



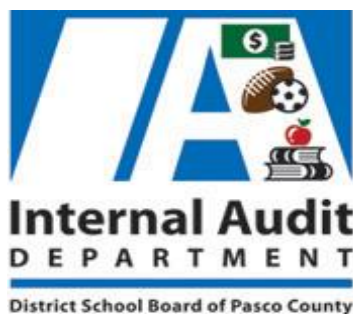
Pasco County Schools

Kurt S. Browning, Superintendent of Schools
7227 Land O' Lakes Boulevard • Land O' Lakes, Florida 34638

AUDIT OF TANGIBLE PERSONAL PROPERTY

For Lacooshee Elementary as of August 1, 2016

Chapter 69I-73, Florida Administrative Code – Governmental units shall maintain adequate records of property in their custody. Each property item shall be permanently marked with the identification number assigned to that item to establish its identity and ownership by the governmental unit holding title to the item. Each governmental unit shall ensure a complete physical inventory of all property is taken annually.



Mary H. Tillman, CPA, CIA, ARM
Director of Internal Audit

June 20, 2017

AUDIT OF TANGIBLE PERSONAL PROPERTY

Lacoochee Elementary as of August 1, 2016

Background

The Superintendent is responsible for the supervision and control of District property per Section 274.03, Florida Statutes, which also allows delegation to a custodian the use and immediate control of the property.

Board Policy 7300-Property Custodianship names the school principal or cost center administrator of each facility as the property custodian. This custodian may delegate use and immediate control of the property to other employees, however, he may not delegate the ultimate responsibility for its control and use. Board equipment may be checked out to cost center employees, in accordance with District procedures, for use in their homes for purposes beneficial to the District, such as the completion of work assignments and the improvement of employees' computer-related skills.

Board Policy 7450 – Property Inventory requires that the Superintendent shall maintain an adequate record of its tangible personal property and software. A complete physical inventory of all property and software shall be taken annually. The inventory shall be compared with the property records and all discrepancies shall be traced and reconciled. The Superintendent shall conduct an annual physical inventory of property at each facility site. A report shall be made to the Board of the results of each inventory. Discrepancies shall be brought before the Board for disposition.

For purposes of this policy "tangible personal property" (TPP) shall mean any property item (item) of a non-consumable nature with a life expectancy of one (1) year or more.

Chapter 69I-73.002, Florida Administrative Code, sets the threshold for recording property items as those costing or having a value of \$1,000 or more. Although the District has since adopted \$1,000 as its capitalization threshold, for this audit period the capitalization threshold was still \$750.

Tangible personal property consists of furniture, computers, motor vehicles, and other items of a non-consumable, non-expendable nature that cost \$750 or more and have a normal life expectancy of one or more years. The District also accounts for small, attractive items that cost less than \$750, such as cameras, projectors, tablets, and iPads. Except for the tablets and iPads, these items are not tagged for inventory and are not recorded on the Munis system. Tablets and iPads are separately tagged and entered in the Munis system even though their cost is generally less than \$750.

As of June 30, 2016, the District's tangible personal property included over 83,000 items with an acquisition value of over \$173 million – see Appendix A. This category of assets does not include land, buildings, or improvements other than buildings. The majority of the District's tangible personal property items (62,738 items = 75% of item count) consisted of computers and computer support equipment. The acquisition value of these items totaled \$60,307,976.10, almost 35% of the District's total tangible personal property acquisition cost. The table included as Appendix A provides information regarding the District's property.

An annual inventory of District property items is required by Chapter 274, Florida Statutes. District procedures require the cost center administrators (School Principals or District Directors) to be responsible for the inventory of tangible personal property items at their own cost center. This practice, although deemed necessary because of financial constraints (available staff), is clearly not compliant with good business practices in that duties are not properly segregated. A better scenario would be for a person independent of the cost center to complete the inventory of that cost center. To mitigate this weakness in internal control, the District internal audit staff tests a sample of property items during annual internal accounts audits at the schools. Findings related to these property inventory tests are included in the individual school internal accounts audits. In addition, each year the internal audit staff conducts a complete property inventory audit for 2 elementary schools, 1 middle school, 1 high school and 1 district department. The findings from these complete inventory audits for fiscal year 2015-16 are included in the individual school and district department audit reports.

Following recommendation from the Finance and Internal Audit departments, the District created two Property Control Assistant positions in fiscal year 2016-2017 to conduct the annual inventories at all the cost centers and to be involved in the physical tagging of qualifying property. However, this audit was performed under the prior conditions where the school staff performed the inventory for the school.

Audit Objectives and Scope

This audit focused on evaluating whether the cost centers properly account for and safeguard tangible personal property. Specific objectives were to determine whether:

1. Cost center tangible personal property is controlled and accounted for as required by statute, rule and Board Policy
2. Tangible personal property items are properly tagged and marked; and
3. Proper procedures are followed for tangible personal property items that are transferred, lost or stolen, in use by appropriate staff or retired.

The scope of the audit included a review of all property items on the selected cost center's inventory for the 2015-2016 fiscal year. This review included internal control procedures including: tagging, secondary marking, transferring, disposing as well as locating the tangible personal property items.

Methodology

To achieve the objectives, the audit team researched and reviewed applicable statutes, rules, and procedures, interviewed appropriate cost center staff and Property Control staff, examined actual property items, and reviewed selected inventory listings and related documents.

Standards

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors.

Audit Findings

Our audit steps revealed that:

- Tangible personal property records were not complete.
 - The serial numbers of some of the equipment were not entered on the property records in Munis. Serial numbers are part of the official property records and are used in the identification, tracking, and matching of property in the same way that the tag number is. Control over property is compromised when the property records are incomplete. The serial numbers of the following equipment were missing from the database: all eleven (11) Bretford charging carts, two (2) of the twenty-eight (28) interactive smartboards, an A/C unit, a depository safe, a xylophone, one (1) of the two (2) cafeteria warming cabinets, and an ice machine. The auditor found an AmeriTech pressure washer at the school which was not tagged. The auditor could not cross reference the asset to a tag number because the serial number was missing from the records.

- Proper tagging procedures are not followed for tangible personal property.
 - Some of the assets found were not tagged. Among them were seven (7) iPads, six (6) Bretford carts, thirteen (13) Mac Books, one (1) depository safe, one (1) set of stackable washer/dryer, one (1) interactive smartboard, and one (1) Dell desktop. Many iPads had protective cases that were hard to take off, in which case the serial number was used to identify the equipment without opening the protective case and without verifying the tag number. It is possible that additional iPads were not tagged. Property tags should be obtained for all these items to comply with District policy as they are qualifying property.
 - Musical instruments not meeting the capitalization threshold were not consistently treated. Some of these instruments were tagged, others were not. Consistent oversight and control over musical instruments was not exercised.
 - Equipment was not always marked and tagged in a timely manner even when it met the \$750 capitalization threshold. Several new laptops were found in their original boxes in a storage room at the school. These new laptops were not tagged.
 - Some tangible personal property had the old BPI tags attached rather than the current Pasco County School District tags. All active qualifying property meeting capitalization thresholds should be tagged with Pasco County School District tags so that the item can be easily identified and matched to the asset record. Some of the items with old BPI tags were two (2) eMacs, two (2) Dell desktops, four (4) Bretford charging carts, one (1) drying rack, and one (1) of the two (2) corner reading couches. Two (2) tote tray cabinets and a refrigerator with old BPI tags found at the school were classified as “retired” in the property records.
 - Printers and overhead projectors were not consistently treated. There were printers and overhead projectors with eight-digit barcodes, five-digit barcodes, BPI barcodes, and others were not tagged at all. At least twelve (12) printers and eleven (11) overhead projectors in use at the school had proper tags but were not listed on the property records. It is not clear why some of the tagged items were included in Munis and others were not.

- Equipment checkout procedures were not followed for tangible personal property.
 - Tangible personal property items were assigned to cost center staff without completion of the appropriate “Equipment Checkout Guidelines for Employees” form (MIS Form #192), as required by District Equipment Checkout Procedures.

- Many tangible personal property items did not have the required secondary marking.
- Asset transfer procedures were not followed for tangible personal property.
 - Proper records were not maintained of items that were transferred into or out of the cost center. A “Report of Acquisition, Transfer, or Disposition of Property” (MIS Form # 212) was not completed and signed for all transfers. This form is used by Property Control to update the property records. Eight (8) iPads reported missing by the Office of Teaching and Learning (OTL) on last year’s annual tangible personal property inventory report were found at the school. The iPads were located in a storage room and had a blank “Report of Acquisition, Transfer, or Disposition of Property” form (MIS form # 212) attached to them. Three (3) Dell OptiPlex desktops were picked-up by Food and Nutrition Services (FNS) during the summer of 2016 without completion of the MIS Form # 212 when a computer upgrade was implemented. As a result, these desktops had an active status in Munis at the time the inventory took place and would have been counted as missing had this information not become available. FNS is working with Property Control to formally request the transfer and disposition of these desktops.
- Disposal procedures were not initiated on a timely basis and in some cases not initiated at all.
 - Impaired, obsolete, and/or old assets were kept in storage at the school instead of following property disposal procedures including the preparation of a “Report of Acquisition, Transfer, or Disposition of Property” (MIS Form # 212) to request approval for disposal of items no longer in use. Not only could these assets create a potential hazard, but also the property records are inaccurate when showing these assets as active. About twenty to twenty-five (20-25) old Apple Mac Books were found in a storage room without disposal forms. Also, one (1) Apple eMac classified in Munis as “disposed” was located in a storage room at the school.
- Proper records were not maintained of items that were sent out for repair. Copies of the work order should be kept on file showing that the assets are out on repair.
- Some tangible personal property items purchased with grant funds through internal accounts were not submitted to Property Control to be added to the property records as required. Twenty-two (22) iPads with internal barcodes were found at the school. The iPads were labeled Title 1 and were not included in the property records.
- None of the cafeteria tables on this cost center were included in the property records. The acquisition cost of cafeteria tables ranges from \$958.99 to \$976.22.
- A total of forty-two (42) items were not located during the inventory process. The summary and detailed schedules of the missing items are on Appendices B and C. Note that some of the missing items were leased.
- A significant number of items reported as found on last year’s property inventory conducted by the school were not located this year.

Recommendations

- Items that are routinely taken home by students or staff must be properly checked out in compliance with Equipment Check Out procedures. New property control procedures effective July 1, 2016 require that MIS Form # 192, “Equipment Checkout Guidelines for Employees”, and MIS Form # 193, “Equipment Checkout Guidelines for Students”, must be completed and signed before the equipment is given to the student or staff.
- Items that are transferred to another cost center or picked up by another department for disposal or repair must be documented on a fully completed and signed MIS #212 – “Report of Acquisition, Transfer or Disposition of Property” and forwarded to Property Control for processing. They need to use PRISM now.
- New items must be tagged as soon as possible. If property tags are not received from Property Control in a timely manner, the items should be marked or engraved with *Pasco District Schools* and the serial number. The description and location of the items should be recorded so that this information is available when the property tags are received.
- All property items should have a secondary marking, except leased items. Items kept outside must have the tag number and secondary marking engraved on the item should the tag wear off or otherwise become separated from the item.
- Property Control must be notified of items purchased through internal accounts so the items can be added to the property records and properly tagged.
- In the case of obsolete items, school staff should take the proper steps to remove these items from their inventory listing by filling out an MIS # 212, “Report of Acquisition, Transfer or Disposition of Property”. New property control procedures effective July 1, 2016 require the completion of MIS Form # 209, “Property Disposal Request Form” in Munis.
- Every effort should be made to locate missing items. If it is determined that an item has been stolen, appropriate law enforcement should be notified and a copy of the police report should be sent to Property Control for processing.
- Any items observed at the cost center with a value of \$750 or more without a tag should be researched on the database and Property Control notified to determine if item should be added to the inventory list and tagged. New property control procedures effective July 1, 2016 raised the threshold to \$1,000.
- The Resource Management Assistant (RMA) should consistently monitor the inventory at the school to ensure that assets are properly tagged, have the required secondary marking, are safeguarded, are properly maintained, and that the asset record is complete and accurate at all times. The location of property items, including the building and room number, should be updated as necessary to keep the information on record current.
- School Administration must review the new Property Control Procedures effective July 1, 2016.

Closing Comments

We wish to thank the staff of the Property Control (Finance Services) department and Lacochee Elementary for their cooperation and assistance during the course of this audit.

APPENDIX B

APPENDIX A

SUBCLASS DESCRIPTION	Sum of ACQ COST	Item Count	Subtotal of Acq Cost	Subtotal of Count	% of Acq Cost	% of Count
Agricultural Equipment	\$113,041.23	33				
Appliances	\$5,018,078.88	1,139				
Art Equipment	\$235,090.19	170				
Boats & Canoes	\$184,495.05	30				
Building Maintenance Equipment	\$1,364,968.60	442				
Cafeteria Equipment	\$4,973,608.10	1,461				
Vending Machines	\$957,182.59	263				
Case, Cabinet, Cart, Rack	\$3,636,523.61	2,633				
Child Care Equipment	\$104,468.98	47				
Computer-Desktop	\$12,695,670.36	10,907				
Computer-File Server	\$1,340,473.56	289				
Computer-Mainframe	\$438,986.39	14				
Computer-Portable	\$33,139,032.46	28,775				
Computer-Support Equipment	\$2,351,817.92	713				
iPADS and Tablets	\$780,444.00	1,956	\$31,166,424.69	42,654	29.30%	31.30%
Construction Equipment	\$316,437.14	44				
Custodial Equipment	\$2,155,092.13	663				
ESE Equipment	\$415,023.30	246				
ESE Audiology Equipment	\$336,331.38	238				
Furniture	\$3,392,614.98	2,639				
Grounds Equipment	\$1,825,553.01	214				
Health Equipment	\$632,915.18	297				
Instructional Equipment	\$406,922.95	65				
Library Equipment	\$212,144.26	30				
Mailroom Equipment	\$2,195.00	2				
Media Production Equipment	\$760,026.29	435				
Musical Instruments	\$4,643,333.16	2,169				
Office Machines	\$344,961.76	283				
Pallet Trucks & Hydraulic Lift	\$92,207.12	37				
Portable Buildings	\$273,857.15	120				
Portable Signs	\$78,177.25	15				
Power Supply-Generator-Battery	\$64,480.17	26				
Printer	\$1,842,091.50	1,288				
Printing & Bookbinding Machine	\$40,981.50	7				
Public Address Systems	\$98,402.04	49				
Science Equipment	\$94,268.54	61				
Sports Equipment	\$1,338,142.15	625				
Stationary Grinders & Lathes	\$13,932.50	3				
Stationary Saws & Drills	\$18,333.04	13				
Technology Equipment	\$801,190.59	398				
Testing Equipment	\$189,133.86	57				
Trailers-Unlicensed	\$16,382.00	9				
TV, VCR, DVD, Camcorder	\$467,977.59	304				
Vehicle Maintenance Equipment	\$274,114.78	85				
Vocational Equipment	\$4,183,968.78	1,040				
Warehouse Equipment	\$249,858.10	19				
Buses	\$36,744,346.27	530				
Truck-Light	\$4,040,261.33	203				
Truck-Medium	\$768,967.71	18				
Truck-Heavy	\$2,274,218.92	31				
Passenger Car	\$384,557.65	24				
Trailers-Licensed	\$334,777.78	34	\$44,567,129.66	860	23.70%	0.06%
Audio Visual Materials	\$159,952.44	86				
Computer Software	\$25,574,399.30	1,360				
I Pads	\$8,986,002.78	19,830				
Laptops	\$103,952.75	158				
Desktops	\$51,595.88	76				
Facility Cntl Asset WO	\$0.00	92				
	\$173,417,963.93	83,139				

Lacoochee Elementary-Summary of Missing TPP Items by Cost and Count					
Total TPP Items	Total TPP Acquisition Cost	Total Missing TPP Items	Total Acquisition Cost of Missing TPP Items	% of Missing TPP Items	% of Acquisition Cost of Missing TPP Items
621	\$795,662	42	\$38,329	7%	5%

Lacoochee Elementary-Summary of Missing TPP Items by Year of Acquisition	
Year of Acquisition	Total Missing TPP Items
2015	3
2014	18
2012	10
2010	4
2008	1
2007	1
2006	1
2005	0
2004	1
2003	1
1996	1
1995	1
Total	42

Lacoochee Elementary - Summary of Missing TPP Items by Category			
Category of Asset	Total # of Items	# of Items Found	# of Items Missing
Apple eMacs	4	2	2
Apple I Mac	42	42	0
Apple iPads	90	74	16
Apple Mac Books	341	319	22
Appliances	9	9	0
Art equipment	2	2	0
Cabinets & Display cases	6	6	0
Cafeteria equipment	11	11	0
Charging carts	11	11	0
Communication system, Servers, Powerbook	11	11	0
Custodial equipment	4	4	0
Dell computers	13	13	0
Furniture	10	10	0
Golf cart	1	1	0
Health/ESE equipment	5	5	0
Interactive smartboards 77"	28	28	0
Musical instruments	4	3	1
Office machines	5	5	0
Outside equipment	5	5	0
Printers & Projectors	15	14	1
Serving Station & Warming cabinets	4	4	0
Totals	621	579	42

APPENDIX C

Lacoochee Elementary - Missing Items						
Count	Asset Tag	Description	Acquisition Cost	Date Acquired	Marked Found on the March 2015 Inventory done by LES	Additional Information
1	20823	APPLE IPAD	\$499.00	6/25/2014	No	
2	20930	APPLE IPAD 16GB	\$499.00	6/25/2014	No	
3	25445	APPLE IPAD	\$499.00	6/25/2014	No	
4	25446	APPLE IPAD	\$499.00	6/25/2014	No	
5	25447	APPLE IPAD	\$499.00	6/25/2014	No	
6	25448	APPLE IPAD	\$499.00	6/25/2014	No	
7	25449	APPLE IPAD	\$499.00	6/25/2014	No	
8	26170	APPLE IPAD	\$678.00	6/25/2014	No	
9	34448	APPLE IPAD WI-FI 32GB GRAY	\$579.00	6/25/2014	Item not included on the 2015 inventory list	
10	36183	APPLE IPAD WI-FI 32GB SILVER	\$579.00	6/25/2014	Item not included on the 2015 inventory list	
11	36368	APPLE IPAD WI-FI 32GB SILVER	\$579.00	6/25/2014	Item not included on the 2015 inventory list	
12	36723	APPLE IPAD WI-FI 32GB SILVER	\$698.00	6/25/2014	Yes	
13	39702	APPLE IPAD 2 WI-FI 16GB BLACK	\$399.00	5/1/2014	Yes	
14	46051	Apple iPad Air 32GB	\$418.17	8/3/2015	Item not included on the 2015 inventory list	Equipment is leased.
15	46059	Apple iPad Air 32GB	\$418.17	8/3/2015	Item not included on the 2015 inventory list	Equipment is leased.
16	46060	Apple iPad Air 32GB	\$418.17	8/3/2015	Item not included on the 2015 inventory list	Equipment is leased.
17	90037508	EMAC 800/CD	\$1,316.00	6/30/2003	Yes	
18	90043405	APPLE MAC BOOK 13.3/2.26/4GB	\$1,132.00	6/1/2010	Yes	
19	90043499	EMAC 1GHZ/COMBO/MODEM	\$980.00	12/7/2004	Yes	
20	90043612	APPLE MAC BOOK 13.3/2.26/4GB	\$1,132.00	6/1/2010	Yes	
21	90043627	APPLE MAC BOOK 13.3/2.26/4GB	\$1,132.00	6/1/2010	Yes	
22	90043883	APPLE MAC BOOK 13.3/2.0/CB/APP	\$1,288.00	12/4/2007	No information provided about whether item was located or not.	
23	90046070	APPLE MAC BOOK PRO 15/SD/APP	\$2,308.00	6/13/2006	Yes	
24	90046092	APPLE MAC BOOK 13.3/2.0/CB/APP	\$1,088.00	1/22/2008	No	
25	90046125	APPLE MAC BOOK 13.3/2.26/4GB	\$1,132.00	6/1/2010	No	
26	90065966	Apple Mac Book Pro 15.4/2.3	\$1,698.46	9/18/2012	Yes	
27	90068729	OVERHEAD PROJ-O H-3 M	\$755.00	4/1/1995	No information provided about whether item was located or not.	
28	90076860	KEYBOARD-ELECTRONIC YAMAHA	\$773.50	6/11/1996	Yes	
29	90077952	APPLE MAC BOOK PRO 13.3/2.5	\$1,133.21	6/30/2012	Yes	
30	90077959	APPLE MAC BOOK PRO 13.3/2.5	\$1,133.21	6/30/2012	Yes	
31	90077962	APPLE MAC BOOK PRO 13.3/2.5	\$1,133.21	6/30/2012	Yes	
32	90079520	APPLE MAC BOOK PRO 13.3/2.5	\$1,133.29	12/11/2012	Yes	
33	90079523	APPLE MAC BOOK PRO 13.3/2.5	\$1,133.29	12/11/2012	Yes	
34	90079528	APPLE MAC BOOK PRO 13.3/2.5	\$1,133.29	12/11/2012	Yes	
35	90079531	APPLE MAC BOOK PRO 13.3/2.5	\$1,133.29	12/11/2012	No	
36	90079537	APPLE MAC BOOK PRO 13.3/2.5	\$1,133.29	12/11/2012	Yes	
37	90079540	APPLE MAC BOOK PRO 13.3/2.5	\$1,133.29	12/11/2012	Yes	
38	90088077	Apple Mac Book Pro 13.3	\$1,178.62	1/15/2014	Yes	
39	90088079	Apple Mac Book Pro 13.3	\$1,178.62	1/15/2014	Yes	
40	90089599	Apple Mac Book Pro 13.3	\$1,147.54	5/2/2014	Yes	
41	90093018	Apple Mac Book Air 11.6	\$815.00	8/22/2014	Yes	
42	90093024	Apple Mac Book Air 11.6	\$815.00	8/22/2014	Yes	
			\$38,328.62			

Principal's Response:

All technology was collected in order to create a database identifying the current location of all devices; the database will be created summer of 2017.

We are ensuring that:

All devices have proper tagging.

Every computer has an assigned power source.

All carts are inventoried.

All equipment has a primary and secondary tag.

Damaged computes that are not repairable, will be written up and removed from our inventory.

Latoya Jordan, Principal