



# ASSET MANAGEMENT PRACTICES COUNTYWIDE AUDIT

## *FINAL REPORT*

Chief of Audits: Juan R. Perez  
Audit Manager: Laura R. Flores, CIA, CFE, CGAP  
Auditor II: Rani Gorgis, CPA  
Auditor II: Erich Hannon, CGAP

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# County of San Diego

**TRACY M. SANDOVAL**  
DEPUTY CHIEF ADMINISTRATIVE OFFICER/  
AUDITOR AND CONTROLLER

AUDITOR AND CONTROLLER  
OFFICE OF AUDITS & ADVISORY SERVICES  
5530 OVERLAND AVENUE, SUITE 330, SAN DIEGO, CA 92123-1261  
Phone: (858) 495-5991

**JUAN R. PEREZ**  
CHIEF OF AUDITS

February 27, 2018

TO: Michael Workman, Director  
County Communications Office

FROM: Juan R. Perez  
Chief of Audits

**FINAL REPORT: ASSET MANAGEMENT PRACTICES COUNTYWIDE AUDIT**

Enclosed is our report on the Asset Management Practices Countywide Audit. As there are no findings and recommendations in the report, no audit response is required.

Thank you for the courtesousness and cooperation extended to the Office of Audits & Advisory Services during the course of the audit.

If you have any questions, please contact me at (858) 495-5661.

A handwritten signature in blue ink, appearing to read "JRP", with a stylized flourish at the end.

**JUAN R. PEREZ**  
Chief of Audits

AUD:EH:nb

Enclosure

c: Tracy M. Sandoval, Deputy Chief Administrative Officer/Auditor and Controller  
Damien Quinn, Group Finance Director, Finance and General Government Group



# County of San Diego

**TRACY M. SANDOVAL**  
DEPUTY CHIEF ADMINISTRATIVE OFFICER/  
AUDITOR AND CONTROLLER

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Phone: (858) 495-5991

**JUAN R. PEREZ**  
CHIEF OF AUDITS

February 27, 2018

TO: Marko Medved, Director  
Department of General Services

FROM: Juan R. Perez  
Chief of Audits

**FINAL REPORT: ASSET MANAGEMENT PRACTICES COUNTYWIDE AUDIT**

Enclosed is our report on the Asset Management Practices Countywide Audit. We have reviewed your response to our recommendations and have attached it to the audit report.

The actions taken and/or planned, in general, are responsive to the recommendations in the report. As required under Board of Supervisors Policy B-44, we respectfully request that you provide quarterly status reports on the implementation progress of the recommendations. You or your designee will receive email notifications when these quarterly updates are due, and these notifications will continue until all actions have been implemented.

If you have any questions, please contact me at (858) 495-5661.

A handwritten signature in blue ink, appearing to read "JRP", with a stylized flourish at the end.

JUAN R. PEREZ  
Chief of Audits

AUD:EH:nb

Enclosure

c: April Heinze, Deputy Chief Administrative Officer, Community Services Group  
Tracy M. Sandoval, Deputy Chief Administrative Officer/Auditor and Controller  
Brian M. Hagerty, Group Finance Director, Community Services Group



# County of San Diego

**TRACY M. SANDOVAL**  
DEPUTY CHIEF ADMINISTRATIVE OFFICER/  
AUDITOR AND CONTROLLER

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Phone (858) 495-5991

**JUAN R. PEREZ**  
CHIEF OF AUDITS

February 27, 2018

**TO:** Rich Crompton, Director  
Department of Public Works

**FROM:** Juan R. Perez  
Chief of Audits

**FINAL REPORT: ASSET MANAGEMENT PRACTICES COUNTYWIDE AUDIT**

Enclosed is our report on the Asset Management Practices Countywide Audit. We have reviewed your response to our recommendations and have attached it to the audit report.

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If you have any questions, please contact me at (858) 495-5661.

A handwritten signature in blue ink, appearing to read "Juan R. Perez".

**JUAN R. PEREZ**  
Chief of Audits

AUD:EH:nb

Enclosure

c: Sarah Aghassi, Deputy Chief Administrative Officer, Land Use & Environment Group  
Tracy M. Sandoval, Deputy Chief Administrative Officer/Auditor and Controller  
Yuliya Leina, Group Finance Director, Land Use & Environment Group



# County of San Diego

**TRACY M. SANDOVAL**  
DEPUTY CHIEF ADMINISTRATIVE OFFICER/  
AUDITOR AND CONTROLLER

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5530 OVERLAND AVENUE, SUITE 330, SAN DIEGO, CA 92123-1261  
Phone: (858) 495-5991

**JUAN R. PEREZ**  
CHIEF OF AUDITS

February 27, 2018

TO: Herman Reddick, Group Program Manager  
San Diego County Fire Authority

FROM: Juan R. Perez  
Chief of Audits

**FINAL REPORT: ASSET MANAGEMENT PRACTICES COUNTYWIDE AUDIT**

Enclosed is our report on the Asset Management Practices Countywide Audit. We have reviewed your response to our recommendations and have attached it to the audit report.

The actions taken and/or planned, in general, are responsive to the recommendations in the report. As required under Board of Supervisors Policy B-44, we respectfully request that you provide quarterly status reports on the implementation progress of the recommendations. You or your designee will receive email notifications when these quarterly updates are due, and these notifications will continue until all actions have been implemented.

If you have any questions, please contact me at (858) 495-5661.

**JUAN R. PEREZ**  
Chief of Audits

AUD:EH:nb

Enclosure

c: Ronald Lane, Deputy Chief Administrative Officer, Public Safety Group  
Tracy M. Sandoval, Deputy Chief Administrative Officer/Auditor and Controller  
Holly Crawford, Director, Office of Emergency Services  
Rosemarie Degracia, Group Finance Director, Public Safety Group

## INTRODUCTION

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**Audit Objective** The Office of Audits & Advisory Services (OAAS) completed a Countywide audit of Asset Management practices. The objective of the audit was to assess the adequacy of accounting and monitoring policies and procedures in place to ensure that County assets are properly identified, reported, and safeguarded.

**Background** The County of San Diego (County) Administrative Manual, Item No. 0050-02-1, Control of Capital Assets and Minor Equipment (Admin Manual) identifies the various classes of assets owned by the County, outlines the controls necessary to adequately safeguard and account for such assets, and defines the responsibility of each department. Department responsibilities include identifying, recording, valuing, and safeguarding of these assets, as well as filing results of physical inventory counts, and submitting required forms.<sup>1</sup>

Capital (fixed) assets are tangible assets acquired for use in operations that will benefit more than a single fiscal year. Typical examples of tangible assets are land, buildings, equipment, vehicles, and machinery. Equipment is an article of nonexpendable, tangible personal property, having a useful life of more than one year, must be movable (i.e., not be affixed to the building or structure) and has a unit cost of \$5,000 or greater. Fixed assets must be recorded at their historical cost, the unit cost plus the ancillary costs required to place the asset in service.

According to the Admin Manual, departments must verify their fixed asset records by conducting physical inventory every two years. Discrepancies noted during the physical inventory counts must be reported to the Auditor and Controller's Project Revenue and Grant Accounting (PRGA) Division for an appropriate update of fixed asset data.

The Oracle Fixed Asset Module (OFAM) is the system of record for fixed assets. The OFAM is managed by PRGA and the division is responsible for updating the OFAM based on information reported by departments.

**Audit Scope and Limitations** The scope of the audit included a review of fixed asset data for FY 2016-17 to present. OAAS judgmentally selected the following four County departments for audit detail testing:

- Office of Emergency Services (OES) – San Diego County Fire Authority (CFA)<sup>2</sup>
- Department of General Services (DGS)
- Department of Public Works (DPW)
- County Communications Office (CCO)

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<sup>1</sup> Required Fixed Asset forms: Form 243 – Capital Asset Exception List; Form 253 – Property Loan or Transfer Request; and Form 257 – Asset Impairment Certificate.

<sup>2</sup> Although the organizational and accounting structure is that Fire Authority falls within the umbrella of OES, CFA is presented as its own program/department in the Operational Plan with budget, management, and operational activities being solely a Fire Authority responsibility.

A summary of total fixed assets for each of the selected departments is presented in Table 1 below:

**Table 1. Fixed Asset Balance for Selected Departments<sup>3</sup>**

Business Group	Department	Fixed Asset Balance
Public Safety Group	OES - CFA	\$24,362,639
Land Use & Environment Group	DPW	\$38,643,308
Community Services Group	DGS	\$111,715,130
Finance & General Government Group	CCO	\$1,413,962

Within each selected department, OAAS focused on the internal controls underlining the processes associated with fixed assets classified as equipment.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors as required by California Government Code, Section 1236.

## Methodology

OAAS performed the audit using the following methods:

- Reviewed applicable accounting standards, County policies and procedures, Fiscal Year-End Manual, and required forms.
- Reviewed and analyzed fixed asset data recorded in the OFAM to gain an understanding of the type of assets owned by the County, recorded value, and asset status.
- Interviewed management and staff in each selected department to determine staff awareness of County fixed asset policies and procedures performed.
- At each selected department, obtained an understanding of the internal controls over fixed assets.
- On a sample basis, conducted testing to verify the following:
  - Existence of fixed assets recorded;
  - Completeness and accuracy of data reported;
  - Safeguarding of fixed assets;
  - Disposal and removal of fixed assets;
  - Updating of unsighted fixed assets;
  - Properly recording donated fixed assets.

<sup>3</sup> Fixed Asset Balances as reported in OFAM as of May 31, 2017.



## AUDIT RESULTS

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### Summary

Within the scope of the audit, there is reasonable assurance that DGS, DPW, and CCO have adequate internal controls in place to ensure that County assets are properly identified, reported, and safeguarded. However, OAAS identified opportunities for DGS and DPW to further improve existing controls and strengthen compliance with County policies and procedures.

Based on the testing performed, OAAS determined that CFA's internal controls over fixed assets are not adequate to ensure proper identification, reporting, and safeguarding of assets. Specifically, OAAS identified several issues related to the accountability and safeguarding of assets.

A summary of noted exceptions by department, is presented in Table 2 below:

**Table 2. Summary of Results**

Sampled Departments	Number of Exceptions
OES - CFA	3
DGS	1
DPW	1
CCO	0

### Finding I:

#### **Office of Emergency Services – San Diego County Fire Authority**

OAAS identified multiple issues related to the administration of fixed assets assigned to County Fire Stations. Specifically, we had the following findings and related recommendations:

#### **Lack of Accountability Over Fixed Assets Assigned to Fire Stations**

OAAS found CFA staff did not maintain a comprehensive listing of the Fire Authority's fixed assets with assigned locations (fire stations). Further, complete listings of fixed assets by fire station were not available; therefore, existence of the Fire Authority's fixed assets reported in the OFAM could not be verified.

According to CFA administrative staff, a fixed asset inventory was not performed when the volunteer fire departments consolidated with the Fire Authority. As such, not all fixed assets from the volunteer fire departments were reported to PRGA to ensure complete recording of assets into the OFAM.

Lack of accountability over fixed assets assigned to the fire stations increases the risk of theft, loss, and/or misappropriation of these assets. In addition, there is a high risk that the inventory balance reported to PRGA as part of the year-end process is incorrect.

According to the Admin Manual, department heads have the responsibility for all County property (assets) in their charge, including fixed assets.

These responsibilities include the identification and controls of these assets, the filing of inventory, and the submission of reports as specified by the Board of Supervisors.

**Recommendation:** To improve the accuracy of fixed assets reported and ensure compliance with the Admin Manual, CFA should:

1. Conduct a physical inventory of the Fire Authority's fixed assets.
2. Complete and submit the required forms to PRGA to ensure that all assets are properly recorded in the OFAM.
3. Maintain a comprehensive fixed asset listing, including, at a minimum, a description of the asset, asset number, tag number, and location.
4. Assign a fixed asset custodian for the fire stations, responsible for tracking and documenting transfer of assets when necessary and notifying the CFA administrative staff.

**Finding II: Insufficient Controls Over Fire Authority's Fixed Assets Inventory**

OAAS traced a sample of 24 fixed assets selected during our walk through of OES and CFA facilities to ensure that they were recorded in the OFAM. The assets were selected from the following locations:

- OES – Emergency Services Office (5 assets)
- CFA – (19 assets)
  - Fire Station 37 – Deerhorn
  - Fire Station 49 – Mt. Laguna
  - Fire Station 24 – Harbison Canyon
  - Fire Station 45 – Descanso

Based on the testing performed, the following issues were noted:

- Missing Fixed Asset Decals – 16 (67%) of the Fire Authority's fixed assets did not have County of San Diego fixed asset decals attached.
  - 7 did not have a County unique identifying label.
  - 7 had an SD County Fire decal affixed.
  - 2 vehicles did not have a vehicle number affixed.While the 2 vehicles could be traced to the OFAM, 14 assets could not be found in the OFAM.
- Incorrect Fixed Asset Location – 4 of the Fire Authority's fixed assets had the incorrect physical location recorded in the OFAM.

According to CFA administrative staff, fixed assets had the incorrect physical location in the OFAM because of the tendency for them to be moved across multiple stations during fire emergencies. In addition, as stated by the CFA administrative staff, a physical inventory was not performed when the volunteer fire departments consolidated with the Fire Authority. Thus, not all fixed assets from the volunteer fire department

were recorded into the OFAM.

Failure to properly identify and mark fixed assets as County property increases the risk of theft, loss, and/or misappropriation of assets. In addition, inaccurate location of assets reported in the OFAM prevents the Fire Authority from conducting an accurate physical inventory.

An effective system of internal controls over fixed assets involves the establishment of control activities designed to ensure accurate recording and accounting of fixed assets. These activities include maintaining accurate records of inventory with an asset description, identification tag, location information, and serial number.

Further, the Admin Manual requires department heads to be responsible for all County property (assets) in their charge, including capital assets. The Admin Manual also states that decals should be affixed to the asset in a spot that is easily visible when conducting inventories.

**Recommendation:** To improve the accuracy of fixed assets reports and ensure compliance with the Admin Manual, CFA should:

1. Ensure all fixed assets have a fixed asset tag attached in a location easily visible to facilitate performance of physical inventories.
2. Make the necessary corrections to the OFAM to accurately reflect the physical location(s) of assets. Due to the assets being subject to continuous movement, ensure that a physical location is tracked and updated in a comprehensive fixed asset listing maintained by CFA (see Finding I, Recommendation 3).
3. Provide refresher training to the appropriate staff to ensure that they are aware of County policies related to the administration of fixed assets.

**Finding III:**

**Donated Fixed Assets Not Recorded in the OFAM**

When reviewing a sample of assets sent to Property Disposal, CFA could not provide supporting documentation to trace the following assets to the OFAM:

- 2003 Freightliner Water Tender
- 1999 Ford F250 Super Duty
- 2001 IHC Type 1 Fire Truck

In addition, OAAS found one Fire Engine located at the Ramona Garage that could not be traced to the OFAM.

Upon further review, OAAS found that these assets had been donated to the Fire Authority but were not reported to PRGA for proper recording into the OFAM.

According to CFA administrative staff, due to a misunderstanding concerning the completion of Form 253 for donated assets, this information was not sent to PRGA and the assets were not recorded into the OFAM.

Donated fixed assets not recorded into the OFAM can increase the risk of theft, loss, and/or misappropriation of the assets. Further, it increases the risk that proceeds from the sale of donated assets not recorded as County property, are not properly recorded.

The Admin Manual states that fixed assets donated by parties external to the County must be reported at their fair value on the date the acquisition is made. In addition, the Admin Manual states fixed assets that are donated to the County must be entered into the capital assets system at their fair market value as of the date of acceptance by the County. Departments must complete a Form 253 and submit it to PRGA to add the donated asset to the OFAM.

**Recommendation:** To improve the internal controls over the administration of fixed assets and ensure compliance with the Admin Manual, CFA should:

1. Identify fixed assets that have been donated to the Fire Authority, complete Form 253 and submit to PRGA to ensure proper recording of assets.
2. Provide refresher training to the appropriate staff to ensure that they are aware of County policies related to the administration of donated assets.

**Finding IV:**

**Department of General Services**

OAAS has the following finding and related recommendation for DGS:

**Unserviceable Fixed Assets Not Disposed of Timely**

Out of 50 fixed assets judgmentally selected for testing at DGS, OAAS identified the following two vehicles located at the Ramona Garage, that appeared non-operable/non-serviceable:

**Table 3. Non-Operable/Non-Serviceable Vehicles**

Asset Number	Tag Number	Description
1024816	G25497	Powerland 6X4 Gator
1008388	GV5502	Ford F-800

DGS staff confirmed that the vehicles were no longer serviceable and should have been disposed. However, since DGS could not locate the vehicle title and registration required by Property Disposal, these vehicles had not been sent to be disposed.

Not disposing of non-serviceable fixed assets timely increases the risk of theft, loss, and/or misappropriation of the assets.

According to the County of San Diego Capital (Fixed) Asset Guide,

departments must follow property disposal procedures when removing assets no longer serviceable or needed by County departments. Departments must complete Form 257 to report asset impairments. If the impairment is permanent, a Form 253 must also be completed and sent to PRGA to remove the asset from the OFAM.

**Recommendation:** To improve the internal controls over the administration of fixed assets and ensure compliance with the Admin Manual, DGS should:

1. Obtain a duplicate of the missing vehicle title and registration, as appropriate, for these vehicles.
2. Complete Form 253 and contact Property Disposal to coordinate the disposal of these two assets.
3. Provide refresher training to staff responsible for administering assets to ensure that they are aware of County policies related to retention of vehicle titles and registrations, and the disposal of non-serviceable assets.

**Finding V:**

**Department of Public Works**

OAAS has the following finding and related recommendation for DPW:

**Controls Over Fixed Asset Inventory Needs Improvement**

OAAS judgmentally selected a sample of 50 DPW fixed assets for testing and found the following:

- Incorrect Location Recorded in the OFAM – 7 fixed assets tested had "default" recorded as the designated physical location.
- Missing Fixed Asset Decals – 2 fixed assets tested did not have asset decals attached.
- Fixed Asset Missing – 1 fixed asset, a GPS Surveying Instrument, could not be located.

According to DPW administrative staff, when systems were converted to Oracle, many asset locations were entered as default. DPW has updated the default locations to the actual locations in the OFAM when they have come across such assets. Per feedback from the DPW equipment/vehicle custodian, the missing asset decals were likely the result of the assets' exposure to the outside weather elements. DPW staff also stated that the missing fixed asset was to be salvaged but it was misplaced and could not be located after a replacement was received.

The incorrect physical locations recorded in the OFAM and missing asset decals can increase the risk that physical inventories are not conducted properly. Further, missing asset decals can increase the risk of theft, loss, and/or misappropriation of assets without detection.

A strong system of internal controls over fixed assets involves the

establishment of control activities designed to ensure accurate recording and accounting of fixed assets. These activities include maintaining accurate records of inventory with an asset description, identification tag, location information and serial number.

Further, the Admin Manual requires department heads to be responsible for all County property (assets) in their charge, including capital assets. The Admin Manual also states that decals should be affixed to the asset in a spot that is easily visible when conducting inventories.

**Recommendation:** To improve the internal controls over the administration of fixed assets and ensure compliance with the Admin Manual, DPW should:

1. Make the necessary corrections in the OFAM to accurately reflect the physical location(s) of assets.
2. Ensure all fixed assets have asset decals affixed.
3. Locate the missing asset, and if the asset is not found, complete required forms to remove it from the OFAM.
4. Provide refresher training to the appropriate staff to ensure that they are aware of County policies related to the administration of fixed assets.

## Office of Audits & Advisory Services

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**DEPARTMENT'S RESPONSE**  
(DEPARTMENT OF GENERAL SERVICES)



# County of San Diego

**MARKO MEDVED, P.E., CEM**  
DIRECTOR  
PHONE 858-694-2527  
FAX 858-467-9183

**LOU CAVAGNARO, P.E.**  
ASSISTANT DIRECTOR  
PHONE 858-394-3885  
FAX 858-467-9283

DEPARTMENT of GENERAL SERVICES  
5580 OVERLAND AVENUE, SUITE 410, SAN DIEGO, CA 92123

February 16, 2018

RECEIVED  
**FEB 20 2018**  
OFFICE OF AUDITS &  
ADVISORY SERVICES

**TO:** Juan R. Perez, Chief of Audits  
Office of Audits and Advisory Services

**FROM:** Marko Medved, Director  
Department of General Services

**DEPARTMENT RESPONSE TO AUDIT RECOMMENDATION: Asset Management Practices  
Countywide Audit**

**Finding IV: Unserviceable Fixed Assets Not Disposed of Timely**

**OAAS Recommendation:** To improve the internal controls over the administration of fixed assets and ensure compliance with the Admin Manual, DGS should:

1. Obtain a duplicate of the missing vehicle title and registration, as appropriate, for these vehicles.
2. Complete Form 253 and contact Property Disposal to coordinate the disposal of these two vehicles.
3. Provide refresher training to staff responsible for administering assets to ensure that they are aware of County policies related to retention of vehicle titles and registrations, and the disposal of non-serviceable assets.

**Action Plan:** The Department of General Services (DGS) agrees with this audit recommendation. DGS will obtain duplicate vehicle title and registration and prepare Form 253s to remove the assets from inventory. Refresher training will be provided to staff responsible for administering assets.

**Planned Completion Date:** June 30, 2018

**Contact Information for Implementation:** Danielle Enriquez, Chief, Departmental Operations (Budget/Fiscal), Department of General Services (858) 694-2396

If you have any questions, please contact me at (858) 694-2527.

**MARKO MEDVED, Director**  
Department of General Services



**DEPARTMENT'S RESPONSE**  
(DEPARTMENT OF PUBLIC WORKS)



# County of San Diego

**RICHARD E. CROMPTON**  
DIRECTOR

DEPARTMENT OF PUBLIC WORKS  
5510 OVERLAND AVE, SUITE 410  
SAN DIEGO, CALIFORNIA 92123-1237  
(858) 694-2212 FAX: (858) 694-3597  
Web Site: [www.sdcountry.ca.gov/dpw/](http://www.sdcountry.ca.gov/dpw/)

February 15, 2018

RECEIVED

FEB 21 2018

OFFICE OF AUDITS &  
ADVISORY SERVICES

TO: Juan R. Perez, Chief of Audits  
Auditor and Controller (O-305)

FROM: Richard E. Crompton, Director  
Department of Public Works (O-332)

## DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: ASSET MANAGEMENT PRACTICES COUNTYWIDE AUDIT

### Finding 1: Controls over Fixed Asset Inventory Needs Improvement

**OAAS Recommendation:** To improve the internal controls over the administration of fixed assets and ensure compliance with the Admin Manual, DPW should:

1. Make the necessary corrections in the OFAM to accurately reflect the physical location(s) of assets.
2. Ensure all fixed assets have asset decals affixed.
3. Locate the missing asset, and if the asset is not found, complete required forms to remove it from the OFAM.
4. Provide refresher training to the appropriate staff to ensure that they are aware of County policies related to the administration of fixed assets.

**Action Plan:** DPW agrees with the recommendations and will take the following steps to address findings:

1. DPW will update the Oracle Fixed Asset Module by changing the "default" location code to the actual physical location of assets. This task is anticipated to be complete by end of March 2018.
2. Missing fixed assets decals have been affixed.

Mr. Perez  
February 15, 2018  
Page 2

- Asset 1546396, Tag number 26500800 R1 Plus TOTA Station 300m, 5 Surveying Equipment was replaced with a new decal 266086 issued by County Auditor and Control and affixed to the equipment. Please refer to the attached copy of Oracle document and photo of equipment taken with new decal affixed. (ATTACHMENT A)
  - Asset 1003108, Tag D11329 82 HIWAY Sand Spreader. The “incorrect fixed asset decal” relates to a number stenciled on the machine, which was the vehicle number for an old truck that carried the sand spreader. The old truck was salvaged and replaced. The stenciled number has been painted over to eliminate confusion with the assigned number for the san spreader machine.
  - Asset 1109308, Tag 26351300 Trimble R8 Modal GNSS Receiver, a new asset tag 266055 was issued by County Auditor and Controller and affixed to the equipment. Please refer to the attached copy of asset tag and photo of equipment taken with new decal. (ATTACHMENT B)
3. Missing Asset 1003561, Tag 25931600 GPS Surveying Instrument, this equipment was removed from Oracle Fixed Asset Module as unsighted effective January 31, 2018, please refer to the attached Form 253 processed by Auditor and Controller staff. (ATTACHMENT C)
  4. Financial Services will schedule training to DPW staff managing inventory by mid-May 2018 to ensure staff are aware of the County policies and procedures in conducting inventory.

**Planned Completion Date:** May 31, 2018

If you have any questions, please contact Orelia DeBraul at phone number (858) 505-6470.

Sincerely,



RICHARD E. CROMPTON, Director  
Department of Public Works

Attachments A, B, C

**DEPARTMENT'S RESPONSE**  
(SAN DIEGO COUNTY FIRE AUTHORITY)



# SAN DIEGO COUNTY FIRE

5510 Overland Avenue | Suite 250, San Diego | CA 92123-1239

[www.sdcountyfire.org](http://www.sdcountyfire.org)

**TONY MECHAM**  
FIRE CHIEF  
(619) 590-3100

**HERMAN REDDICK**  
PROGRAM MANAGER  
(858) 974-5999

February 16, 2018

RECEIVED

**FEB 20 2018**

**To:** Juan R Perez  
Chief of Audits

OFFICE OF AUDITS &  
ADVISORY SERVICES

**From:** Herman Reddick, Group Program Manager  
San Diego County Fire Authority

## **DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: Asset Management Practices Countywide Audit**

### **Finding I: Lack of Accountability Over Fixed Assets Assigned to Fire Stations**

**OAA&S Recommendation:** To improve the accuracy of fixed assets reported and ensure compliance with the Administrative manual, CFA should:

1. Conduct a physical inventory of the Fire Authority's fixed assets.
2. Complete and submit the required forms to PRGA to ensure that all assets are properly recorded in the OFAM.
3. Maintain a comprehensive fixed asset listing, including, at a minimum, a description of the asset, asset number, tag number, and location.
4. Assign a fixed asset custodian for the fire stations, responsible for tracking and documenting transfer of assets when necessary and notifying the CFA administrative staff.

**Action Plan:** We agree with the audit recommendations and will:

1. Conduct a physical inventory of the Fire Authority's fixed assets.
2. Complete and submit the required forms to PRGA to ensure that all assets are properly recorded in the OFAM.
3. Maintain a comprehensive fixed asset listing, including, at a minimum, a description of the asset, asset number, tag number, and location.
4. Assign a fixed asset custodian for the fire stations, responsible for documenting transfer of assets when necessary and notifying the CFA administrative staff.

**Planned Completion Date:** October 31, 2018

**Contact Information for Implementation:** Kevin O'Leary, Fire Services Coordinator, 858-974-5921

**Finding II: Insufficient Controls over Fire Authority's Fixed Assets Inventory**

**OAAS Recommendation:** To improve the accuracy of fixed assets reports and ensure compliance with the Administrative manual, CFA should:

1. Ensure all fixed assets have a fixed asset tag attached in a location easily visible to facilitate performance of physical inventories.
2. Make the necessary corrections to the OFAM to accurately reflect the physical location(s) of assets. Due to the assets being subject to continuous movement, ensure that a physical location is tracked and updated in a comprehensive fixed asset listing maintained by CFA (see Finding I, Recommendation 3).
3. Provide refresher training to the appropriate staff to ensure that they are aware of County policies related to the administration of fixed assets.

**Action Plan:** We agree with the audit recommendations and will:

1. Ensure all fixed assets have a fixed asset tag in a location easily visible to facilitate performance of physical inventory.
2. Make the necessary corrections to the OFAM to accurately reflect the physical location(s) of assets. Due to the assets being subject to continuous movement, ensure that a physical location is tracked and updated in a comprehensive fixed asset listing maintained by CFA.
3. Provide refresher training to the appropriate staff to ensure that they are aware of County policies related to the administration of fixed assets.

**Planned Completion Date:** October 31, 2018

**Contact Information for Implementation:** Kevin O'Leary, Fire Services Coordinator, 858-974-5921

**Finding III: Donated Fixed Assets not recorded in the OFAM**

**OAAS Recommendations:** To improve the internal controls over the administration of fixed assets and ensure compliance with the Administrative manual, CFA should:

1. Identify fixed assets that have been donated to the Fire Authority, complete Form 253 and submit to PRGA to ensure proper recording of assets.

2. Provide refresher training to the appropriate staff to ensure that they are aware of County policies related to the administration of donated assets.

**Action Plan:** We agree with the audit recommendations and will:

1. Identify all fixed assets that have been donated to the Fire Authority, complete the Form 253 and submit to PRGA to ensure proper recording of assets.
2. Provide refresher training to the appropriate staff to ensure that they are aware of County policies related to the administration of donated assets.

**Planned Completion Date:** October 31, 2018

**Contact Information for Implementation:** Kevin O'Leary, Fire Services Coordinator, 858-974-5921

If you have any questions, please contact me at 858-974-5813



Herman Reddick,

Group Program Manager