



# ALEX ALFORD

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CLERK OF COURTS & COUNTY COMPTROLLER, WALTON COUNTY, FLORIDA

## Walton County Board of County Commissioners Fixed Asset Audit

Alex Alford  
Clerk of the Courts and  
County Comptroller

Internal Audit Department

Johnny Street  
Internal Audit Manager

Kelly Cornelius  
In-Charge Auditor

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CLERK OF COURTS & COUNTY COMPTROLLER, WALTON COUNTY, FLORIDA

July 26, 2018

Walton County Board of County Commissioners

The Internal Audit Department ("IA") has conducted an audit of Walton County's fixed assets. Our audit of the fixed asset process was conducted for the period of October 1, 2016 through September 30, 2017 to determine if internal controls for the purchase recording, inventory, record-keeping and disposal of fixed assets are adequate and functioning properly.

The audit was conducted in accordance with generally accepted government auditing standards and included such tests as considered necessary for the area under review. These standards require the audit to be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions. Based on the audit objects, Internal Audit believes the evidence obtained provides a reasonable basis for the findings and conclusions.

Response to our recommendations was received from the Finance Director and is included at the Appendix.

Internal Audit appreciates the cooperation of the personnel of the Office of Management and Budget and the Finance Department during the completion of this audit.

Johnny Street  
Internal Audit Manager

Approved:

Alex Alford  
Clerk of Courts and County Comptroller

c: Amy Heavilin, Finance Director  
County Administration

REPLY TO:

571 U.S. HIGHWAY 90 EAST ♦ P.O. BOX 1260 ♦ DEFUNIAK SPRINGS, FLORIDA 32435-1260  
(850) 892-8115 ♦ FAX (850) 892-8130 ♦ SUNCOM 676-8118 ♦ FL TOLL FREE 1-800-342-0141

25220 U.S. HIGHWAY 331 SOUTH ♦ P.O. BOX 1327 ♦ SANTA ROSA BEACH, FLORIDA 32459  
(850) 267-3066 ♦ FAX (850) 267-1335

## EXECUTIVE SUMMARY

## Executive Summary

The Internal Audit Department (“IA”) conducted an audit of Walton County’s controls for fixed assets. This audit examined controls surrounding the following areas:

1. Recording of purchases within fixed asset software;
2. Tracking and maintenance of fixed assets, both physically and within the accounting fixed asset maintenance software;
3. Annual inventory process and procedures;
4. Transfer, surplus and disposal processes and procedures; and,
5. Insurance processes and procedures.

Our audit was conducted for the period of October 1, 2016 through September 30, 2017. The objective of the audit was to determine if adequate controls were in place for the areas outlined above.

In the opinion of IA, controls over each of the areas above were inadequate during the audit period. Lack of proper communication between the Office of Management and Budget and the various departments throughout the County coupled with inconsistent record-keeping and safeguarding has resulted in significant inaccuracies in the fixed asset register, unreliable annual inventories, and lack of proper insurance for qualifying assets.

Formal policies and procedures are not currently in place which has also contributed to deficiencies in all aspects of the fixed asset process. IA notes that at the time of our audit, the Finance Department is drafting formal policies and procedures and commends the Department for this initiative. IA recommends that meetings be held with all involved departments (Finance, OMB, Purchasing, Receiving, Clerk’s Finance, Fleet Maintenance, etc.) both during the development and implementation of the policies and procedures to ensure all aspects are adequately addressed and that all involved departments are operating in unison. Upon implementation of policies and procedures, trainings should be conducted with all responsible individuals and custodians.

IA believes that a prompt implementation of the new policies and procedures, coordination of these procedures among all departments within the County, and a complete, thorough fiscal year 2018 inventory will help to rectify current deficiencies.

# INTRODUCTION

**Background**

The Board of County Commissioners (“BCC”) has delegated fixed asset responsibilities to the Office of Management and Budget (“OMB”). These duties include the addition (with the assistance of the Clerk of Courts), tracking, surplus, and disposal of all County assets with a value of \$1,000 or greater. There are currently no formal policies or procedures.

The tracking of assets begins at the time of purchase requisition. Purchasing agents are responsible for acquiring a Board of County Commissioners asset number (“BCC asset number”) from the OMB Budget Technician (“Technician”) for any purchase requisition of fixed assets prior to submission of the requisition for approval.

The Technician maintains a ledger of sequential BCC asset numbers. This is a hard copy book that has been manually populated by the Technician with sequential asset numbers. Purchasing agents will obtain the ledger from the Technician’s desk and write in all available information such as purchase order number, description, amount, vendor, and date of requisition on the next available line of the ledger. The purchasing agent will then add this asset number to the purchase requisition that is submitted for approval and processing. This number will also be included on the purchase order. Upon payment of the invoice, the Clerk’s Finance Department will add the asset to the asset management system within the accounting software.

The Technician is responsible for ensuring that all assets are physically tagged upon receipt. Current procedures for receipt vary by department and type of asset. Most assets are received by the Purchasing Department which is located at OMB’s office, however assets may also be received at the department which initiated the purchase. The Technician relies on the department who received the asset to provide notification of receipt so that an asset sticker can be physically attached. When vehicles or large equipment are received they are sent to the Fleet Maintenance Department (“Fleet”) so that large BCC asset numbers can be attached via either decal or welding. Neither the manual ledger of BCC asset numbers nor the asset management software includes notation to identify which assets have been received or which assets have been tagged.

Fleet tracks any fixed assets that would require maintenance and/or fuel. This includes vehicles, heavy equipment, mowers, etc. The Fleet asset register and the OMB asset register are separate modules within the software and do not automatically update one another. When Fleet is notified of a new asset from the Technician or they discover an asset that should be tracked, The Fleet Maintenance Coordinator (“Coordinator”) will add the asset to the Fleet asset register ensuring to include all relevant information (BCC asset number, name, type, serial number, license plate number, department, crew, service charge account, etc.). At this time, if the asset is received and available, Fleet will also affix the BCC asset number. Vehicles and heavy equipment have numbers on both sides and all other equipment will have the numbers welded. Fleet also tracks assets less than \$1,000 that require maintenance and/or fuel in their register.

The Technician is responsible for performing an annual inventory of the County's assets. Each year the Technician will provide departments with a list of assets generated from the accounting asset management software. This list is generated based on the location identifier within the software. Each department is responsible for performing an inventory of their assets within two weeks of receipt of their listing. The department head, or assigned custodian, must sign and certify that this list is accurate/complete and provide any updates/edits necessary. At this time any assets that cannot be located should be identified.

The Technician is also responsible for all asset transfer, surplus or disposal requests. When a department identifies an asset that requires removal from their register, they can either email the Technician or submit a Surplus Request Form. The department should state the reason for the request (i.e., no longer in use, cannot locate, transferred, cannibalized, scrapped, destroyed, traded, etc.). The Technician is then responsible for reviewing the request for accuracy and submitting the request to the Board for approval via the meeting agenda. Once the Board has approved the request, the department is responsible for coordinating the pick-up of the asset, as long as the asset is not identified as no longer onsite. The Technician is responsible for performing the status update within the accounting software. Assets identified as surplus by departments are disposed of in the software when approved by the Board and are housed in storage until an auction can be held. Transferred assets are delivered to the new department and the location is updated to disposed within the software.

The County's current process is to insure all vehicles, heavy equipment, watercraft and trailers. The responsibility for guaranteeing that all appropriate equipment is insured has been assigned to the Risk Management Department. Liability-only insurance is obtained for all light-duty equipment, as it is self-insured, and any equipment over \$100,000 is insured at full-coverage. The Purchasing Department is responsible for notifying the insurance company and Risk Management when any new equipment is purchased. Fleet is responsible for notifying Risk Management when any equipment is sold at yard sale or auction so that it can be removed from the appropriate policy.

Florida Statute ("F.S.") 274 is the guiding authority for tangible personal property that is owned by local governments. The Florida Chief Financial Officer ("CFO") is directed by F.S. 274.02 to establish by rule the requirements for recording and inventorying the property. The CFO developed Rule 69I-73, F.A.C. for tangible personal property in order to implement Section 274.02 F.S. Procedures should also be consistent with Chapter 10.550, Rules of the Auditor General and the directives of the Board.

### **Scope**

Our audit of fixed assets was conducted for the period of October 1, 2016 through September 30, 2017.

**Objectives**

The objective of our audit was to examine controls surrounding the following areas:

1. Recording of purchases within fixed asset software;
2. Tracking and maintenance of fixed assets, both physically and within the accounting fixed asset maintenance software;
3. Annual inventory process and procedures;
4. Transfer, surplus and disposal processes and procedures; and,
5. Insurance processes and procedures.

**Methodology**

The methodology utilized in this audit was to first interview the Technician and Clerk's Finance Director to gain an understanding of current policies and procedures. The current County Finance Director was hired subsequent to IA's initial audit interview but was involved throughout the audit process.

IA retrieved a listing of all fixed assets ("fixed asset register") as of September 30, 2017 from the fixed asset software. IA also prepared a list of documentation needed to perform our audit. This request included all written policies and procedures, all fiscal year 2017 inventory documentation, insurance policies denoting all insured assets, and a listing of each department's designated custodian.

IA reviewed all documentation and performed a complete inventory of the fixed asset register which included the observation of 1,304 assets. Recommendations resulting from our audit are outlined at section, "Recommendations for Improvement." Our observations and recommendations have been listed in correlation to the five objectives outlined above. It should be noted that some assets will overlap between objectives.

**Overall Conclusion**

In the opinion of IA, controls over each of the areas above were inadequate during the audit period. Lack of proper communication between the Office of Management and Budget and the various departments throughout the County coupled with inconsistent record-keeping and safeguarding has resulted in significant inaccuracies in the fixed asset register, unreliable annual inventories, and lack of proper insurance for qualifying assets.



Formal policies and procedures are not currently in place which has also contributed to deficiencies in all aspects of the fixed asset process. IA notes that at the time of our audit, the Finance Department is drafting formal policies and procedures and commends the Department for this initiative. IA recommends that meetings be held with all involved departments (Finance, OMB, Purchasing, Receiving, Clerk's Finance, Fleet Maintenance, etc.) both during the development and implementation of the policies and procedures to ensure all aspects are adequately addressed and that all involved departments are operating in unison. Upon implementation of policies and procedures trainings should be conducted with all responsible individuals and custodians.

RECOMMEDATIONS  
FOR IMPROVEMENT

**1. Condition**

Controls over the addition of fixed assets to the fixed asset software need improvement.

**Observations**

The Clerk's Finance Department is responsible for adding new assets to the fixed asset register in the Naviline accounting software. This is accomplished by running a report of all transactions charged to expense code 6400 (equipment). The OMB Budget Technician ("Technician") maintains a manual book of all fixed assets purchased via a purchase order which is utilized for the assignment of a Board of County Commissioners asset number ("BCC asset number"). At the time of receipt, all assets should be affixed with the previously assigned BCC asset number.

IA performed a complete inventory of all active assets per the September 30, 2017 register to gain assurance that all assets are appropriately included in the fixed asset register and are affixed with their preassigned BCC asset number. IA also conducted walkthrough observations at OMB and the Clerk's Finance Department. In doing so, IA noted the following:

- 1) The original fixed asset register as of September 30, 2017 contained 1,370 active assets. IA physically observed **139** assets that were not included on the original fixed asset register as of September 30, 2017. A variety of tests were performed to ensure that all active assets are appropriately included and tracked and thus led to the identification of these 139 improperly excluded assets. These included:
  - a) The Fleet Maintenance Department ("Fleet") maintains an independent register of all equipment and vehicles that require service or fuel. IA obtained the Fleet register of these assets as of September 30, 2017 to compare to the fixed asset register. This review resulted in **15** assets receiving maintenance that are improperly excluded from the active asset register.
  - b) OMB is responsible for maintaining the titles for all county-owned vehicles and trailers (greater than 2,000 lbs.). Based on IA's review of these titles, we noted **34** assets not included on the original asset register.
  - c) The Purchasing Department maintains a listing of all assets with license plate registrations. IA obtained a detail of these assets as of April 2018 to compare to the fixed asset register. This review resulted in assets registered with current license plates that are improperly excluded from the active

asset register, of which, **28** were not previously identified during testing at b) above.

- d) IA also noted **62** assets during onsite inventory observations that were improperly excluded from the asset register. These assets were physically observed and noted to be in use, however they were not included on the asset register.

61 of the 139 assets that were improperly excluded from the register were vehicles or trailers with title and registration vested with the Board. It should also be noted that 26 of these vehicles and trailers are in use by the County Health Department. 17 of these vehicles are in use by the Property Appraiser, Tax Collector or Supervisor of Elections. While these are constitutional offices, the title to these vehicles is in the name of the Board of County Commissioners and insurance is paid by the County.

- 2) There are currently no formal policies or procedures for adding assets to the register, for the receiving of purchases or for the assurance that all assets are tagged with a BCC asset number prior to delivery to the requesting department. Assets are oftentimes received outside of OMB and the receiving department does not notify OMB. Additionally, departments are unaware of the full process for asset addition. The lack of formal procedure has resulted in assets without affixed BCC asset numbers.
- 3) Fixed assets are not inspected by OMB to confirm BCC asset numbers are affixed prior to distribution to the departments. IA noted **319** assets, with an acquisition cost of approximately **\$2,200,000**, on the September 30, 2017 register that were not physically tagged with a BCC asset number. There is currently no process performed by OMB to ensure that all assets receive a tag before being distributed to the departments. Additionally, we noted 10 instances where vehicle BCC asset number tags were swapped between two vehicles. The lack of formal confirmation by OMB of BCC asset numbers on all fixed assets has resulted in assets without the proper identification tags. Physical identification of BCC asset numbers on all fixed assets is necessary both to identify ownership and to ensure proper tracking and inventory.

Purchasing agents obtain the hard copy ledger from the Technician's desk and write in all available information such as purchase order number, description, amount, vendor, and date of requisition on the next available line of the ledger to obtain a BCC asset number. This process is not always performed by the Technician and may not be reviewed or confirmed at the time of entry. The use of a manual process can result in unintentional human error or inaccuracies. Additionally, the access to the ledger without OMB's oversight is a control deficiency.

- 4) Per review of the manual asset register utilized for BCC asset number assignment, IA noted large gaps in the BCC asset number sequence along with acquisition dates that were not in line with the sequential asset numbers. Upon further inquiry, OMB explained that this was due to the assignment of blocks of numbers to the Fleet Maintenance Department and the Clerk's Finance Department. The distribution of blocks of asset numbers eliminates the control of sequential numbering and nullifies the ability to easily identify assets that were not properly entered into the register. This also creates the risk that a department with blocks of numbers may not notify OMB of the receipt of an asset which will result in assets not being properly added to the ledger and thus not annually inventoried. Additionally, the ability of a receiving department to also assign an asset number lacks proper segregation of duties.
- 5) The Clerk's Finance Department relies on proper account coding of fixed assets by the Purchasing Department to determine which assets to add to the asset register. Clerk's Finance is responsible for adding all assets coded to 6400 (equipment expense) or otherwise identified by Purchasing and/or OMB to the fixed asset register. As a result, assets erroneously charged to an account code other than 6400, or purchased with grant funds, are not being added to the fixed asset register. IA noted numerous instances where equipment was observed onsite but not included on the register due to improper account coding. This included bleachers purchased utilizing park and recreation fees, items purchased via purchasing cards and coded to office expense, etc. This results in assets that are not properly added to the register and thus are not properly maintained or included in inventory procedures.
- 6) The Clerk's Finance department also relies on Purchasing to assign the department responsible for each fixed asset. At the time of addition of the asset to the software register, Clerk's Finance will assign the location identified on the purchase order. IA noted **133** instances where an incorrect department location was assigned to an asset. Several departments also have multiple location codes within the software. Lack of proper location identification results in inaccuracies in the register and confusion at the time of annual inventories. Custodians must have accurate listings to properly monitor and control fixed assets.

During our inventory observation, IA also noted that the location, "Public Works" may be utilized for assets that are in fact located at a specific district. This typically occurs when the only information provided on the purchase order is the public works account number. Assets that were truly in the custody of Public Works often did not distinguish the crew assigned the asset (drainage, stabilization, paint, or asphalt). This can cause confusion when listings are distributed for annual inventories and extend the amount of time needed to complete the observations.

- 7) During our observation we noted a vehicle that was purchased for one department utilizing the funds of another for approximately \$36,000. Documentation to substantiate a Board approved funds transfer could not be provided. IA notes that this is a deviation from established practice and customary government accounting procedures which would be to utilize funding within the department's own budget; if budgetary funding is not available a budget amendment or funds transfer should be approved by the Board of County Commissioners to allow for purchase.

No theft or misappropriation was noted as a result of our audit, however, the exclusion of assets from the register results in the inability to track the location of each asset and could potentially lead to the inability to account for assets. Improper exclusion of assets from the register can also result in the lack of proper insurance.

### **Recommendations**

- 1) Internal audit recommends that the OMB establish controls to ensure all assets are promptly added to the fixed asset register. This should include reconciliations between OMB records, including vehicle titles, and those of the Purchasing, Fleet Maintenance and Clerk's Finance Departments.

Specific notation should be made to OMB's records/manual book when assets are received and also when assets are added in the fixed asset software. These notations would allow OMB to identify any assets with receipt outstanding as well as any assets that have not been added to the fixed asset software. This methodology would also help to identify assets that were not added to the fixed asset software due to expensing to improper account codes.

Per discussion with the Clerk's Finance Department, a monthly report will now be submitted to OMB of assets added based on review of the 6400 account code.

IA recommends that OMB review this report monthly and compare to their internal documents to ensure that all assets have been properly included.

As per Florida Statute 274.11, title to property purchased by the Health Department should be vested with the Board and accounted for in accordance with the provisions of the chapter. IA recommends that monthly reconciliation procedures be implemented to ensure that all assets acquired by the Health Department are being properly accounted for, that all titles are on file, and that all are properly insured.

Assets utilized by the Property Appraiser, Tax Collector, and Supervisor of Election should be tracked in the fixed asset software as long as titles are in the name of the Board and/or insurance is provided by the County. Any assets owned by the County should be inventoried annually to verify location, condition, etc. While the cost of the vehicles would remain part of the constitutional offices' records, the asset should be included in the asset register of the County (with no associated value) to ensure proper tracking is performed. The County should also look to transfer ownership and liability for vehicles to the constitutional offices.

- 2) IA recommends that formal policies and procedures be developed that include procedures for the addition, receiving, and tagging of fixed assets. During the development of these policies and procedures, a central location should be established for the receipt of fixed asset purchases. One method to ensure receipt at the central location would be the inclusion of delivery notes on all purchase orders. IA notes that for heavy equipment, it may be necessary to establish Fleet Maintenance as the delivery location due to logistics. In these instances, OMB should confirm receipt and that the BCC asset number has been affixed prior to distribution to the assigned department. In some instances, due to the location of the Tourist Development Council ("TDC"), some fixed assets may require delivery directly to their location. In these instances, OMB should establish procedures for notification of receipt of assets and for observing the affixed BCC asset numbers. Proper training of employees on the receipt and tagging of fixed assets and a central location for delivery would help to mitigate assets not being properly affixed with BCC asset numbers.

OMB should also consider a methodology for tracking which assets have been received and tagged with a BCC asset number. The current process with the manual book utilized for assigning BCC asset numbers does not include notation for which assets have been received and tagged. Management should add notation/documentation to the manual book that would indicate, at a minimum, the date each asset was received and the date it was tagged. By tracking this information, OMB could establish a control that would easily identify anomalies requiring further investigation.

- 3) IA recommends that a formal policy and procedure be developed to ensure that OMB confirms BCC asset number tags are affixed on all fixed assets at the time of receipt and prior to distribution to the assigned department, as per Florida Administrative Code 69I-73.004. This should include notation in both the manual book and fixed asset software of affixed BCC asset number tag.
- 4) IA recommends that OMB automate the process of asset number assignment. The current fixed asset software allows for the automatic assignment of asset

numbers. The use of this functionality would ensure that asset numbers are assigned in sequence and allow for an additional level of control.

If OMB continues to utilize a manual process to assign numbers, the manual book should always be maintained by the Technician and stored in a locked location when not in use. Only the Technician should enter information into the ledger with confirmation of the purchasing agent.

IA recommends that OMB discontinue the distribution of blocks of BCC asset numbers. OMB is responsible for ensuring that all assets are properly tagged, tracked and inventoried. To do so, OMB must first ensure that all assets are properly added at the time they are received. To maintain proper control, segregation of duties, and oversight of the fixed asset process, all BCC asset number assignments should come directly from the Technician at the time of receipt. This process could be automated through the fixed asset software and would ensure that no gaps in numbers occur and no assets are left off the register.

- 5) IA recommends that OMB establish policies and procedures regarding the identification of fixed assets during the purchase order process. This should include training with the Purchasing Department to ensure that all individuals are aware of which purchases qualify for tracking and what information is needed by Clerk's Finance for the fixed asset software and by Fleet for the Fleet maintenance software. Proper notation is necessary so that Clerk's Finance can easily determine assets that should be included in the register and their proper location. The use of the software's automatic number assignment would also help facilitate this process as any fixed assets identified by the Purchasing Department would be in a pending queue.
- 6) IA recommends that OMB develop policies and procedures that provide for a specific location code for each department and ensure that the proper location is identified by the Purchasing Department on each purchase order. Only one code should be utilized for each department. The elimination of duplicate department location codes would reduce the number of locations by approximately 20 and make both the addition of new assets and inventories more efficient.

IA recommends that OMB provide direction to the Purchasing Department to ensure that more detail is given on the purchase order as to the true user of the equipment. This should include user information such as: Public Works, District 1 – 5, stabilization, drainage, asphalt, or paint. A distinction for each district could also be accomplished via the use of subaccounts. For example, a new expense account for District 1 could be established as 6400-01, and District 2 as 6400-02, etc.



The use of the reference section within the fixed asset software would also make asset location more efficient. The section allows for notes such as a specific location, driver, license plate, etc. IA recommends the reference section be utilized to identify which crew or office is utilizing the asset. This would assist the crews and offices with proper tracking of equipment for which they are responsible.

- 7) IA recommends that all departments follow established practice which is to abide by budgets established and approved by the Board. Any purchases that exceed budgetary limits should be approved by the Board via a budget amendment or funds transfer.

## **2. Condition**

Controls over the maintenance of fixed assets, both physically and within the fixed asset software need improvement.

### **Observations**

IA performed a complete inventory of all active assets per the September 30, 2017 register to gain assurance that all assets are appropriately included and are affixed with their appropriate BCC asset number. IA also conducted walk-through observations at OMB and the Clerk's Finance Department. In doing so, IA noted the following:

- 1) The original fixed asset register as of September 30, 2017 contained 1,370 active assets. Of these original assets, IA noted **193**, with an acquisition value of approximately **\$1,100,000**, that could not be located. Several of these assets the departments believe were previously requested for surplus or disposal, however this could not be confirmed as they were still active on the asset register.
- 2) IA observed **81** assets on the original register that were determined by the assigned department to be nonworking and/or not in use. IA assisted the departments by providing their completed and signed surplus/disposal request forms for these assets to OMB for their approval.
- 3) No formal policies or procedures exist regarding OMB's maintenance of fixed assets within the software. Lack of formal policies and procedures has resulted in inconsistent updating and tracking of fixed assets across departments.

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**RECOMMENDATIONS  
FOR IMPROVEMENT****Fixed Asset Audit**

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- 4) OMB currently utilizes a manual fixed asset book for the assignment of BCC asset numbers. During IA's review of the fixed asset software, we noted 2 sets of assets with duplicate asset numbers. The utilization of a manual process for BCC asset number assignment can result in human error.
- 5) IA noted **667** instances where assets from the original asset register lacked proper descriptive information. Information missing from the register included such items as make, model, model year, license plate, assigned driver or crew, adequate location detail to find asset onsite, etc.

As a result of our observation we also noted the following number of assets with a missing or incorrect BCC asset number tag, missing/incorrect serial or vehicle identification numbers ("VINs"), missing vendor information and/or missing payment information (check number and date):

<b>Observation</b>	<b>Number of Assets</b>
<b>Missing/Incorrect BCC Asset Number Tag</b>	<b>331</b>
<b>Missing/Incorrect Serial or VIN</b>	<b>313</b>
<b>Missing Vendor Information</b>	<b>138</b>
<b>Missing Payment Information</b>	<b>212</b>

Adequate and correct information is needed to properly track and promptly identify assets. The lack of descriptive documentation caused significant delays when attempting to locate assets during our observation.

- 6) The location of assets cannot be readily determined. IA noted numerous instances where neither OMB or the department custodian could provide details regarding the location of an asset. For example, IA noted a vehicle that had been previously inventoried but could not be found at its assigned location. The department that the asset was assigned to did not believe the asset was theirs and thought it had been transferred. Lack of proper location documentation within the register results in an inaccurate inventory schedule.
- 7) OMB is responsible for maintaining the titles for all county-owned vehicles and trailers (greater than 2,000 lbs.). IA met with OMB to review all titles on file as a test to ensure the completeness and accuracy of the active asset register. OMB provided IA with all files for review. At the time of IA's review, we noted

**83** assets, with an acquisition cost of approximately **\$560,000**, that did not have a title on file.

Subsequent to our initial review and discussion with management, OMB was able to locate or obtain reissued titles for 51 of these assets. Of the 32 titles still outstanding, IA notes that 13 are trailers that may be under the 2,000 lb. title requirement, however documentation to substantiate weight could not be provided at the time of our audit. Properly maintaining titles is necessary for insurance purposes and for the proper sale of assets.

- 8) IA noted instances where departments were upgrading by trading fixed assets to a vendor for new assets without notifying the OMB Technician. This resulted in assets per the register that could not be located and new assets that had not been properly added to the register, tagged or inventoried.
- 9) During our observation, we noted that oftentimes heavy equipment has various attachments that are purchased at the same time as the larger piece. For example, a tractor will be purchased with a removable cutting attachment. Current practice is to add the heavy equipment piece and any attachments purchased as a single asset. Typically, the attachments purchased are interchangeable amongst numerous pieces of heavy equipment. This has resulted in the inability to track any attachments purchased.
- 10) Small portable electronics below \$1,000 (cellphones, tablets, laptops, etc.) are not tracked or inventoried. Items of this nature are particularly susceptible to loss or theft.
- 11) During our observation of fixed assets, we noted a van that was provided to a governmental agency by the County. In consideration, the government agency was to utilize prison labor to perform maintenance work for the County. Documentation to substantiate recent County projects performed utilizing the vehicle and validation of recent County fuel usage could not be provided by the government agency.
- 12) IA's testing included inquiries and observations of various departments involved in the maintenance and tracking of fixed assets. During our discussions and observations with the Fleet Maintenance Department ("Fleet") we noted the following:
  - a. The Fleet asset maintenance register and the OMB asset register within the software do not automatically update or notify each other. The software has the capability of notifying Fleet at the time OMB creates a new asset but this functionality has not been activated. Additionally,

there is currently no policy or procedure to notify Fleet of new fixed asset requisitions that would require their maintenance or assistance. This has resulted in discrepancies between the two registers and assets arriving for service that have not been added to the Fleet register or properly tagged with a BCC asset number at the time of initial receipt.

- b. There is currently no policy or procedure for the receipt of fixed assets including the notification to Fleet of the receipt of assets that require Fleet to affix BCC asset numbers (vehicles, heavy equipment, etc.) or require Fleet to maintain and/or monitor fuel. This results in assets leaving Central Purchasing, being delivered directly to departments, or being picked up by departments at the vendor not being properly affixed with a BCC asset number by Fleet.
- c. Fleet is responsible for maintaining asset records for all assets requiring maintenance or fuel. This means that assets with acquisition costs less than the current inventory threshold of \$1,000 must still receive a BCC asset number for Fleet purposes. Under the current procedure, OMB is providing Fleet with a block of numbers to utilize when these assets need to be added. Additionally, when assets exceeding \$1,000 are brought to Fleet with no asset number assigned, Fleet will utilize a number from the assigned block in order to affix a number to the asset and log it into the Fleet register. As mentioned previously, the distribution of blocks of asset numbers eliminates the control of sequential numbering and nullifies the ability to easily identify assets that were not properly entered into the fixed asset software register.
- d. IA also noted that at the time a new building is constructed assets may be included in infrastructure that need a BCC asset number for maintenance and/or fuel purposes. This is often seen with generators when a refuel request is made to Fleet, however, since the generator was purchased as part of infrastructure a BCC asset number was not assigned at the time of purchase even though the asset exceeds \$1,000.
- e. The current software does not have the ability to track equipment maintenance records. As such Fleet must track maintenance manually. Fleet provides a monthly inventory report to the departments that includes each asset's service record. While the request is made for the departments to respond with any necessary updates and ensure that proper maintenance is performed, there is no formal policy at this time.
- f. There is currently no process to notify Fleet of asset transfers. This has led to discrepancies between the two asset registers and billing of maintenance to the incorrect account.

**Recommendations**

- 1) IA recommends that the OMB establish controls to ensure all assets are promptly updated in the fixed asset register for any changes in location, status, etc. This should include reconciliations between OMB records, including vehicle titles, and those of the Purchasing, Fleet Maintenance and Clerk's Finance Departments.

As per Florida Administrative Code 69I-73.006, complete annual physical inventories are required to be conducted to ensure that all assets can be located. OMB should also perform audits of the annual inventories performed by each Department to ensure accuracy.

- 2) Proper maintenance of the fixed asset register is paramount to the safeguarding of assets. This includes ensuring that when assets are broken, not in use, etc. they are identified timely so that proper paperwork for transfer, surplus or disposal can be completed so that assets can be retrieved and properly delivered, stored in surplus or disposed. IA recommends that OMB develop policies and procedures for the surplus, disposal and transfer of fixed assets. Once these are developed, training should be provided to each department so that proper procedures can be communicated. As previously mentioned, IA recommends that OMB establish formal policies and procedures that encompass all aspects of fixed asset maintenance. These policies should take into consideration all departments involved in the process of fixed asset maintenance.
- 3) As noted previously, IA recommends that formal policies and procedures be developed that encompass all aspects of the fixed asset cycle from purchase to disposal.
- 4) As previously mentioned at Condition 1, IA recommends that OMB automate the process of asset number assignment. The current fixed asset software allows for the automatic assignment of asset numbers. The use of this functionality would ensure that duplicate asset number assignments do not occur.
- 5) As previously stated, IA recommends that OMB develop policies and procedures to ensure that all records contain, at minimum, the information required per Florida Administrative Code 69I-73.003. IA recommends that the following information be included for each BCC asset number:
  - Description of asset including name, make, year and/or model number;
  - Manufacturer and/or vendor;

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- Serial number or vehicle identification number;
  - Acquisition date and method;
  - Acquisition cost;
  - Payment information (i.e. check number and date)  
Location (both department location and any other information necessary to easily locate);
  - Name of responsible employee;
  - Date the item was last physically inventoried and the condition of the item at that date; and,
  - Any other information that is deemed useful for identification/tracking.
- 6) IA recommends the OMB perform perpetual updates of the fixed asset register to ensure that accurate locations are provided for each asset with enough detail to ensure that each asset can be timely identified. Training should also be performed with each department to ensure that they are aware of proper inventory procedures to ensure that assets with incorrect locations are identified.
- 7) IA recommends that OMB continue to work to obtain titles to all County-owned assets. As previously mentioned, this should include those assets utilized by the Property Appraiser, Tax Collector, and Supervisor of Elections as long as title is in the name of the Board and the County is providing insurance. OMB should ensure that a title is on file for each asset insured by the County. Titles should be maintained in a central, access-controlled location at OMB. Agreeing titles on hand to the active asset register, and vice versa, can also provide an opportunity to ensure all assets are properly included and tracked.
- 8) Once policies and procedures are developed, IA recommends that training be conducted with each department to ensure that proper procedure is followed for the addition, transfer, surplus and disposal of fixed assets.
- 9) IA recommends that OMB establish procedures to ensure that all removable parts and attachments for assets are tagged with a BCC asset number at the time of receipt. For heavy equipment this number should be welded to the removable part or attachment in a location that is easily seen.
- 10) IA recommends that OMB develop policies and procedures for the tracking and inventorying of certain assets below the \$1,000 threshold that are particularly susceptible to loss or theft. This should include such items as cell phones, computers, laptops, tablets, and certain tools.
- 11) IA recommends that OMB develop formal policies and procedures for initiating memos of understanding with County agencies to ensure that proper

monitoring of use occurs. This monitoring should include the review of supporting documentation to substantiate proper use of the asset.

12) When developing policies and procedures, IA recommends that OMB confer with Fleet to ensure that adequate information is included to cover areas that overlap between the two departments. This should include, but is not limited to:

- Assignment of BCC asset numbers and notification to Fleet;
- Procedures for the notification of Fleet when any assets requiring maintenance or fuel are received;
- Assignment of BCC asset numbers for assets requiring Fleet maintenance that are under \$1,000 by OMB/Purchasing at the time of acquisition (IA recommends establishing a new asset class within the asset register software so that these items can be easily delineated);
- Procedures for the identification and proper BCC asset number assignment of fixed assets acquired during the building or improving of infrastructure; and,
- Procedures for prompt notification to Fleet when assets are transferred to another department so that they may be updated in their software module.

### **3. Condition**

Controls over the annual fixed asset inventory need improvement.

#### **Observations**

IA performed a complete inventory of all active assets per the September 30, 2017 register. Based on this inventory certain observations regarding the annual inventory process were noted:

- 1) Evidence of a complete inventory of the active asset register for fiscal year 2017 could not be provided. Upon further inquiry and investigation, evidence has not been provided to substantiate a complete inventory has been performed for an estimated **11 years**. OMB only generates inventory listings for certain locations but not the entire register. This has resulted in **29** locations out of **65** that have not been inventoried for an undetermined length of time.

These locations include assets utilized by the Property Appraiser, Tax Collector, and Supervisor of Elections that are titled to the Board which, as previously discussed, should be annually inventoried.

These locations also include ambulance and emergency services which are under the purview of the Sheriff. During fiscal year 2017, the majority of fire, rescue, and sheriff assets were transferred from the County to the Sheriff's Office. OMB stated that they considered this transfer their physical inventory.

Documentation to support this transfer and an inventory count at that time that was signed by the Sheriff's office accepting these transfers was not provided.

Additionally, documentation to support an inventory of those assets that were retained by the County at the time assets were transferred to the Sheriff was not provided. As long as these assets are maintained on the County's fixed asset register they are required by Florida statute to be annually inventoried.

The inventory reports currently distributed to the select departments are paper reports. Departments are instructed to verify assets on the reports and make notations for any edits, additions, etc. These departments then sign and return the paper report to OMB. Currently, these reports do not include all minimum requirements as outlined by Florida Administrative Code 69I-73.006 which include date of inventory, physical location, and present physical condition.

A complete annual inventory is necessary to ensure that all assets can be located and to comply with Florida Administrative Code. A complete inventory also helps to identify any assets needing surplus or disposal.

Subsequent to IA's fieldwork, OMB provided documentation of inventories conducted in fiscal year 2016 to evidence that locations not inventoried during our audit period were inventoried in a previous year. This documentation included counts signed and dated by the department supervisor for 2 of the 29 locations identified above.

- 2) No formal policies or procedures exist regarding annual inventories. Additionally, there is currently no policy requiring audits of the inventory results by OMB.
- 3) IA noted **133** assets, with an acquisition cost of approximately **\$3,100,000**, from the original register that had an incorrect department location. As such, these assets had not previously been inventoried accurately. Inventory listings are



distributed to each department based on the location codes within the fixed asset software. Incorrect location codes result in incomplete and/or inaccurate listings distributed to departments and can make assets difficult to locate.

- 4) IA observed a donated vehicle and a donated piece of equipment that were not included on the active asset register.
- 5) Property custodians have not been assigned for each asset location. A formalized listing of the property custodian for each location could not be provided. A partial identification was provided to IA to assist with the audit, however typically the individual listed for the department was unaware that they were identified as the custodian. A designated and trained property custodian for each department is necessary to ensure proper safeguarding of assets.
- 6) Departments are not properly trained on inventory procedures. Based on interviews conducted at each department/location, IA notes that no formal process has been communicated to the departments to ensure consistent procedures are performed.

### **Recommendations**

- 1) As per Florida Administrative Code, IA recommends that formal policies and procedures be developed that include a requirement for complete annual inventories of all fixed assets. Procedures should be in place to ensure that the entire active asset register is distributed to the appropriate property custodians for inventory by their designee.

Procedures should also be enacted to ensure that any active assets noted during the inventory that are not included on the asset register are identified and promptly added to the register. Individuals administering the inventory at each department should be informed of the minimum requirements necessary as per Florida Administrative Code.

The manual report limits OMB's ability to confirm that all assets were physically inspected. IA recommends OMB investigate the use of a barcode inventory system. An electronic inventory system ensures that all assets are scanned and accounted for and provides for real-time updates.

- 2) The formal policies and procedures developed should include oversight by OMB and department management to ensure that all inventories are performed properly. IA recommends that OMB perform audit samples of the completed inventories to gain assurance of accurate counts.

- 3) As noted in previous recommendations, formal policies and procedures to ensure that accurate locations are determined and documented by the Purchasing Department at the time of requisition can help to ensure accurate locations on the active asset register. Once the asset is received, IA recommends that the department utilizing the asset is again confirmed at the time the asset is added to the active register. Formal policies and procedures outlining asset transfers, along with training of the departments, should be developed to ensure that proper updating of the register occurs when an asset is transferred. Inventory procedures and training should also be developed to ensure that each department denotes any location changes at the time of the annual inventory.
- 4) As previously stated, IA recommends that the formal policies and procedures developed include all acquisition methods. Donated assets should be included at their fair market value at the time of receipt. These donated assets should have the same treatment as all other assets including BCC asset numbers and annual inventories.
- 5) While primary responsibility for the supervision and control of assets rests with OMB, a formal policy should be enacted that requires each department in the County with custody of fixed assets to establish a custodian, as outlined in Florida Statute 274.03. This custodian should be responsible for the safekeeping of assets within their department and provide assurance that all purchases exceeding \$1,000 are reported to OMB and are affixed with a BCC asset number. These custodians should be formally identified and approved by management.
- 6) Once policies and procedures are developed, IA recommends that training be conducted with each department's property custodian to ensure that they are aware of their responsibility for the maintenance of fixed assets and annual inventory counts. Custodians should be made aware that inventory counts should be performed by individuals other than the property custodian, as required by Florida Administrative Code 69I-73.006(5), to maintain segregation of duties.

#### **4. Condition**

Controls over transfer, surplus and disposal of fixed assets need improvement.

#### **Observations**

IA performed a complete inventory of all active assets per the September 30, 2017 register to gain assurance that all assets on the register can be readily identified

and located. During this observation, IA also provided surplus forms approved by each department for any assets identified as no longer in use, nonfunctioning, or that the departments were unable to locate to OMB. In doing so, IA noted the following:

- 1) No formal policies or procedures exist regarding the transfer, surplus and disposal of fixed assets. Many departments communicated to IA that they were unaware of the process for proper transferring or disposal of fixed assets. As a result, inaccuracies in the asset register have occurred.
- 2) As discussed above, IA noted **193** assets on the active asset register that could not be located. Several of these assets the departments believe were previously requested for surplus or disposal, however this could not be confirmed as they were still active on the asset register.
- 3) Assets are not being removed timely from the departments once surplus/disposal request forms are approved by the Board. IA obtained department-approved surplus/disposal forms, during onsite observations, for **81** assets at 15 departments. These surplus/disposal forms were submitted to OMB between February 8 and March 20, 2018.

As of July 17, 2018, all surplus requests had been approved by the Board, however these assets remained at the departments, for all but one department, rather than at a defined surplus location. Lack of timely pickup of surplus and disposal requests can result in misappropriation and confusion during subsequent inventories.

- 4) Once a surplus request is approved by the Board, the asset's status is changed to "disposed" in the fixed asset software by OMB. This asset may remain in the custody of the County for an indefinite amount of time at another department (transferred asset) or while it waits to be sold at auction, yard sale, etc. A change to code "disposed" inactivates the asset in the register; thus, it is no longer part of the inventory process. If an asset is at a department location it should remain active in the system. Removal of the active status from an asset that is still in the custody of the County results in an inaccurate inventory observation count and could result in improper insurance coverage or misappropriation. There is currently no location code established in the fixed asset software for surplus.
- 5) No specific location has been determined to house surplus items until the annual yard sale or auction takes place. This has resulted in surplus items, which have been coded to "disposed" and are inactivated in the register, remaining at the requesting departments or various locations throughout the

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- County. The lack of proper segregation of items awaiting sale or disposal can lead to inaccurate inventory observations.
- 6) Formal policies and procedures for auctions or yard sales could not be provided. The lack of formal policies can result in inaccurate tracking of the sale of assets and inaccurate tracking of assets within the software.
  - 7) Departments are unaware of the process to properly surplus computers. No formal policy exists to ensure that all computer hard drives are properly cleaned of County data. The lack of a formal policy for ensuring that all data is removed from computers before transfer to auction, yard sale, or holding facility could result in the unauthorized distribution of County data and confidential information.
  - 8) During our onsite observations at the departments, we noted assets that had not been utilized in over a year, including an all-terrain vehicle, laptops, and computers.
  - 9) During our onsite observation we noted that a vehicle stolen in May 2017 was still listed as an active asset in the register and still included on the County's insurance policy.
  - 10) Departments will lend assets to assist another department on a project. During our observations we noted that the lending of equipment will often exceed 30 days with no notation in the register to identify this asset's location. The lack of tracking for extended borrowings can result in inaccurate inventory counts and difficulty locating assets.

**Recommendations**

- 1) As mentioned in previous recommendations, formal policies and procedures should be developed. These should include the proper means by which to transfer, surplus or dispose of fixed assets.
- 2) IA recommends that the OMB establish controls to ensure all assets are promptly updated in the fixed asset register for any changes in location, status, etc. This should include reconciliations between OMB records, including vehicle titles, and those of the Purchasing, Fleet Maintenance and Clerk's Finance Departments.

- 3) Once assets are approved for surplus and/or disposal by the Board, IA recommends that OMB ensure they are promptly retrieved from the requesting department in order to safeguard against loss or theft.
- 4) IA recommends that OMB establish a location code within the asset software for surplus, transfer and disposal assets. Transferred assets should remain active and the location code changed to the new department. A transfer function is currently available in the fixed asset software and should be utilized. Proper documentation for the asset should be performed to state the date of transfer, etc.

Once assets are approved for surplus and/or disposal by the Board, IA recommends that their location be changed to "surplus" in the register. These assets should remain active in the register as they are the responsibility of the County until they have been sold, disposed, etc. By remaining active, this will ensure that the asset is properly inventoried each year it remains in the custody of the County. Only at the time of sale or disposal should the status of an asset change from active to disposed.

- 5) IA recommends that OMB established defined locations for housing surplus assets. This may include different locations for vehicles and heavy equipment versus smaller items such as computers, furniture, etc. These assets should have a location code of "surplus" in the asset register software along with a notation of where they are being housed until auction, yard sale, etc.
- 6) IA recommends that formal policies and procedures be developed for annual yard sales and auctions. These should include notation as to the individual responsible for the fixed assets in each auction or yard sale and the process for updating the register for each asset sold. This policy should also include instructions for updating the asset register software from "surplus" to "disposed" including date of sale/disposal, manner of disposition, etc. as outlined in Florida Administrative Code 69I-73.005.
- 7) IA recommends that OMB establish specific procedures to ensure that all computers are properly wiped of all data at the time of retrieval from the department requesting surplus or disposal. This cleaning of the computer should occur prior to transfer to the designated surplus/disposal location.
- 8) Assets not in use should be identified during the annual inventory process. IA recommends that OMB develop a process to evaluate assets that are no longer in use at a department or no longer have a value to the department or County that could be transferred or auctioned.

- 9) IA recommends that OMB include department directives in their formal policies and procedures to promptly notify OMB of any assets that have been lost or stolen. OMB should also consider conducting training with each custodian to instill the importance of prompt notification and proper reporting to the appropriate law enforcement agency.
  
- 10) IA recommends that the formal policies and procedures include instruction for the lending of equipment to other departments. This should include notation as to the location of the asset so that proper inventory procedures can occur. At a minimum, individual departments should consider developing an internal procedure for tracking assets on loan.

## **5. Condition**

Controls to ensure all qualifying fixed assets are properly insured need improvement.

### **Observation**

The County's current process is to insure all vehicles, heavy equipment, watercraft and trailers. IA obtained the Florida Municipal Insurance Trust policies from the Risk Management Department for fiscal year 2018. A total of 620 assets are insured under these policies.

To ensure that all active assets meeting the categories outlined above are properly insured, IA attempted to vouch all assets per the insurance policies to the active asset register. Subsequently, IA reviewed the active asset register to ensure that no assets meeting the categories above remained after vouching to the policies, indicating a lack of proper insurance.

Based on the testing performed, IA noted the following:

- 1) **238** qualifying active assets, with an acquisition cost of approximately **\$18,600,000**, are not currently insured. No formal policies or procedures exist regarding the insuring of qualifying fixed assets. Currently, Risk Management does not coordinate with OMB in this process. Relying solely on the Purchasing Department for identification of assets requiring insurance is not capturing all qualifying assets. Lack of proper insurance exposes the County to both financial loss and liability.
  
- 2) The current insurance policies include **79** assets, with an acquisition cost of approximately **\$5,700,000**, that were disposed of in a previous year; **45** of which were disposed of more than **10 years** ago. No formal policies and

- procedures exist to ensure that disposed assets are removed from the insurance policies. Currently, Risk Management does not coordinate with OMB in this process. The lack of proper removal of assets from the policies results in undue insurance expense.
- 3) The current policies include **60** active assets per the register with an incorrect acquisition value when compared to the financial accounting records. This resulted in a net underinsured value of approximately **\$150,000**. Inaccurate insured values could result in under-compensated claims for understated asset values and unnecessary insurance expense for overstated asset values.
  - 4) The current policies included **48** assets, with a value of approximately **\$3,600,000**, that do not provide adequate detail necessary to trace to the active asset register. Risk Management was unable to provide BCC asset numbers for these assets. Lack of sufficient detail for assets creates difficulty in confirming that all qualifying active assets are insured.
  - 5) IA noted one asset that was improperly included on both policies. IA also identified one vehicle that was donated to Walton County Economic Development Alliance in 2016 that was still insured by the County.

### **Recommendations**

- 1) IA recommends that formal policies and procedures be developed to ensure that all qualifying assets are properly insured at the time of purchase. Risk Management should coordinate with OMB to perform timely reconciliations of qualifying assets added to the active asset register versus newly added insured assets.

An updated, accurate listing of all qualifying assets should be provided to the insurance carrier as soon as possible to have all active assets properly insured.

- 2) These policies and procedures should also include steps to ensure that disposed assets are promptly removed from the insurance policy. The development of these policies and procedures will need to include the assistance of various departments (Finance, OMB, Purchasing, Fleet) to ensure that a process is in place that captures acquisitions and disposals promptly.
- 3) Once all qualifying assets requiring insurance are identified, IA recommends that Risk Management work with OMB and Clerk's Finance to ensure that proper acquisition costs are included.

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- 4) IA recommends that, at a minimum, all assets added to the policies include a BCC asset number in the description so that they can be readily reconciled to the active asset register.
- 5) IA recommends that Risk Management perform monthly reviews of the insurance policy schedules to ensure that duplications do not occur between policies and that disposed/donated assets are promptly removed.



# APPENDIX

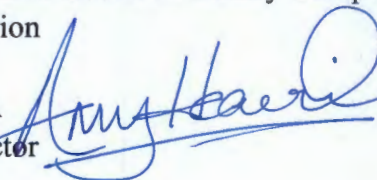


**WALTON COUNTY**  
**Office of Management & Budget**

176 Montgomery Circle  
DeFuniak Springs, FL 32435  
PHONE: (850)892-8470  
FAX: (850)892-7128

DATE: September 25, 2018

TO: Walton County Clerk of Courts & County Comptroller  
Internal Audit Division

FROM: Amy Heavilin, CPA  
OMB Finance Director 

RE: Fixed Asset Audit Response

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As you may know, our staff takes serious the recommendations provided by your office. As a result of the audit suggestions, OMB has drafted a policy that is designed to strengthen our internal controls over the fixed asset function. This policy will be presented to the Commission for formal consideration and adoption. Once adopted, all custodians and appropriate staff will be trained on the new policies and procedures.

Many of the concerns listed in the audit would be eliminated and others would be strengthened by creating a full-time OMB employee who would be responsible for the recording of fixed assets in the accounting software. As stated in the audit, this function is currently completed by another County entity and the BOCC has no control over the timing and data entry for that portion of the fixed asset function.

The new OMB full-time employee would be responsible to implement the proposed fixed asset policies and procedures that addresses tagging assets when acquired, licensing assets when applicable, conducting annual physical inventories, tracking of transfer and surplus items, create agenda items upon receipt of disposal requests, routine reconciliations to the accounting and or other systems and to work closely with custodians, risk management and fleet management to ensure each are properly notified when fixed asset transactions occur. Discrepancies will be addressed and resolved during the physical inventory process by this position. Implementation of the new finance software and the implementation of hand-held scanners will also help reduce or eliminate all together some of the auditors concerns.

We agree with the Auditor's statement that "*Fleet maintains an independent register of all equipment and vehicles that require service or fuel.*" Fleet maintenance is a separate and distinct function within the County. In many instances, the audit attempts to link the two registers together. In our opinion this is not practical and the identification numbers assigned by FLEET will not always match the asset identification number. In certain circumstances, there will be vehicles that will not be marked on the exterior with the Board's emblem or with a four digit vehicle number.

Moving forward, OMB will work with Fleet Maintenance and Risk Management to incorporate the agency needs in the functions of fixed assets, maintenance and insurance coverages.

OMB will work with the Health Department to ensure the BOCC is in compliance with the requirements outlined by Florida Statute 274.11

ent property pursuant to -Title 274.11 ri County health department property.—Title to property purchased by county health departments established pursuant to the provisions of chapter 154, whether or any purchased with federal, state or county funds, or any combination thereof, shall be vested in the board of county commissioners of the county where said county health department is located and shall be accounted for in accordance with the provisions of this chapter.

The County agrees with the auditor recommendation regarding title to fixed assets. The County agrees it should review the possibility to transfer ownership and liability for vehicles and any other machinery and/or equipment to the rightful constitutional officer.

The County agrees with the auditor recommendation and will work with the appropriate offices to determine if a MOU is applicable when loaning out county vehicles.