

**Travis County Facilities Management
Fixed Asset Review
Report of Findings and Recommendations
#16-17**

March 2, 2017



TRAVIS COUNTY
AUDITOR'S OFFICE

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To: Roger El Khoury, M.S., P.E.
Director, Facilities Management

From: Nicki Riley, CPA
Travis County Auditor

Date: March 2, 2017

Subject: Fixed Asset Review

Scheduled as part of our statutory requirements, particularly those in Section 115 of the Local Government Code, the Risk Evaluation and Consulting (REC) Division of the Travis County Auditor's Office has completed an examination of the fixed assets held by Travis County Facilities Management Department (FMD). We conducted our examination in accordance with the applicable statutes governing the County Auditor's Office and those relating to County financial and accounting protocols. As a result of our examination, we are providing this report on our findings and recommendations.

BACKGROUND

Facilities Management Department manages and provides professional services for project management, planning, design, construction, maintenance, operations and leases to meet economic and functional needs of Travis County.

SCOPE OF EXAMINATION

The primary objective of this examination was to verify the reasonableness of the internal controls and accounting protocols in place at FMD to tracking and maintain fixed assets assigned to this department.

EXAMINATION METHODOLOGY

A portion of our work was based on applying sampling procedures to FMD records and on verbal and written representations from this department. Sampling relates to examining, on a test basis, evidence supporting the amounts and disclosures in the financial records and statements. The use of sampling techniques would not necessarily disclose all concerns in FMD's financial records and

financial controls that might be material weaknesses or misstatements. In regards to the written and verbal representations made by FMD personnel, unless otherwise noted in this report, department management maintains that the assertions we relied upon were correct to the best of their knowledge.

OPINION ON INTERNAL CONTROLS AND ACCOUNTING PROTOCOLS RELATED TO FIXED ASSETS

Based upon our examination, we give the internal controls and accounting processes for fixed assets maintained by FMD a rating of “Satisfactory, with a finding noted”. This rating is indicative that a solid overall system of internal controls is in place; however, one material weakness was noted. See Attachment A on page 5 for our ratings key.

SUMMARY OF FINDINGS

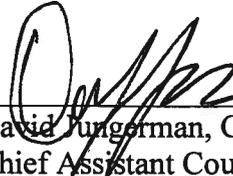
As of December 31, 2016, FMD was responsible for 434 capitalized and trackable fixed assets with a total purchase cost of \$2,186,368. Of these, 14 (3%) assets with a total purchase cost of \$15,083.38 had not been inventoried in the previous two years. See Attachment B on page 6 for details on this finding.

EXAMINATION TEAM

David Jungerman, CIA, Senior Auditor
Josh Kubiak, CPA, Staff Auditor

CLOSING

This report is intended solely for the information and use of FMD and the Commissioners’ Court. We greatly appreciate the cooperation and assistance received from the management and staff of FMD during this review. Please contact us if you have any questions or concerns regarding this report.



David Jungerman, CIA
Chief Assistant County Auditor I - REC
Division



Patti Smith, CPA
First Assistant County Auditor



Nicki Riley, CPA
Travis County Auditor

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Managers, Travis County Auditor's Office
Examination File

Attachment A

Internal Controls Rating Key

A good internal control system reduces the risk of errors, defalcations, and misappropriations of funds. Weak internal control systems provide an environment in which errors, defalcations, and misappropriations of funds can go undetected. The following details the various grades we assign to internal control systems:

RATING	RATING DESCRIPTION
Satisfactory	Well-established internal controls with no material weaknesses noted.
Satisfactory, with findings noted	A solid overall system of internal controls is in place; however, some material weaknesses were noted.
Inadequate	The existing system of internal controls is materially ineffective.

ATTACHMENT B – FINDINGS NOTED

Fixed Asset Inventory Issues (Minor Finding)

As of December 31, 2016, FMD was responsible for 434 capitalized and trackable fixed assets with a total purchase cost of \$2,186,368. Of these, 14 (3%) assets with a total purchase cost of \$15,083.38 had not been inventoried in the previous two years. Four of these 14 assets, with a combined purchase cost of \$7,744, had not been inventoried in over three years. These items are detailed below:

Tag Number	Last Inventory Date	Asset Description
127453	7/2/2012	Air dryer purification system
127735	7/2/2012	Garland electric range
103861	3/25/2013	Kwik-file collating mail workstation
166423	10/15/2013	RG5410EX Recovery Unit
130768	1/17/2014	Dell 3110CN Color Printer
142171	1/17/2014	Fluke Power Logger
62866	5/7/2014	QSC Amplifier
62875	5/7/2014	White instruments amplifier
62905	5/7/2014	Sears battery
95639	5/13/2014	Dickson humidity detector
165502	5/13/2014	Fujitsu Scansnap S1500 Scanner
165542	5/13/2014	Fujitsu Scansnap S1500 Scanner
138563	5/28/2014	Echo gas string trimmer
168825	6/2/2014	Fujitsu Scansnap IX500 Scanner

Significance/Recommendations:

Overall FMD's fixed asset controls appear to be working well, with an inventory exception rate of 3%; however, it is important that all County offices and departments properly safeguard and track all of their assigned assets. Therefore, we recommend that FMD continue to search for the noted 14 assets. If an asset has not been inventoried in over three years, and there is little hope it will be found, FMD should work with the Purchasing Office and the Commissioners' Court to declare the item lost and remove it from the department inventory.

Management Response:

FMD agrees with the auditors about the importance of safeguarding County fixed assets, and we will continue to seek the above 14 items, working with the Purchasing Office as needed.