

**Summit County Executive Office**  
*Asset Inventory*  
**Performance Audit General Report**

**Prepared for:**

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**Audit Committee**

**Approved by Audit Committee**  
**March 21, 2017**



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**EXECUTIVE SUMMARY**

**Total Number of Issues – 3**

**Internal Controls**

*Strong Internal Controls:*

<b>Testing Section</b>	<b># Issues</b>	<b>Issue Description</b>	<b>Page Ref.</b>
Sanitary Sewer Services (DSSS)	0	N/A	8

*Weaknesses in Internal Controls:*

<b>Testing Section</b>	<b># Issues</b>	<b>Issue Descriptions</b>	<b>Page Ref.</b>
Executive	2	<ul style="list-style-type: none"> <li>• Assets under monetary threshold maintained on asset listing and monetary values not assigned to assets.</li> <li>• Assets not located (on-site; asset listing); Asset listing not updated with purchases and disposals.</li> </ul>	6
Job & Family Services (DJFS)	1	<ul style="list-style-type: none"> <li>• Assets not located; Asset listing not updated with disposals.</li> </ul>	7

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**GENERAL BACKGROUND**

The Executive's Office oversees many of the intergovernmental projects and day-to-day operations of county government. This organization of Summit County is organized under the authority of the County Executive, and includes the following departments/divisions:

- Executive Office
- Communications
- Human Resources
- Medical Examiner
- Job and Family Services (DJFS)
- Sanitary Sewer Services (DSSS)
- Administrative Services
  - *Physical Plants*
  - *Capital Projects*
  - *Animal Control*
- Finance and Budget
  - *Purchasing*
  - *Office Services*
- Community and Economic Development
  - *Building Standards*
- Public Safety
  - *Emergency Management*
  - *Justice Affairs*
- Law, Insurance and Risk Management
  - *Consumer Affairs*

The Executive's Office maintains three separate policies to monitor asset inventory.

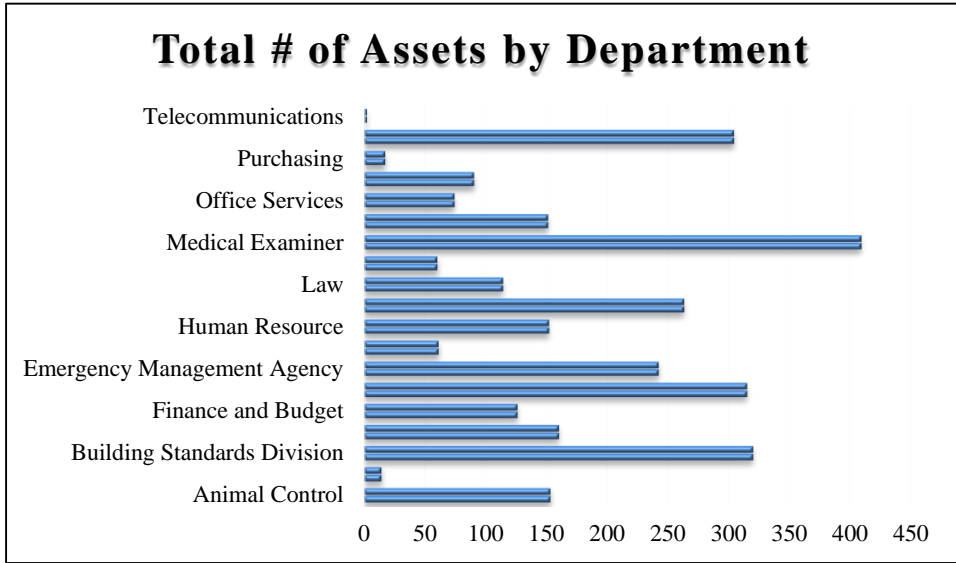
The Department of Sanitary Sewer Services (DSSS) utilizes spreadsheets to track all assets over five thousand dollars (\$5,000), with the exception of IT assets which are all tracked regardless of their monetary value.

The Department of Job and Family Services (DJFS) utilizes a database to track all assets over two hundred fifty dollars (\$250), with the exception of IT assets purchased by the State of Ohio Department of Job and Family Services.

The Executive Office (all departments except DSSS and DJFS) utilize a database via SharePoint to track all assets over two hundred and fifty dollars (\$250).

The following graph depicts the number of assets by department. The Department of Job and Family Services currently has seven thousand one hundred eighty-eight (7,188) assets and was not include for graph presentation purposes.

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**AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY**

The primary focus of this review was to provide the Executive’s Office with reasonable assurance, based on the testing performed, on the adequacy of the system of management control currently in effect for the audit areas.

Management controls include the processes for planning, organizing, directing, and controlling program operations, including systems for measuring, reporting, and monitoring performance. Management is responsible for establishing and maintaining effective controls that, in general, include the plan of organization, as well as methods and procedures to ensure that goals are met. Specific audit objectives include evaluating the policies, procedures, and internal controls related to Executive Office.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Based on the results of our review, we prepared specific issues and recommendations for improvement that were discussed with management. These recommendations, as well as management’s unaltered written response, can be found in the following sections of this report.

**Objective:**

To review asset inventory internal control structure through employee interviews and observations.

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**Scope:**

An overview and evaluation of the existing policies, processes, procedures and internal control structure utilized by Executive Office as it relates to asset inventory.

The following were the major audit steps performed:

**OBJECTIVE 1 – REVIEW OF ASSET INVENTORY INTERNAL CONTROLS**

1. Meet with the appropriate personnel to obtain an understanding of the control environment.
2. Document the existing control procedures in narratives and/or flowcharts.
3. Compare existing processes to the policies and procedures manual for consistency.
4. Test procedures for compliance where applicable, noting all exceptions.
5. Investigate discrepancies and summarize results.
6. Make recommendations where appropriate.

**DETAILED COMMENTS**

**I. Internal Control Testing:**

Risk-based internal control testing and/or observations were performed in the following asset areas:

- Executive Office
- Department of Job and Family Services (DJFS)
- Department of Sanitary Sewer Services (DSSS)

**ASSET INVENTORY**

Policies and procedures were reviewed and staff interviews were conducted to gain an understanding of the asset inventory process and internal controls in place. A sample of assets was haphazardly selected from each department and detail testing was performed to ensure existence of the asset. Additionally, a sample of assets located in the field was judgmentally selected and reconciled to the department's asset listing to ensure completeness and accuracy, where applicable.

An expenditure report was generated and a sample of assets purchased was haphazardly selected and detail testing was performed to ensure the asset was added to the department's asset listing.

The following issues were noted:

**Executive's Office (all except DSSS and DJFS)**

1. **Issue:**

Upon review of the Executive's Office Inventory and Fixed Asset policy and procedure, all assets valued at \$250 or more are tracked in the Asset Inventory listing in SharePoint; however, upon discussion with the Senior Administrator, IAD noted that items under \$250 are currently included in SharePoint and have not been removed. In addition, upon discussion with the Senior Administrator, and observation of the asset inventory listing in SharePoint, IAD noted monetary values are not assigned to assets entered into SharePoint upon purchase; therefore, IAD could not determine which assets were above the \$250 threshold.

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Recommendation:

IAD recommends the Asset Inventory listing in SharePoint be updated to include assets with a monetary value over \$250 and include the value of the asset purchased. This will help to ensure compliance with policies and procedures and completeness of the asset listing.

Management Action Plan:

A value shall be assigned to all assets currently tracked in the Executive's Furniture, Equipment and Asset Tracking System. All new Furniture, Equipment and Assets purchased will have their purchase prices recorded and will be depreciated per the Executive's STANDARD OPERATING POLICY AND PROCEDURES for FURNISHINGS, EQUIPMENT AND ASSET TRACKING. Effective Date: 3/17/17

2. Issue:

Upon detail testing of asset inventory, IAD noted the following:

- One hundred five (105) of six hundred sixty-two (662) instances, or sixteen percent (16%), where the asset could not be located.
- Four (4) of eighty-six (86) instances, or eight percent (5%), where the asset selected in the field could not be located on the asset inventory listing.
- Eight (8) of sixteen (16) instances, or fifty percent (50%), where an asset was purchased; but not added to the SharePoint asset inventory listing.
- Ten (10) instances where an asset was disposed via Executive Order; however, the asset inventory listing was not updated to denote the same.

Recommendation:

IAD recommends a comprehensive inventory of assets be conducted and the asset inventory system be updated accordingly. Additionally, IAD recommends the SharePoint asset inventory system be updated upon purchase, disposal, transfer, etc. of an asset. This will help to ensure assets are accounted for and inventory of assets is complete and accurate.

Management Action Plan:

The Executive's office will conduct a physical inventory in 2017 per the Executive's STANDARD OPERATING POLICY AND PROCEDURES for FURNISHINGS, EQUIPMENT AND ASSET TRACKING. Effective Date: 3/17/17

Of the (105) items not found by IAD:

(62) Items should not have been in the system for inventory tracking, because they had a value of \$250 or less when entered into the system.

(26) The new Office of Information Technology that was established in 2016, swapped out computers with various departments and did not understand the need for executive orders to authorize the transfers. As of the time of this MAP, OIT has identified 9 of the 26 items in question. Executive orders will be done to transfer this equipment to OIT.

(6) Items had Executive orders and the inventory system has been updated to remove them per EO.

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(5) Items were leases and turned in and the inventory system has been updated to remove them. No Executive order should have been done, they should of not of been in the system.

(6) Items were found and in a different location and the correction has been updated in the inventory system to reflect the change

Department of Job and Family Services

3. Issue:

Upon detail testing of asset inventory, IAD noted twenty-one (21) of eighty (80) instances, or twenty-six percent (26%), where the asset could not be located. Additionally, IAD noted ten (10) of eighty (80) instances, or thirteen percent (13%), where an asset was disposed via an Executive Order; however, the Asset Inventory System was not updated to denote the same.

Recommendation:

IAD recommends that a comprehensive inventory be conducted of assets and the inventory system be updated accordingly. Additionally, IAD recommends that the inventory system be updated upon purchase, disposal, transfer, etc. of an asset. This will help to ensure assets are accounted for and inventory of assets is complete and accurate.

Management Action Plan:

JFS will conduct annual physical inventories in accordance with the Executive's STANDARD OPERATING POLICY AND PROCEDURES for FURNISHINGS, EQUIPMENT AND ASSET TRACKING. Effective Date: 3/17/17. In addition, disposed, transferred, and surplus items will be carefully tracked to ensure the inventory of assets is complete and accurate.

Department of Sanitary Sewer Services

No issues noted.