

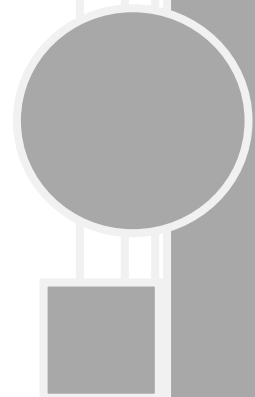


# AUDIT REPORT

DALLAS COUNTY

PROPERTY INVENTORY DISTRICT CLERK - FY2019

Darryl D. Thomas  
Dallas County Auditor  
ISSUED: February 03, 2020  
RELEASED: March 18, 2020



# PROPERTY INVENTORY DISTRICT CLERK - FY2019

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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**

Ms. Felicia Pitre  
Dallas County District Clerk  
Dallas, Texas 75270

Attached is the County Auditor's final report entitled "**Property Inventory District Clerk - FY2019**" 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,

A handwritten signature in blue ink, reading "Darryl D. Thomas".

Darryl D. Thomas  
County Auditor

## **EXECUTIVE SUMMARY**

A physical inventory of capital property assigned to the County Clerk was performed from July 24, 2019 through December 19, 2019. The review revealed the following significant observations.

### **Summary of Significant Observations**

- Two capital assets from the Oracle Fixed Assets Report valued at \$18,519 were not physically located.

### **Repeat observations from Previous Audits:**

- None identified

**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 June 24, 2019

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**

During a sample review of inventory listed on the District Clerk property inventory records, two capital assets valued at \$18,519 were not physically located. Form 280 records were not available to confirm whether or not the items has been transferred to surplus for auction. Additionally, one capital asset listed on the Oracle Fixed Asset System with a value of \$10,844.72 was located, however, it is not listed on Purchasing Fixed Asset Management Program (FAMP) report and two surplus capital assets were still listed on the Oracle Fixed Asset System.

Dallas County Code Sec. 90.373 - All department heads and elected officials are responsible for maintaining property assigned to their department, proper inventory records, and making appropriate reports as required. (6) 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. Per Dallas County code sections 90-313(3) and 90-446, the management of personal property within the county shall adhere to guidelines related to the transfer of property, either interdepartmental, or from surplus 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**

#### **Inventory**

District Clerk management should:

- Contact the Purchasing Department to request FAMP be updated to reflect current property on hand.
- 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 or Financial Audit.
- Provide P280 documentation/court orders to remove items no longer in possession of Dallas County.
- 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-280's to surplus worn or replaced items. To this end, the District Clerk shall:

Review requirements for proper management and disposal of said items with management including:

- prompt and accurate preparation of P-280's for eligible assets and submission to District Clerk Administration;
- District Clerk Administration will review, submit and track all P-280's instead of section managers;
- Prohibit the "warehousing" by management of obsolete or defective assets pending disposition which often results in missing or un-located items.

Prohibit management from authorizing "courtesy" surplusing by external agents unless:

- The external agent is a representative of IT Services and a copy of the P-280 is promptly provided to the District Clerk's inventory manager;
- 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.

Implement a comprehensive asset management application that has the following features:

- A listing of all personal property and capital assets;
- The ability to attach relevant documents to each item;
- Type and date of any major repairs to asset;
- Ability to run reports by business unit section to enable management to effectively verify the availability of the asset and its condition.

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

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 date in the clerk's new asset management system. the asset management application is still under development, but expected to be deployed by the middle of March of 2020. It is the District clerk's hope that the implementation will resolve current and future deficiencies in the management of the clerk's personal property and capital assets.

**Auditors Response**

None

cc: Darryl Martin, Commissioners Court Administrator