

**County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM**

To: Paul S. Grossgold, Director, General Services Agency

Date: December 29, 2009

From: Christine L. Cohen

Subject: **SURPLUS PROPERTY ISSUES ARISING FROM THE AUDIT OF THE VENTURA COUNTY FIRE PROTECTION DISTRICT'S MANAGEMENT OF SENSITIVE NON-FIXED ASSETS**

We have completed limited audit procedures applied to the General Services Agency (GSA) to address surplus property issues that we noted during our audit of the Ventura County Fire Protection District's (VCFPD's) management of sensitive non-fixed assets. The results of our limited audit procedures are summarized below.

BACKGROUND:

The VCFPD's primary responsibilities are to provide fire protection, emergency medical, education, suppression, hazardous material monitoring, rescue and related emergency services to the communities within the District. VCFPD uses sensitive non-fixed assets, such as desktop and laptop computers, to assist in accomplishing VCFPD's mission. Sensitive non-fixed assets are non-capitalized items with a value of less than \$5,000 and may be subject to pilferage and misappropriation if not properly controlled.

Although VCFPD makes the determination that a sensitive non-fixed asset is no longer needed and generates an Inventory Release form that lists the assets to be surplus, certain surplus property responsibilities lie with the GSA Central Warehouse/Distribution Division (GSA Surplus). These responsibilities include coordinating the physical transfer of items, safeguarding the items received, and managing the ultimate disposition of the surplus property.

SCOPE:

Although our overall audit objective was to evaluate VCFPD's procedures regarding management of sensitive non-fixed assets, we noted certain matters that pertained to GSA Surplus. As a result, additional limited audit procedures were necessary to address the issues noted below. The additional procedures included reviews of certain surplus property procedures and discussions with GSA Surplus staff. Our limited procedures did not constitute an audit of the GSA surplus property process.

The audit of VCFPD's management of sensitive non-fixed assets was performed in conformance with the *International Standards for the Professional Practice of Internal Auditing* promulgated by the Institute of Internal Auditors. For our VCFPD audit, we used documents and records for the period December 2001 through March 2009.

FINDINGS: During our audit of VCFPD's management of sensitive non-fixed assets, we noted areas that needed to be addressed by GSA Surplus, specifically regarding the receiving and safeguarding of surplus property. Following are details of the areas where improvements were needed. GSA management initiated corrective action as noted.

1. **Receiving Non-Fixed Assets.** GSA Surplus did not always verify non-fixed asset information reported on the Inventory Release form upon receipt of the items. The County Administrative Policy on *Disposition of Surplus Personal Property* [Policy No. Chapter VII (B) – 8] requires that departments complete an Inventory Release form for non-fixed assets submitted to GSA Surplus. However, upon pick-up or delivery of the items, GSA Surplus staff stated that the non-fixed assets received were not physically verified with the information reported on the Inventory Release form. As a result, GSA could not provide assurance that the non-fixed assets reported on the Inventory Release form were actually received by GSA.

Management Action. GSA management stated: "GSA Warehousing staff and supervisors involved with surplus property operations have been instructed to document that a surplus property transfer has taken place by use and sign off of the Inventory Release form or work order generated by the online GSA Notification of Surplus Items form. A GSA Warehousing employee will sign the form that attests to the fact that parties have made a reasonable effort to list and verify that certain surplus goods are being transferred to GSA Surplus."

2. **Safeguarding Surplus Property.** The storage room used by GSA Surplus to safeguard surplus property was not sufficiently restricted to GSA Surplus staff. The storage room is locked with key access provided to five GSA Surplus staff members with a small section of the storage room assigned to Information Technology (IT) Services for inventory storage. Although a fence was installed to designate the IT Services area, key access provided to IT Services staff was not limited to this assigned area. The storage room has two main entrances: one located in the front of the storage room and the other in the back of the storage room behind the designated fenced area. However, because both the front door and the back door were keyed with the same key, IT Services staff had inappropriate access to the entire GSA Surplus storage room.

Management Action. GSA management stated: "IT Services has moved their warehousing operation to Saticoy. Both front and rear entrances have been re-keyed for use only by appropriate GSA surplus staff."

AUDITOR'S EVALUATION OF MANAGEMENT ACTION: We believe that management actions were responsive to the findings. Management stated that corrective actions have been implemented as of the date of this report.

We appreciate the cooperation and assistance extended by you and your staff during our performance of these limited audit procedures.

cc: Honorable Steve Bennett, Chair, Board of Supervisors
Honorable Kathy Long, Vice Chair, Board of Supervisors
Honorable Linda Parks, Board of Supervisors
Honorable Peter C. Foy, Board of Supervisors
Honorable John C. Zaragoza, Board of Supervisors
Marty Robinson, County Executive Officer
Bob Roper, Fire Chief, VCFPD