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CALENDAR YEAR	NUMBER OF DEPARTMENTS
2001	0
2002	4
2003	34
2004	37
2005	4
2006	4
2007	1
2008	1
2009	1
2010	1

The Grand Jury discovered copies of Interoffice Memorandums from two (2) County Administrative Officers that were dated June 5, 2003, and June 15, 2004 regarding the annual reporting of sensitive equipment. The Grand Jury did not find any other Interoffice Memorandums that were generated in the years following to remind the County departments to refer back to Standard Practice 11-04 SP3 and submit their sensitive equipment list to the Recorder/County Clerk by a due date. As reflected by the matrix above, in the 2003 and 2004 years, the majority of the departments did file their sensitive property list after the Interoffice Memorandum was distributed. However, the lists were submitted using different formats; did not contain the same information; and did not reflect a unit value.

The Grand Jury discovered the County does not have a “Policy” regarding equipment control. The difference between a “Policy” and a “Standard Practice” is that the Policy is the overriding governance activity and direction and the Standard Practice is the actual process and procedure for carrying out the policy. In other words, a Standard Practice provides detailed instructions for execution at the appropriate organizational levels.

The Grand Jury also reviewed the County’s Internal Control and Cash Manual, Chapter 17 – Transfer of Assets and Other Property, Item D – Other Assets which states “The department is required to account for other assets. Accounts receivable and inventories represent two of the most common types of other assets. It also includes *sensitive equipment items*, not considered fixed assets, as identified in County Policy #11-04 SP3. Please provide the dollar value and supporting documentation of the other assets.”

The Grand Jury performed unscheduled audits of random County departments to determine if they were aware of the Standard Practice regarding Equipment Control for sensitive equipment. The Grand Jury asked if they could produce their department’s sensitive property lists. They then asked if they had neglected to submit to the County Recorder’s Office their list as required in the Standard Practice. The following table indicates the results of the random audits that were conducted on April 21, 2010.

DEPARTMENT	AWARE OF STANDARD PRACTICE	ON-SITE LIST AVAILABLE	LIST RECEIVED LATER
Assessor	No	No	Yes
Environmental Health Services	No	No	Yes
1 st District Field Offices	No	No	Yes
2 nd District Field Office	No	No	Yes
3 rd District Field Office	No	No	Yes
4 th District Field Office	No	No	Yes

Additionally, while at these offices, the Grand Jury noticed that equipment defined on Standard Practice 11-04 SP3 was not identified by any type of internal property tag.

FACTS

- The County has Standard Practice 11-04 SP3 for maintaining equipment control of sensitive property.
- The years of 2003 and 2004 were the only years the majority of the County departments were in compliance of the Equipment Control Standard Practice Procedure.
- The respective County Administrative Officer has not continually generated and distributed an Interoffice Memorandum regarding departments filing their sensitive equipment list.
- The employees contacted during the Grand Jury random office audits were not aware of the Equipment Control Standard Practice 11-04-SP3.
- The offices visited during the random audits had no on-site list of sensitive equipment.
- The sensitive property lists that were filed with the County Recorder's office were submitted using different formats and reflected no monetary value.

FINDINGS

1. The County has no specific "Policy" to maintain control of sensitive property; it only has a Standard Practice Procedure.
2. Departments are not following Standard Practice 11-04 SP3, Equipment Control for sensitive items; adhering to the Standard Practice is not enforced.

3. The Standard Practice 11-04 SP3, Equipment Control, has no named regulator to enforce compliance.
4. The Standard Practice does not specify a due date for filing the sensitive property lists.
5. The Standard Practice 11-04 SP3, Equipment Control does not mention the tagging process.
6. Disasters of any nature could destroy equipment and/or records of equipment. There would be no records of equipment less than \$5,000.
7. There is no uniformity in filing the sensitive equipment report; each department submits their list in different format.
8. The sensitive equipment report reviewed has no monetary value listed on the items.
9. Sensitive equipment valued between \$1,000 and \$5,000 is not classified as fixed assets; many items can be easily transported without detection or easily diverted to personal use.
10. The Standard Practice does not specifically address equipment valued under \$1,000 that could make for a heightened risk of theft (“walk-away” items).
11. There were no on-site inventory lists of sensitive property at offices that were randomly audited.

RECOMMENDATIONS

- 10-03 Generate a mandatory “County Policy” regarding sensitive property control. (Finding 1)