipment trade-ins and coordinate the exchange of assets through the Purchasing Office.</p>	<p>We obtained purchase order P216884 which list the details of the replacement asset to support the exchange. We plan to follow Purchasing’s Procedure 11.3 and coordinate the exchange of the asset through the Purchasing Office.</p>

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Assets Traded In (Continued)	property with a unit value of or between \$500 and \$4,999.99.			
Items Not Listed on Asset Listing	<p>Pursuant to Harris County Accounting Procedure A.1-1, <i>Property Handling Guidelines</i>, (Procedure A.1-1), A Capital County Asset that is a Category I, is defined as: County personal property including all weapons/firearms with a unit value of \$5,000 or more. These items are recorded as a fixed asset on the General Ledger, depreciated over the useful life of the asset, and must be recorded on the County Inventory Listing (i.e., in the IFAS FA module).</p> <p>A Controlled County Asset that is a Category II, is defined as: County personal property with a unit value of or between \$500 and \$4,999.99 that has a unique identifying number such as a serial number applied by the manufacturer, not part of a larger inventory item, plus all weapons and firearms regardless of value not included in the Capital County Assets category I. These items are not recorded</p>	<p>Seven assets were selected for testing from the Office and an attempt was made to trace the assets to the property and equipment records. Two assets (29%) were not recorded in the property and equipment records.</p> <p>As a result, the property and equipment records were understated.</p>	<p>The Office should follow Procedure A.1-1 and ensure all assets with a unit value of \$500 or more and a unique identifying number are recorded in the property and equipment records.</p>	<p>An in-house inventory will be conducted with name, serial numbers, cost and copies of purchase orders. We will verify in IFAS that all property and equipment has been entered and has a tag.</p>

ISSUES AND RECOMMENDATIONS

Subject	Background	Issue	Recommendation	Management Response
Items Not Listed on Asset Listing (Continued)	as a fixed asset on the General Ledger but must be recorded on the County Inventory Listing (i.e., in the IFAS FA module).			
Multiple Quantities	Pursuant to Harris County Accounting Procedure <i>A.1-1</i> , <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 totaling \$2,574.46 was used to acquire multiple quantities of a particular piece of equipment. For these items, the Office did not separate the individual assets purchased in the County's property and equipment records. 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>We plan to update IFAS by eliminating the multiple quantities of property and equipment entered and each item as a single item with the serial numbers and location.</p> <p>Also, our Office will perform annual inventory audits and review quarterly asset reports to ensure inventory is accurate.</p>
Petty Cash Expenditures	Pursuant to Harris County Procedure D.3, <i>Petty Cash Accounts</i> , (Procedure D.3), petty cash should be used in the course of County business.	<p>Four Get Well Soon greeting cards were purchased using petty cash totaling \$13.88.</p> <p>As a result, petty cash was used inappropriately to purchase non business use items.</p>	<p>The Office should follow Procedure D.3 and ensure all purchases are approved expenditures for County business.</p> <p>In addition, the Office should repay \$13.88 to the petty cash fund.</p>	<p>In the future, our Office will ensure all petty cash purchases are in compliance with Procedure D.3.</p> <p>We will replenish the petty cash fund for the cost of the cards of \$13.88 bought in error.</p>

**Harris County Pollution Control
Appendix
Inventory Records Exceptions**

OrgKey	Asset ID	Notes	Description	Serial Number	Status	Cost	Qty
10027225	P217158-001-001	a,d	DELL LATITUDE E6430 LAPTOP (225-2655) 3R		UA	\$2,574.46	2
10027225	P196190-001-001	b,d	LG 42 CLASS/LED/1080P/120HZ/HDTV'		UA	\$549.99	1
JGG27514	P118389-001-001	c	LAPTOP, WITH (4) AREA RAE, RDK GAMMA	L3-DGK96 06/12	TV	\$91,750.00	1
JGG27514	P116700-001-001	c	THERMO DATARAM DR-4000	D657	TV	\$11,006.00	1
JGG27514	P116700-002-001	c,d	AMBIENT SAMPLING INLET SET		UA	\$1,387.00	1
JGG27514	P117539-001-001	c,d	RADIO VHF MOBLE		UA	\$753.00	1
JGG27514	P117584-001-001	c,d	MASK AND TANK RESPIRATOR		UA	\$2,621.27	1
JGG27514	P117584-002-001	c,d	CYLIND W/VLV CARBN 4500P 60 MIN HAZARDOU		UA	\$1,061.40	1
JGG27514	P118857-001-003	c	BOAT TRAILER	4LYBG24257H005750	UA	\$3,000.00	1
JGG27514	P116700-001-002	c	THERMO DATARAM DR-4000	D658	TV	\$11,006.00	1
JGG27514	P117584-001-002	c,d	MASK AND TANK RESPIRATOR		UA	\$2,621.27	1
JGG27514	P117584-002-002	c,d	CYLIND W/VLV CARBN 4500P 60 MIN HAZARDOU		UA	\$1,061.40	1
JGG27514	P117584-002-003	c,d	CYLIND W/VLV CARBN 4500P 60 MIN HAZARDOU		UA	\$1,061.40	1
JGG27514	P116700-002-002	c,d	ITEM# TEIDR-AMB-12V AMBIENT SAMPLING IN		UA	\$1,387.00	1
JGG27514	P115247-001-002	c	DAY/NIGHT EMERGENCY KIT	3907	UA	\$949.05	1
JGG27514	P115247-001-001	c	DAY/NIGHT EMERGENCY KIT	3921	UA	\$949.05	1
JGG27514	P116772-001-002	c	PPB RAE W/CALIBRATION KIT, INCLUDES MONI	250-103271	TV	\$6,024.00	1
JGG27514	P116772-001-001	c	PPB RAE W/CALIBRATION KIT, INCLUDES MONI	250-103267	TV	\$6,024.00	1
JGG27514	P117054-001-002	c	LAPTOP, PANASONIC	7AKYA07952	UA	\$3,663.00	1
JGG27514	P116595-001-001	c	UTILITY VEHICLE, CHEROLET SUBURBAN (2007	3GNGK26K07G274325	TV	\$40,655.00	1
JGG27514	P118857-001-001	c	24' BOAT 24R17	CUS06070D707	TV	\$15,846.67	1
JGG27514	P118857-001-002	c	OUTBOARD ENGINE 200 HP EVINRUDE	5125131	TV	\$15,846.67	1
JGI27514	P137895-001-001	c	CAMERA Thermal Imaging/Measurement	AS0343	TV	\$89,900.00	1
JGI27514	P138230-001-002	c	PERSONAL RADIATION DETECTOR, NEUTRONRAE	153-010259	UA	\$1,764.00	1
JGI27514	P138171-001-002	c,d	METER'S AIR QUALITY TSI IAQ-CALC FOR CO,		UA	\$1,895.25	1
JGI27514	P139316-001-001	c	MERCURY ANALYZER, RA 915 LIGHT-DL. TO BE	1152	TV	\$19,985.00	1
JSC27510	P059958-001-004	c	LAPTOP, DELL LATITUDE W/HAPSITE	D48SG21	TV	\$6,300.00	1
JSC27510	P059958-001-005	c,d	MATERIALS TESTING SERVICE MODULE,INFICON		TV	\$22,195.00	1
JSC27510	P059958-001-001	c	HAPSITE - 111111 INCLUDES:	E3HP22A00598	TV	\$56,350.00	1
JSC27510	P064599-001-022	c	PAGER, RADIATION DETECTOR	140-500205	TG	\$1,495.00	1
JSC27510	P064599-001-013	c	PAGER, RADIATION DETECTOR	140-500194	TG	\$1,495.00	1
JSC27510	P064599-001-011	c	PAGER, RADIATION DETECTOR	140-500192	TG	\$1,495.00	1
JSC27510	P059958-001-002	c,d	AC-24VDC ADAPTER INFICON AC TO DC HAPSIT		TV	\$6,500.00	1

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OrgKey	Asset ID	Notes	Description	Serial Number	Status	Cost	Qty
JSC27510	P059958-002-001	c	HEADSPACE SAMPLING SYSTEM, PART NO. 931-	D3HS12E00213	TV	\$15,750.00	1
10027225	P068472-001-001	d	DYNAMIC DILUTER SYSTEM ENTECH 4600A		TV	\$9,927.00	1
10027225	P100136-002-001	d	7016CA-2 16 POSITION AUTOSAMPLER WITH ON		TV	\$9,662.50	1
25127253	P129821-001-001	d	WEATHER MONITOR, ZENO-3200 DATALOGGER		UA	\$3,050.00	1
25127253	P132849-001-001	d	WEATHER MONITOR, ZENO-3200 DATALOGGER		UA	\$3,050.00	1
10027225	P117766-001-001	d	SCANNER, FUJITSU FI-4340C SHTFEDSCAN USB		UA	\$3,020.00	1
25127253	P234408-001-001	d	DATALOGGER - AQ ZENO 3200, DATA CONTROL		UA	\$2,743.00	1
10027225	P176139-001-001	d	ICE MACHINE SD-0502A, FURNISH AND DELIVE		UA	\$2,484.00	1
25127263	P009991-001-001	d	OVEN,LINDBERG BLUE MECHANICAL CONVECTION		PO	\$1,390.00	1
10027225	A029414-A01	d	MISCROSCOPE AO 561-CHD2		TG	\$1,086.41	1
10027225	P218533-001-001	d	MINI BUCK CALIBRATOR		UA	\$965.00	1
10027225	P150567-010-001	d	NEBULIZER PEEK MIRA MIST 4000 MATERIAL		UA	\$950.00	1
10027225	P229459-001-001	d	PROBE, FLOW 5'-15', ITEM #FP212, EXP.		UA	\$900.00	1
10027225	P197203-001-001	d	FLOW PROBE 5'-15', CAT. NO. 2293557,		UA	\$899.50	1
10027225	P150567-003-001	d	CHILLER 6106PE LOW NOISE 60HZ MATERIAL		UA	\$3,550.00	1

Notes

- a Multiple Quantities
- b Asset Traded In
- c Grant Item not Transferred
- d Serial Number Missing

Status Codes

- UA User Asset, County Controlled
- TG Tagged by Purchasing
- TV Tagged by Purchasing, Approved for an Asset by Auditor's Office (Accounting)
- PO Purchase Order, Not Received