

Salt Lake County Auditor's Office
Craig B. Sorensen, *AUDITOR*



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Dear Patti:

Recent audits of Health Department agencies have shown the need for improvements and better coordination in the tracking of controlled assets, particularly in recording items as assets once they are purchased. Countywide Policy 1125, *Safeguarding Property/Assets* requires for accounting and control of assets as soon as possible after purchase. We must also be constantly aware that we are spending taxpayer money and hold these assets in trust.

Generally speaking, asset management involves the tracking of assets and the control of their movement throughout the organization. With increasing investment in technology, the need to know the location of equipment and who is responsible is becoming critical. Without knowing what assets exist, agencies may make duplicate or unnecessary asset purchases.

Effective tracking of assets allows an agency to know which assets they own, where the assets are located, and where an asset was located in the past. Managers can then identify and track surplus and under-utilized assets, create standards, receive notification of scheduled service or maintenance and provide information for better decisions on purchasing.

Based on the latest audits of asset management at Health Department agencies, we found that even though a system is in place to have assets tracked and recorded, procedures to advise the property manager of receipt, changes, additions and locations of controlled assets are not being followed.

Responsibility at the site level has been lax to the extent that newly purchased assets are not being properly added to controlled assets lists, annual inventories are not performed, and individually assignable assets and shared assets are not properly controlled. We also found that controlled asset lists at the sites were years behind, or non-existent, and individuals assigned to keep the lists current had moved on or were not aware of their responsibilities.

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RECOMMENDATION:

Assign a property manager at each individual site, who has responsibility for the recording of controlled assets, including their purchase and disposition when sent to surplus.

Since the agency has many sites, assignment of property managers at each separate building site or location would be beneficial. One person at each site would be responsible for all assets for only that building or location. Such person would be instructed in all of the assets management duties, and in our opinion, it should be the site director who could delegate an assistant to perform the updates and annual inventories, but if the assistant moves on the director would be able to promptly assign another individual. This would ensure that responsibility remains intact. The property manager on site would coordinate his efforts with the lead Health Department property manager.

Should centralized purchasing be considered as a help in being able to immediately account for and record new assets after purchase? Before the question “when is centralized purchasing justified“, one must define “centralization“. What does it mean for purchasing to be “centralized?“ In basic terms centralized purchasing simply describes the type of organization in which there is some form of centralized control over the purchasing function.

Centralization starts with standardized policies and procedures for purchasing. At present there is no written policy regarding the recording and accounting for controlled assets.

We suggest that if the property manager at each site controls purchase requisitions and receiving of assets, then at that point all the information can be entered into a programed spread sheet with all the criteria needed to identify each controlled asset as soon as it is received. A good spread sheet would contain a description, serial number or model, purchase date, cost and location or person assigned.

When an assignable item is delivered to an individual the “Controlled assets Inventory Form-Employee“ can be completed and signed by the employee at the same time. With the list continually up-to-date, an annual inventory at the site level should be easily and quickly accomplished.

We recently met with fiscal manager Leslie Workman, and she informed us that many of the recommendations outlined above are in process of being considered. She told us that formation of a committee to write a procedure for controlling and accounting for agency assets is pending.

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As a new procedure, when purchase requests covering new assets are received in Ms Workman's office, her staff will input preliminary information on the asset to a spread sheet to create a data base. A person at each site, preferably agency site managers, having access to the spreadsheet, will then verify receipt of any new asset, place the agency inventory tag on the item and record the identifying information such as description, serial number, location, and individual assignment in the spreadsheet.

The site manager will notify the agency property manager of the new purchase and any changes involving the asset and the property manager will be responsible for conducting the annual inventory. The agency is also in process of acquiring a bar code system to conduct inventories. These actions are a positive step to correcting past problems and you and your employees are to be commended for your initiative in these matters.

RECOMMENDATION:

Create a centralized purchasing system to ensure assets are recorded on the controlled assets list once they are purchased, and removed once they are sent to surplus.

We hope this letter will be of benefit to you and assist you in your efforts to account for and strengthen controls over the County assets in your custody. If we can be of further assistance to you in this regard please contact us.

Sincerely,

James B Wightman, CPA
Director of Internal Audit

cc: Suzanne Kirkham
Leslie Workman