

AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR



COUNTY OF SAN BERNARDINO

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LARRY WALKER
Auditor-Controller/
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September 26, 2013

Robert L. McKernan, Director
County Museum
2024 Orange Tree Lane
Redlands, CA 92374-4560

SUBJECT: AUDIT OF SENSITIVE EQUIPMENT INVENTORY LISTS

Introductory Remarks

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 02-02, entitled Internal Operational Auditing, we have completed an audit of the County Museum to determine whether a sensitive equipment list was filed with the County Clerk as required by County Policy 11-04 SP3. We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

Background

County Policy 11-04 SP3, Procurement of Goods, Supplies and Equipment- Equipment Control, requires all County departments to file a sensitive equipment list with the County Clerk by June 30 of each year. Sensitive equipment is defined as all equipment purchased at a cost of less than \$5,000. This policy was effective as of August 26, 2011 and was established to assure the Board of Supervisors, County management, and the public that appropriate control is maintained over County-owned property below the fixed asset level of \$5,000.

Objectives, Scope and Methodology

Our overall objective was to determine whether the County Museum had filed an annual sensitive equipment list with the County Clerk in compliance with County Policy 11-04 SP3, Procurement of Goods, Supplies, and Equipment – Equipment Control.

Our audit included examination of original source documents received from all county departments by the County Clerk from January 1, 2011 through the date of our fieldwork on July 22, 2013.

Conclusion

We concluded that the Department filed a sensitive equipment inventory list with the County Clerk during fiscal year 2012. However, the Museum has not subsequently filed an updated list as of July 22, 2013. We documented our finding and recommendation for improvement in the Finding and Recommendation section of this report.

We sent a draft report to the Museum on September 9, 2013. The Department's response to our recommendation is included in this report.

Finding and Recommendation

Finding: Sensitive equipment inventory list was not filed annually with the County Clerk.

County of San Bernardino Policy 11-04 SP3 – Procurement of Goods, Supplies and Equipment-Equipment Control was adopted and was subsequently revised on August 26th, 2011 to assure the Board of Supervisors, County management, and the public that appropriate control is maintained over County-owned property below the fixed asset level of \$5,000. Once a department establishes inventory controls of sensitive equipment, a department's inventory list shall be updated on an annual basis and filed with the County Clerk by June 30 of each year. According to the County Clerk, the Museum filed a sensitive equipment inventory list with the County Clerk on June 30, 2011. However, no subsequent annual list was filed through the date of our fieldwork on July 22, 2013. If an inventory of sensitive equipment is not maintained by the Museum as evidenced by its submittal to the County Clerk, the Museum cannot ensure that its equipment is safeguarded, increasing the risk of undetected loss.

Recommendation:

We recommend that the Museum file an updated sensitive equipment inventory list with the County Clerk within 90 days and subsequently file by June 30 of each year. If there are no sensitive equipment to report for the Museum, then the Museum should provide the County Clerk with a memo to that effect.

Management's Response:

The Museum has complied with submission of the Departments Sensitive Equipment Inventory Lists each fiscal year up to FY 2011-12. However, subsequent to the submission of June 30, 2011 the Museum has experienced significant layoffs of key administrative personnel.

We have failed to submit through oversight by the Department. As a result of the Auditor's notification of September 9, 2013, the County Museum submitted a current Sensitive Equipment Inventory to the County Clerk. Furthermore, the Museum has calendared future submission dates of the Sensitive Equipment Inventory so the Department will be compliant in future fiscal years.

Auditor's Response:

The Department's actions and planned actions will correct the deficiency noted in the finding.

Respectfully submitted,

Larry Walker
Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

By: _____

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LDW:DLM:MFB:oac

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