

MEMORANDUM

Date: August 23, 2012

To: James D. Boyd, C.P.A., M.B.A., Inspector General

Through: Michael J. Bennett, C.I.A., Director of Auditing

From: Mark H. Boehmer, C.P.A., Senior Management Analyst II

Subject: V-1213DOH-003 - *Monroe CHD Inventory Controls*

Background

We were requested to assist Department of Health's (DOH) Office of Inspector General, Investigations Unit, by reviewing inventory of property and assets at Monroe County Health Department (CHD) related to Investigative Case No. 12-136.

Audit staff inspected selected property and assets at the Roth Building, Tavernier; Ruth Ivins Center, Marathon; Healthcare Center, 3134 Northside Drive, Building B, Key West; and Roosevelt Sands Center, 105 Olivia Street, Key West on July 24, 2012. Selected property and assets were inspected at the Gato Building, 100 Simonton Street, Key West July 25, 2012.

What we found

Monroe CHD staff was able to materially account for all federal, state, county, and information technology (IT) assets and property. Monroe CHD staff appropriately sanitized computer equipment prior to reassignment or disposal to ensure that the confidentiality of DOH data was maintained. Monroe CHD staff appropriately processed surplussed computer equipment.

We interviewed staff regarding related property management controls. Based on our review, we found the following control weaknesses that should be addressed by management:

1. Area of Concern – ***Property-related responsibilities were not included in staffs' Position Description.***

The responsibility of Property Custodian was not included in the CHD Administrator's *Position Description*.

According to DOHP 250-11-12, *Management of State Property*, "...CHD director[s]/administrators, ...are property custodians [who] are responsible for accounting for all purchases procured by the state. These responsibilities must be included on the property custodian's position description."

We recommend the Interim Deputy Secretary for Statewide Services ensure the responsibility of Property Custodian is included in the *Position Description* of all CHD directors/administrators in compliance with DOHP 250-11-12, *Management of State Property*.

2. Area of Concern – ***Assigning the duty of taking inventory to someone independent of purchasing and maintaining IT equipment would provide a better segregation of duties.***

According to DOHP 250-11-12, *Management of State Property*, “The property custodian is responsible for designating an inventory taker to conduct the inventory and cannot conduct the annual physical inventory.”

Brian Blair is in charge of IT equipment at Monroe CHD. Brian also performs the role of Inventory Taker. In that role, he and the Property Custodian Delegate (Andrew Bulla) together perform the periodic physical count of inventory at the various CHD sites. The Property Custodian Delegate may not perform the physical count but may assist the Inventory Taker.

There is a necessity for segregation of duties between the person in charge of purchasing IT equipment and the person charged with verifying the existence of the same equipment during periodic physical counts of inventory.

We recommend the Property Custodian assign the responsibility of Inventory Taker at Monroe CHD to an employee independent of involvement in purchasing and maintenance of computer equipment. The Property Custodian Delegate could still assist in taking the physical count of inventory.

3. Area of Concern – ***Assets and property, including IT assets, were not added to DOH's Asset Manager System (AMS).***

According to DOHP 250-11-12, *Management of State Property*, the Property Management System is an online system used by DOH for the management of state, county, and IT assets and property, including all IT assets regardless of value. The current system is called the Asset Manager System (AMS).

Monroe CHD staff created an Access database to track Monroe CHD property. However, recently-acquired assets and property have not been recorded in DOH's Asset Manager System over the last couple of years.

We recommend the Property Custodian Delegate ensure state, county, and IT assets and property of Monroe CHD are entered into the Asset Manager System in accordance with DOHP 250-11-12, *Management of State Property*.

4. Area of Concern – **Some equipment did not include a Monroe CHD inventory tag.**

According to DOHP 250-11-12, *Management of State Property*, the CHD property custodian will ensure the purchased property or asset is tagged and recorded in the county record within ten days of receipt of the property or asset.”

We were unable to identify a Monroe CHD inventory tag affixed to certain equipment.

We recommend the Property Custodian Delegate ensure all applicable property of Monroe CHD has a Monroe CHD inventory tag timely affixed.

Closing Remarks

The recommendations in this report are being provided to management for their consideration. We are not requesting a Corrective Action Plan and do not intend to perform follow-up procedures on these recommendations.

We want to thank management and staff of Monroe CHD for providing their cooperation and assistance to us during the course of this review.

MHB

cc: John H. Armstrong, M.D., FACS, FCCP, State Surgeon General
Robert “Sterling” Whisenhunt, Interim Deputy Secretary for Statewide Services
Robert B. Eadie, J.D., Administrator, Monroe CHD
Mary K. Vanden Brook, Administrative Services Director, Monroe CHD
Michael Graddy, Administrator, Office of Support Services