

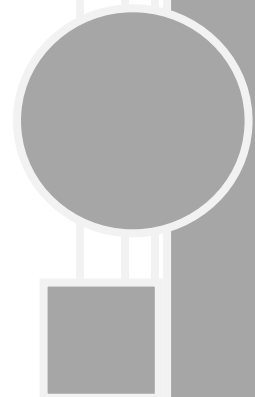


AUDIT REPORT

DALLAS COUNTY

PROPERTY INVENTORY DISTRICT CLERK - FY2020

Darryl D. Thomas
Dallas County Auditor
ISSUED: December 11, 2020
RELEASED: February 25, 2021



PROPERTY INVENTORY DISTRICT CLERK - FY2020

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This report is intended for the information and use of the agency/department. While we have reviewed internal controls and financial reports, this review will not necessarily disclose all matters of a material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the department



DALLAS COUNTY
COUNTY AUDITOR

MANAGEMENT LETTER

Honorable Felicia Pitre
District Clerk
Dallas, Texas

Attached is the County Auditor's final report entitled "**Property Inventory District Clerk - FY2020**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail except to the auditee.

If you prefer that released reports be emailed to a different (or additional) recipient, please inform me of the name and the change will be made.

Respectfully,

Darryl D. Thomas

Darryl D. Thomas
County Auditor

EXECUTIVE SUMMARY

A physical inventory of capital and non-capital property assigned to the District Clerk was performed on September 21, 2020. The review did not identify any significant observations

Summary of Significant Observations

- Four capital assets valued at a current costs of \$36,862 were surplus by the department; however, these items were still listed on the Oracle Fixed Asset system

Repeat observations from Previous Audits:

- Supporting documentation not provided for surplus items.

Only those weaknesses which have come to our attention as a result of the audit have been reported. It is the responsibility of the department management to establish and maintain effective internal control over compliance with the requirement of laws, regulations, and contracts applicable to the department.

INTRODUCTION

Dallas County Auditor's Office mission is to provide responsible, progressive leadership by accomplishing the following:

- Comply with applicable laws and regulations
- Safeguard and monitor the assets of the County utilizing sound fiscal policies
- Assess risk and establish and administer adequate internal controls
- Accurately record and report financial transactions of the County
- Ensure accurate and timely processing of amounts due to County employees and vendors
- Set an example of honesty, fairness and professionalism for Dallas County government
- Provide services with integrity
- Work in partnership with all departments to resolve all issues of the County
- Strive to utilize the latest efficient and effective technology in the performance of tasks
- Provide technical support and training in the development, implementation, and maintenance of information systems
- Hold ourselves accountable to the citizens of the County at all times
- Be responsive to the elected officials and department heads of Dallas County

The objectives of this audit are to:

1. Ensure compliance with statutory requirements
2. Evaluate internal controls
3. Verification of accuracy and completeness of reporting
4. Review controls over safeguarding of assets

This audit covers property that was assigned to the department as of July 29, 2020.

The audit procedures may include interviews with key process owners, observation of departmental processes, physical count of a sample of property items valued \$5,000 or more, and data analysis and sample testing of computer property items valued less than \$5,000. The main system used may also be reviewed and incorporated as part of the testing of transactions.

DETAILS

Property Inventory

A sample physical review of capital assets listed on the District Clerk Oracle Fixed Asset Report and inquiry of department personnel revealed four capital assets valued at a current costs of \$36,862 were surplus by the department; however, these items were still listed on the Oracle Fixed Asset system. **Status: Department did not provide supporting documentation for the surplus items.**

Per Dallas County Code Section 90, all department heads and elected officials are responsible for maintaining property assigned to their department, proper inventory records, and making appropriate reports as required. It is the sole responsibility of the elected official/department head to which property is assigned to maintain a proper accounting of all property through proper inventory records. Accordingly, the management of personal property within the county shall adhere to guidelines related to the transfer of property, whether the property is transferred inter-departmentally or from surplus. The transfers must be approved by the Commissioners Court and must use the Form 280.

Inconsistent management review of processes related to property inventory resulted in incomplete/inaccurate property inventory records and increased the potential for loss or misuse of property inventory.

Recommendation

Property Inventory

District Clerk management should:

- Produce P280 documentation/court orders to remove items no longer in possession of Dallas County. Then Contact the Financial Audit section of the County Auditor's Office to request Oracle Fixed Asset Module list be updated to reflect current property.
- Perform an annual inventory review and report any discrepancies to the Purchasing Department and/or Financial Audit.
- Adhere to Dallas County codes related to property inventory.

Management Action Plan

The district clerk's office acknowledges that it is obligated under the Dallas County code to properly manage capital assets and personal property, and to correctly and timely prepare P-280s to surplus worn, obsolete or replaced items. To this end, the district clerk shall:

- 1.) Review requirements for proper management and disposal of said items with management, including:

- a.) Prompt and accurate preparation of P-280s for eligible assets and submission to District Clerk Administration;
 - b.) District clerk administration will review, submit and track all P-280s instead of section managers;
 - c.) Prohibit the 'warehousing' by management of obsolete or defective assets pending disposition which often results in missing or un-located items;
- 2.) Prohibit management from authorizing "courtesy" surplusing by external agents unless:
- a.) The external agent is a representative of I.T. Services and a copy of the P-280 is promptly provided to the district clerk's inventory manager;
 - b.) The manager receives written permission from the district clerk's inventory manager and that the P-280 is submitted immediately to the district clerk's inventory manager for review and approval prior to surplusing.
- 3.) Implement a comprehensive asset management application that has the following Features:
- a.) A listing of all personal property and capital assets including
 - Category of product
 - Product name
 - Manufacturer
 - Model
 - Assigned section
 - Business unit location
 - Locating at site
 - Condition of asset
 - Date of acquisition
 - Dallas County ID#
 - Product serial#
 - Record of interdepartmental transfer
 - Record of issuance if mobile unit
 - Date of surplus
 - b.) The ability to attach relevant documents to each item
 - c.) Type and date of any major repairs to asset
 - d.) Ability to run reports by business unit section to enable management to effectively verify the availability of the asset and its condition
- 4.) Management will be required to verify assets in the section under their control on or about the first week of May of each fiscal year preferably prior to the budget cycle.

5.) The district clerk's inventory manager will, annually prior to the end of the fiscal year, review the Purchasing Department's FAMP property list and Oracle fixed asset report to ensure consistency with the data in the clerk's new asset management system.

The interface is shown below:

The District Clerk hopes the implementation of these improvements will resolve current and future deficiencies in the management of the clerk's personal property and capital assets.

Auditors Response

In future, in order to remove those items or any other items no longer in the department's possession, the department needs to contact Financial Audit section of the Auditor's Office. Financial Audit is the only section who has the authority to remove the property items from the Dallas County Oracle Fixed Asset Module.

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cc: Darryl Martin, Commissioners Court Administrator