

INTERNAL PROPERTY AUDIT REPORT

Property and Inventory Audits of Selected Locations
2011-2012



To be presented to the:
Audit Committee
on
June 21, 2012

The School Board of Broward County, Florida
on
July 24, 2012

by
The Office of the Chief Auditor



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June 12, 2012

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Robert W. Runcie
Superintendent of Schools

Ladies and Gentlemen:

We have performed a Review of the Property and Inventory of selected locations, pursuant to the The Rules of the Florida Administrative Code, Section 69I-72, and School Board Policy 1002.1.

Audits of Property and Inventory require that we account for all of the Property and Inventory charged to the locations. In order to complete this task, we have reviewed all property and inventory records disclosed from District accounts and made a determination as to the status of each item. This disposition may include;

- items which are at the location and are accounted for,
- items which were not available for review prior to the issuance of this report,
- items which may have been stolen and are supported by the proper District forms,
- items that have been transferred from one location to another and are supported by the proper District forms, and
- items which have been declared surplus or obsolete and are supported by the proper District forms.

We conducted our audits in accordance with generally accepted Government Accounting Standards issued by the Comptroller of the United States.

Our property audits indicated that eighteen (18) locations in the report complied with prescribed policies and procedures.

We wish to express our appreciation to the administration and staff of the various departments for their cooperation and courtesies extended during our audits.

Sincerely,

Patrick Reilly, CPA
Chief Auditor

TABLE OF CONTENTS

	<u>PAGE</u>
AUTHORIZATION	1
SCOPE, OBJECTIVE AND METHODOLOGY	1-3
SECTION I: Summary of Property and Inventory Audits Performed.....	4-5
SECTION II: Property and Inventory Audits Performed – All items accounted for	6
SECTION III: Website Guide: Internal Property Audits.....	7-8
<i>- Audit Report Archive and Property Related Reference Materials</i>	

PROPERTY AUDIT REPORT

AUTHORIZATION

The Rules of the Florida Administrative Code, Section 69I-72, require that each custodian shall ensure that a complete physical inventory of all property is taken at least once each fiscal year. Each custodian shall ensure that a complete physical inventory of all property under the control of the custodian or custodian's delegate is taken whenever there is a change of custodian or custodian's delegate. In accordance with School Board Policy 1002.1 and the Audit Plan for The Office of the Chief Auditor, the inventories of the locations in the District that have been audited are presented in Section I of this report. School Board Policy 3204 – Property Accountability and Responsibility states, “The Board designates that Principals shall be the custodians of property at schools. Directors shall be the custodians of property for the County Support Services Departments.” Rule 1 states “**All physical inventories shall be conducted by the Office of the Chief Auditor’s Property Audits Division.**”

SCOPE, OBJECTIVES AND METHODOLOGY

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures represented on property records. We have reviewed all property and inventory records disclosed from District accounts and made a determination as to the status of each of the items. This disposition may include:

- items which are at the location and are accounted for,
- items which were not available for review prior to the issuance of this report,
- items which may have been stolen and are supported by the proper documentation and District forms,
- items that have been transferred from one location to another and are supported by the proper District forms,
- items which have been declared surplus or obsolete and are supported by the proper District forms.

Compliance

We tested compliance with policies and procedures prescribed by the School Board Policies and Business Practice Bulletin O-100 Procedure for Property & Inventory Control. The results of our tests of compliance indicated that the locations conformed with the policies and procedures provided in the above noted sources. Noncompliance items are reported in **Section I** and **Section III** of this report.

Property Control Structure

In planning and performing our examinations, we obtain an understanding of the:

- internal property control structure established by the administration.
- assessed level of controlled risk to determine the nature, timing, and extent of substantive tests for compliance with applicable laws, administrative rules and district policies; including the safeguarding of assets.

A material weakness is a reportable condition in which the design or operation of one or more internal property control structure elements does not reduce the risk of material errors or irregularities from occurring. As a result, it would be extremely difficult for employees to recognize errors in the normal course of performing their assigned functions.

Our evaluation of the internal control structure does not necessarily disclose all matters that might be reportable conditions. Thus, all material weaknesses may not be identified.

Property Audit Exceptions

In order to establish reporting parameters and afford the locations some latitude in monitoring their assets, we set thresholds of approximately one (1) percent of the total property inventory historical cost. The District does not track depreciation for each capital asset. The Office of the Chief Auditor (OCA) has used the following table, provided by the Director of Accounting & Financial Reporting-Capital Assets (AFRCA), to determine the total accumulated depreciation of assets which have not been accounted for.

• Computers, Printers	5 Years
• Band Instruments	7 Years
• Office Equipment	5 – 20 Years
• Audio/Visual Equipment	6 – 8 Years
• Vocational Equipment	7 – 20 Years
• Other	From 5 to 20 Years

The Office of the Chief Auditor reported no property exceptions for locations with an aggregate historical value, of items unaccounted for, falling below the designated 1% threshold unless significant process control weaknesses have been identified. As of July 1, 2004, Florida State Statute 274.02, changed the value of capital assets to be recorded and monitored from \$750 to \$1,000. The District administration requires follow-up verification of all items not accounted for during the physical audit with a historical cost of \$1,000 or more. Subsequently, location administrators must designate the location of recovered individual assets by room/fish number or demonstrate activity on the appropriate District approved forms.

Unaccounted / Found Items

While conducting the audit, there are instances in which items are determined to be unaccounted for. When the Office of the Chief Auditor and the location's staff agree that the item(s) is not accounted for, the asset is moved to a Missing List. This item will remain designated on the Missing List until the item is located and reactivated by **Accounting & Financial Reporting-Capital Assets (AFRCA)**. If the item is not reactivated after two (2) years, the item(s) is removed from the location's active list of property records.

Some assets have been excluded from the list of unaccounted for items because the location complied with the established reporting standards for theft and vandalism as defined by Business Practice Bulletin O-100. Other items remain unaccounted for due to the location's failure to document the alleged theft/vandalism activity in a timely manner or secure the items effectively.

In addition to having items which are not accounted for, there are items which are found on campus, which are not listed on the location's database of assets. For those items, whose value exceeds \$1,000, the Office of the Chief Auditor adds the assets to the location's inventory database with the expectation that the asset is to be tracked and monitored in the future. A report is provided to the Property Custodian and Accounting & Financial Reporting-Capital Assets (AFRCA) at the end of the audit.

Summary of Property and Inventory Review for Fiscal Year 2011-12

The following report discloses the audits for (16) schools and (2) departments. These audits were finalized between **May 4, 2012 and June 13, 2012**. For this report, we noted that zero (0) locations had audit exceptions. A summary of this report notes that:

- For the 18 locations, 14,589 items were listed in the property records at a historical cost of \$22,416,619.
- For the 18 locations included in this report, a total of 20 items could not be accounted for with a historical cost of \$32,980.

**Section I -
Summary of Property and Inventory Audits Performed**

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA
The Office of the Chief Auditor
Property Audits

The following table presents a summary of the property and inventory audits that were finalized during the period **May 4, 2012 and June 13, 2012**. For any location that received an exception, we have included a detailed listing of the items that were unaccounted for and the administration's response.

Area	Name	Total Items	Historical Cost	Items Not Accounted For (INAF)	Historical Cost (INAF)	No Exception/Exception	Page No.
Central	Banyan Elementary 2001	618	\$878,084	0	0	No Exception	
Central	Foster, Stephen Elementary 0921	514	\$727,085	0	0	No Exception	
Central	Whiddon-Rogers Education Center 0452	1,245	\$1,739,804	0	0	No Exception	
Central	Challenger Elementary 3771	656	\$851,129	1	\$1,129	No Exception	
Central	Coral Park Elementary 3041	623	\$861,472	0	0	No Exception	
North	Deerfield Beach High 1711	1,869	\$3,027,766	6	\$10,483	No Exception	
North	Deerfield Park Elementary 0391	515	\$800,461	0	0	No Exception	
North	Forest Glen Middle 3051	782	\$1,146,581	0	0	No Exception	
North	Liberty Elementary 3821	804	\$1,250,795	2	\$2,457	No Exception	
North	Park Trails Elementary 3781	901	\$1,240,503	0	0	No Exception	
North	Sanders Park Elementary 0891	582	\$814,016	3	\$5,101	No Exception	
<i>Sub Total This Page</i>		9,109	\$13,337,696	12	\$19,170	11 No Exception	

Area	Name	Total Items	Historical Cost	Items Not Accounted For (INAF)	Historical Cost (INAF)	No Exception/Exception	Page No.
South	Colbert Elementary 0231	506	\$801,103	1	\$2,197	No Exception	
South	Cooper City High 1931	1,457	\$2,626,980	2	\$2,508	No Exception	
South	Pines Middle 1881	993	\$1,704,699	0	0	No Exception	
South	Sheridan Hills Elementary 1811	446	\$583,933	0	0	No Exception	
South	South Broward High 0171	1,679	\$2,704,313	5	\$9,105	No Exception	
DEPT	Instructional Technology 9777	253	\$348,631	0	0	No Exception	
DEPT	Safety 9536	146	\$309,264	0	0	No Exception	
<i>Sub Total This Page</i>		5,480	\$9,078,923	8	\$13,810	7 No Exception	
<i>Sub Total Page 4</i>		9,109	\$13,337,696	12	\$19,170	11 No Exception	
TOTAL		14,589	\$22,416,619	20	\$32,980	18 No Exception	

Audits Performed by:
Bryan Erhard
Ivette Lima
Bruce Norris
Stephanie Ormsby
Rhonda Schaefer

Audits Processed by:
Gail Mouzon-Williams

Audits Supervised by:
Mark Magli

Section II -
Locations with No Exceptions
All Items Accounted For

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA
The Office of the Chief Auditor
Property Audits

During the property audit at the following locations, all assets were physically accounted for or adequately supported.

LOCATION NAME

Banyan Elementary 2001

Foster, Stephen Elementary 0921

Whiddon-Rogers Education Center 0452

Coral Park Elementary 3041

Deerfield Park Elementary 0391

Forest Glen Middle 3051

Park Trails Elementary 3781

Pines Middle 1881

Sheridan Hills Elementary 1811

Instructional Technology 9777

Safety 9536

**Section III -
Website Guide: Internal Property Audits**

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AUDIT COMMITTEE MEETING

February 10, 2011 ([Reports](#))

March 24, 2011 ([Reports](#))

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REPORTS:

All property audit reports submitted to the Audit Committee and the School Board since September 2006

PROPERTY RELATED REFERENCE MATERIALS:

All property related activity forms (Board approved), Best Practice Support Materials ("The Program" & "Property Basics" Administrative Powerpoint) and the Business Practice Bulletin O-100: Procedure for Property & Inventory Control.

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[HOME](#)

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[MAJOR FUNCTIONS](#)

[AUDIT AUTHORITY](#)

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Property Division

Property Basics - Principals/Directors March 02, 2011

[PDF](#)

[Download Now](#)

"The Program" - Best Practice Suggestions for Monitoring Equipment

- [Schools, v2010-11](#)
- [Departments, v2008-09](#)

Business Practice Bulletin

- [O-100 Procedure for Property & Inventory Control](#)

Forms

- Inventory Audit Utility (FileMaker Pro Db)*
- [Surplus Declaration Transfer Form \(3290A\)**](#)
- [Property Pass Form \(0013\)**](#)
- [Tangible Property Loss Equipment Acquisition Form \(03290\)](#)

*Please email [Mark Magli](#) in CAB for the latest version of the Inventory Audit Utility.

**The requisite forms can be generated directly from the Inventory Audit Utility.

(This can assist locations in reducing the amount of manual recording errors that sometimes occur during the required documentation preparation)

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