

# **Review of Department Property Inventory and Management Processes**

**Division of Administrative Services**

**Report: A-1617DEP-002**

**Office of Inspector General**

**Internal Audit Section**

**Florida Department of Environmental Protection**

**April 20, 2017**

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Review of Department Property Inventory and Management Processes  
Division of Administrative Services



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The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted a review of the Department's property inventory and management processes. This review was initiated as a result of the Fiscal Year (FY) 2016-2017 Annual Audit Plan.

## **Scope and Objectives**

The scope of this review included the Department's processes related to capitalized property during the period of July 1, 2014 through December 31, 2016. Our objectives were to evaluate the Department's processes, controls, and oversight regarding:

- acquisition of Department personal property
- inventory and tracking of Department personal property
- surplus property, disposal, and transfers

## **Methodology**

This review was conducted under the authority of Section 20.055, Florida Statutes (F.S.), and in conformance with the *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors. Our procedures included:

- review of Department Directive DEP320; Chapter 69I.72, Florida Administrative Code (F.A.C.); and Department property records
- interviews with staff in the Division of Administrative Services (Division) and selected Department program areas
- property verifications during site visits to selected program areas

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Our review included property inventory and management practices within a sample of selected Department program areas and organization codes, as shown in the table below.

<b>Program Area</b>	<b>Organization Code(s)</b>
Division of Air Resource Management	<i>Office of Air Monitoring</i>
Division of Environmental Assessment and Restoration	<i>Dear Bureau of Labs – Chemistry</i>
Division of Recreation and Parks – District One	<i>District 1 Office Florida Caverns State Park Wakulla Springs [State Park]</i>
Division of Recreation and Parks – District Two	<i>Stephen Foster [Folk Culture Center State Park]</i>
Division of Waste Management	<i>Operational and Program Performance Petroleum Tanks Cleanup</i>
Florida Geological Survey	All program area organization codes
Office of Emergency Response	All program area organization codes

## **Background**

According to Directive DEP320, all property acquired by purchase, donation, or forfeiture must be capitalized and included in the Department’s inventory if the property is classified as:

- operating capital outlay exceeding \$1,000
- fixed capital outlay
- weapons, road-worthy trailers, museum relics and antiques, regardless of value
- attractive items<sup>1</sup>

The Division’s Bureau of General Services coordinates and administers an annual physical inventory of all capitalized property on the Department’s inventory, with assistance from program area Property Custodians. The Bureau of General Services also processes requests to

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<sup>1</sup> Attractive Items are defined as *Tangible personal property items which must be tracked because they may be easily lost, misplaced or stolen. Attractive items include items that have an acquisition cost, or value, greater than \$500 but less than \$1,000. These items include cellular phones, televisions, video cassette recorders, cameras with lenses, VHF and UHF radios, facsimile machines, camcorders, printers, scanners, and personal computers.*

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certify surplus property and the disposition of certified surplus property. The Division's Bureau of Finance and Accounting maintains the Department's inventory listing (Master Property File) in the Property Subsystem of FLAIR<sup>2</sup>.

## **Results and Conclusions**

### Property Acquisition

Directive DEP320 requires all capitalized property acquired by the Department be assigned an identification number and added to the Master Property File. Based on interviews, Bureau of Finance and Accounting staff review Department expenditures recorded in FLAIR and add capitalized property to the Master Property File. Using the expenditure object code, FLAIR populates a property pending listing with any purchased property. This listing is reviewed for purchased property items meeting the Department's capitalization guidelines, which are added to the Master Property File. When items are added to the Master Property File, the Bureau of Finance and Accounting issues a property decal to the program area.

There is custodial risk during the period in which an item is acquired but not yet labeled or added to the Master Property File. Directive DEP320 does not include specific requirements for timely property identification once items are acquired. To evaluate the process timeliness, we reviewed a sample of information technology items acquired by the sampled program areas during the period of July 1, 2015 through December 31, 2016. For each item, we reviewed purchase order documentation to determine the date in which the items were delivered to the sampled program area. We compared the delivery date to the date in which the item was added to the Master Property File and issued an identification decal.

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<sup>2</sup> FLAIR (Florida Accounting Information Resource) is the State of Florida's general ledger accounting system.

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Our sample included 128 information technology items. On average, items were added to the Master Property File 13.5 days after being received by the sampled program area. Of the 128 items, 100% were added to the Master Property File within 30 days of being delivered; 53.9% were added within 10 days of delivery; and 18.8% were added within five days of delivery. Given the varying Department staff and vendor actions required during the process, these time frames did not appear excessive.

As part of our site visits to sampled program areas, we noted any items appearing to meet the capitalization thresholds that were not recorded in the Master Property File. We did not identify any items that were not appropriately recorded in the Master Property File.

#### Property Tracking and Inventory

According to Chapter 69I-72, F.A.C., the Division is to maintain the Master Property File with individual records for each capitalized property item listing the property identification number, description, and location. Chapter 69I-72, F.A.C., also requires that the Master Property File be updated to reflect reported changes in property information. According to interviews, the Bureau of Finance and Accounting records, maintains, and updates property information in the Master Property File to reflect location changes due to permanent property transfers, and items reported as lost or missing, or certified as surplus and disposed.

In addition to the Division's oversight, Directive DEP320 places Property Custodians responsible for the oversight and accounting of all property items assigned to their program area. As noted in the table below, the majority of sampled program areas incorporate area-specific processes, records, and location indicators to track detail property information.

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Sampled Program Area	Area-Specific Tracking Method
Air Resource Management	The specific location and maintenance information for each item is tracked in a subsystem of the Division of Air Resource Management’s Florida Air Monitoring Assessment System.
Environmental Assessment and Restoration	The specific location of each item is tracked on a spreadsheet exported from the Master Property File.
Recreation and Parks – District One	The District Property Custodian delegates property tracking to each individual Park. Park staff maintain a listing of each item at the Park and its specific location within the Park.
Recreation and Parks –District Two	
Waste Management	For items not included in <i>Petroleum Tanks Cleanup</i> , a spreadsheet listing is maintained with detailed notes of each item’s status and location. For items within <i>Petroleum Tanks Cleanup</i> , a contracted inventory specialist tracks all items through an internal system ( <i>Cilantro</i> ), containing detailed information for each item including the specific location (remediation facility ID) and site manager. Historically, the Master Property File was compared with <i>Cilantro</i> and reconciled annually. However, this comparison and reconciliation has not been conducted since December 2014.
Florida Geological Survey	Technical equipment and property that are located at remote field sites are tracked on a spreadsheet with detailed location information and maintenance notes.
Emergency Response	Items stored in vehicles are tracked through monthly vehicle inventories.

Chapter 69I-72, F.A.C., and Directive DEP320 require that, each year, the Department conducts a physical inventory of all capitalized items and reconciles the information in the Master Property File. The Bureau of General Services administers the Department’s annual physical inventory of capitalized items recorded in the Master Property File. During FY 2015-2016, with the exception of *Petroleum Tanks Cleanup*<sup>3</sup>, sampled program areas conducted the annual inventory using handheld barcode scanners to scan accessible items with a property barcode and manually input those without.

To determine the accuracy of the Department’s inventory for FY 2015-2016, we selected a sample of 20 property items from each selected program area organization code that had been

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<sup>3</sup> Because items assigned to *Petroleum Tanks Cleanup* are located on remediation sites throughout the State, inventory verification reports generated from *Cilantro* were completed by site managers, inspectors, or remediation contractors to document the status of the items located at each remediation site. The completed reports were used to update *Cilantro* and were provided to the Division’s Property Custodian to manually enter each item into the handheld scanners.

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reported as found during the annual physical inventory. As shown in the table, for each selected organization code, we conducted site visits and noted the number of items we identified and the method in which each item was labeled.

Sampled Program Area	Selected Organization Code(s) <sup>4</sup>	Decal with Barcode	Written ID or Decal without Barcode	No Labeling of Property ID	Not Identified
Air Resource Management	<i>Office of Air Monitoring</i>	10	4	2	4
Environmental Assessment and Restoration	<i>Bureau of Labs – Chemistry</i>	13	4	2	1
Recreation and Parks – District One	<i>District 1 Office</i>	19	1	0	0
	<i>Florida Caverns State Park</i>	17	2	1	0
	<i>Wakulla Springs</i>	12	5	3	0
Recreation and Parks – District Two	<i>Stephen Foster</i>	16	0	4	0
Waste Management	<i>Operational and Program Performance</i>	13	0	0	7
Florida Geological Survey	All organization codes	13	1	3	3
Emergency Response	All organization codes	20	0	0	0
<b>Total</b>		<b>133</b>	<b>17</b>	<b>15</b>	<b>15</b>

As shown above, we physically verified 165 of the 180 sampled items, including 133 items that were labelled with a property decal containing a scannable barcode. Of the remaining 32 identified items, 17 were labeled with a handwritten property ID or an older decal without a barcode, and 15 had no labeling of the property ID. For the items without a scannable barcode, program area staff explained that the items cannot be labeled due to exposure to water or labeling the item would diminish its historic value.

We were unable to identify 15 of the 180 sampled items; however, we were able to confirm the status of 10, including:

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<sup>4</sup> *Petroleum Tanks Cleanup* was not included due to location and access limitations.



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- five items were loaned to local programs affiliated with the Division of Waste Management
- three items were disposed prior to the annual inventory and were reported as disposed through the annual inventory
- two items were documented as being at a remote field location at the time of our site visit

We were unable to determine the status of the remaining five unidentified items.

In addition, as part of our verification, we noted whether or not the location code recorded in the Master Property File was consistent with the location in which the item was identified. Of the 165 identified items, 29 were located in a differing location than the location code recorded in the Master Property File. Five of these 29 items were being used in a different location temporarily. The remaining 24 were recorded as being located at the program area's previous office location. This included 16 items recorded as being at the previous office location of Office of Air Monitoring and eight items recorded as being at the previous office location of Florida Geological Survey. According to program area staff, during prior annual inventories, requests had been made to update the location code for these 24 items; however, these updates had not been made until recently.

Due to location and access limitations, we did not physically verify the location information for items included in *Petroleum Tanks Cleanup*. However, we compared the location information recorded in the *Cilantro* internal tracking system with the location codes recorded in the Master Property File. Of the 2011 items assigned to *Petroleum Tanks Cleanup*, 118 items had a location recorded in *Cilantro* that was consistent with the item's location code in the Master

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Property File. For the remaining 1893 items, the item location recorded in *Cilantro* did not agree with the item's location code in the Master Property File, which listed each item as being located at the Bob Martinez Center in Tallahassee.

### Surplus Property and Disposition

Directive DEP320 defines surplus property as *any property that is obsolete or the continued use of which is uneconomical or inefficient or which serves no useful function to an entity within the Department*. According to Directive DEP320, *to dispose of property that is not needed by a division/district, the responsible custodian delegate must complete and sign a DEP Certification of Surplus Property form, DEP 55-406, and submit it to Property/Records Management*. In addition, Directive DEP320 states that *the person disposing of surplus property shall complete and sign a Surplus Property Disposal Certification/Receipt form DEP 55-407*.

Directive DEP320 specifies that methods of disposal of surplus property *include but are not limited to, transfers to other public agencies, donations to private nonprofit organizations, advertised sealed bid sales, spot bid sales, auctions, sales to recycle dealers, dumping at landfills, or contracting with a private vendor*.

According to staff in the sampled program areas, surplus property items are identified by program area staff and reported to their respective Property Custodian. The Bureau of General Services collects all surplus documentation from individual Property Custodians and tracks the certification and disposal status of surplus property using an internal tracking system. Once surplus items are disposed, the completed Form 55-407 is submitted to the Bureau of Finance and Accounting to update the Master Property File to reflect the disposal.

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We reviewed a sample of 34 disposed surplus property items in the sampled program areas. For each sampled item, we requested completed Form 55-406 and Form 55-407. In addition, for any items that were donated, we requested donation documentation for the private non-profit organization.

Of the 34 sampled surplus items, 33 were supported by an approved Form 55-406 and Form 55-407 including signatures of the staff member disposing the items and the representative of the vendor disposing the item or the private non-profit organization receiving the item. The remaining item was incorrectly recorded as surplus in the Master Property File which, according to Division staff, was due to a clerical error in reading the property identification number recorded on the Form 55-407. Of the 33 sampled surplus items supported by an approved Form 55-406 and Form 55-407:

- 18 were donated to a private non-profit organization and included donation documentation
- 12 were disposed through a waste management vendor
- two were permanently transferred to the Fish and Wildlife Conservation Commission
- one was destroyed in a fire prior to being disposed

Chapter 69I-72, F.A.C., requires that the Master Property File be updated to reflect *each item lawfully certified as surplus*. To determine whether surplus property items are accurately reflected in the Master Property File, we compared the Bureau of General Services' internal surplus property tracking system to the Master Property File. We selected a sample of 197 items from the internal tracking system. Of the 197 sampled items, 128 were capitalized items recorded

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as being disposed in the internal tracking system. Of the 128 disposed capitalized surplus items, all were correctly recorded as disposed in the Master Property File.

Our findings and recommendations are included in the remaining of this report.

## **Findings and Recommendations**

### **Finding 1: Labeling of Department-Owned Property Items**

According to Chapter 69I-72, F.A.C., *each property item shall be permanently marked with the identification number assigned to that item to establish its identity.* Directive DEP320 further states *Property/Records Management will assign identification numbers for all property items that are capitalized and numbered decals will be issued by Property/Records Management for all inventory property which will include a bar code which may be utilized to conduct automated physical property inventories.*

According to the results of the Department's inventory for FY 2015-2016, 52.91% (11,867) of the 22,427 personal property items<sup>5</sup> included in the Department's annual inventory were inventoried by manually entering the property identification number into a handheld scanner. This indicates that 52.91% of the Department's personal property items were inventoried without the added control of scanning a barcode.

In addition, of the 165 items in sampled program areas we physically verified, 32 were not labelled with a property decal with a scannable barcode. These 32 items consisted of:

- 17 items marked with a handwritten property ID or a property decal without a scannable barcode. These items included six scientific equipment items; four

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<sup>5</sup> Personal property items do not include *Building Improvements; Building Structures; Buildings; CWIP; Infrastructure; Leasehold Improvements; Modular Buildings; and Other Fixed Assets.*

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sensors or monitoring equipment items; four lawn mowers, all-terrain vehicles (ATV), generators, or other outdoor power tools; two marine motors; one firearm; and one audio-visual equipment item.

- 15 items with no identification as Department-owned property. These items included four scientific equipment items; three lawn mowers, ATVs, generators, or other outdoor power tools; two sensors or monitoring equipment items; two historical items; one firearm; one small appliance; one marine motor; and an aquatic wheelchair.

Staff in sampled program areas explained that it is impractical to label certain items with a decal because the nature of the item requires it to be exposed to elements or the item is an artifact or museum relic whose value would be diminished by affixing a property decal. However, the majority of the items not labeled did not fall under these circumstances. We confirmed that new labels were requested for the 32 items missing a property decal with a scannable barcode.

By not labeling all capitalized property, when practical, as Department-owned property with identification numbers, the Division and individual program areas have limited accountability, increasing the risk of loss or theft of property. In addition, not labeling property with decals with scannable barcodes reduces the effectiveness of controls associated with using handheld scanners to conduct the annual physical inventory.

**Recommendation:**

We recommend the Division work with Property Custodians to identify and label items missing decals or identification as Department-owned property with a property decal with a scannable barcode. The Division should also work with Department program areas to establish

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acceptable exceptions in which labeling property or scanning an item's barcode during the annual inventory are not practical. In addition, when items are not scanned during the annual inventory, Property Custodians should justify the circumstances for manual entry.

**Finding 2: Property Item Location Codes**

According to Chapter 69I-72, F.A.C., *each item of property shall be accounted for in a separate property record. Each property record shall include the following information: (a) identification number; (b) Description of item or items; (c) Physical location (the city, county, address or building name and room number therein).* Furthermore, Chapter 69I-72, F.A.C., states *upon completion of a physical inventory: the data listed on inventory forms shall be compared with the individual property records. Noted differences such as location, condition, and custodian's delegate shall be investigated and corrected as appropriate.*

Of the 165 items we identified as part of our property verification, 24 items were recorded in the Master Property File with a location code reflecting the program area's previous office location. In our review of the internal tracking system (*Cilantro*) for items assigned to the *Petroleum Tanks Cleanup* organization code, we found that 1893 of 2011 reviewed items had a location code in the Master Property File that did not agree with item location in *Cilantro*.

Given the nature of the Department's functions, property items assigned to a single organization code may be located throughout the State. Because of this, it is important to track and record the location of property items (in addition to the organization code). Ensuring that the item's correct location is recorded provides additional accountability of property and aids in identifying property items during the annual physical inventory.

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**Recommendation:**

We recommend the Division direct Property Custodians to report non-temporary changes of item locations by submittal of Department Form 53-308 *Permanent Property Transfer* and report changes to location codes during the annual physical inventory. The Division should investigate these reported changes and update the Master Property File as appropriate. When a program area transfers location, Property Custodians and the Division should ensure that all property items are updated in the Master Property File to reflect the new location.

In addition, due to the high value of property and varied locations, the Division should work with the Petroleum Restoration Program to ensure that the location information tracked in *Cilantro* is consistent with the location code recorded Master Property File for items assigned to the *Petroleum Tanks Cleanup* organization code.

**Finding 3: Petroleum Tanks Cleanup Inventory**

Chapter 69I-72, F.A.C., states *each custodian shall ensure that a complete physical inventory of all property is taken at least once each fiscal year*. Chapter 69I-72, F.A.C., also states that if an inventory form is used to document completion of the inventory, *the form shall display, at a minimum, for each property item the following information: (a) Date of the current inventory; (b) Name and signature of the person who conducted the current inventory*. In addition, Directive DEP320 requires that *a physical inventory of all state-owned tangible personal property listed on the Department's inventory will be conducted*.

Based on interviews, the physical inventory for items assigned to the *Petroleum Tanks Cleanup* organization code, is documented on paper inventory forms that are prepared for each petroleum cleanup site with Department-owned equipment. The inventory forms include a line

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for the person conducting the inventory; however, the forms do not state whether a signature or printed name is required. The majority of the inventory forms we reviewed included a signature without a printed name, title, and business or government affiliation of the individual signing the form.

In accordance with Chapter 69I.72, F.A.C., the FLAIR Master Property File is the Department's official record of inventory. The inventory verification reports are populated with property items from *Cilantro*, not the Master Property File. According to the contracted inventory specialist, *Cilantro* was last reconciled to the Master Property File in December 2014. Accordingly, *Cilantro* was not reconciled with the Master Property File in preparation of the FY 2015-2016 annual inventory. To assess consistency among *Cilantro* and the Master Property File, we compared the records in each for the 2011 property items included in *Petroleum Tanks Cleanup*. Of these 2011 property items, 1893 had differing location information in the Master Property File and *Cilantro*. Because *Cilantro* has not been reconciled to the Master Property File, using *Cilantro* to populate inventory verification reports exposes the Department to the risk that not all state-owned equipment being inventoried or accounted accurately.

**Recommendation:**

We recommend the Division work with the Petroleum Restoration Program to revise the inventory verification reports documenting the inventory of *Petroleum Tanks Cleanup* items to include the name, title, organization, and signature of the individual conducting the inventory. We also recommend the Division ensure that inventory records in *Cilantro* be reconciled with the Master Property File annually to ensure accurate and consistent records.



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*To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our review was conducted under the authority of section 20.055, F.S., and in conformance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors, and Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General. The review was conducted by Gabriel Earnest and supervised by Valerie J. Peacock.*

*Please address inquiries regarding this report to the OIG's Audit Director by telephone at (850) 245-3151. Copies of final reports may be viewed and downloaded via the internet at <http://www.dep.state.fl.us/ig/reports.htm>. Copies may also be obtained by telephone (850) 245-3151, by fax (850)245-2994, in person or by mail at Department of Environmental Protection, Office of Inspector General, 3900 Commonwealth Boulevard, Mail Station #41, Tallahassee, FL 32399.*

*Valerie J. Peacock,  
Director of Auditing*

*Candie M. Fuller,  
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April 10, 2017

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**RE: Division of Waste Management (DWM) and Division of Administrative Services (DAS) response to OIG's Review of Department Property Inventory and Management Processes.**

Dear Ms. Peacock:

Thank you for meeting with the DWM and the DAS on March 9, 2017 to discuss the above referenced report. Since our conference each of our divisions have met and considered the findings and recommendations that are designed to strengthen our state property management and tracking systems.

Specific responses to three findings prepared by the DWM are included in Attachment A to this letter. Specific responses prepared by the DAS are included in Attachment B. Many concerns raised by OIG were about DWM's, Petroleum Restoration Program Property management and stemmed from inconsistencies between the Master Property File and *Cilantro* which is the DWM's internal property tracking system. As noted in the DWM response, *Cilantro* will be phased out of service in the next few years. And, until that time, DWM will synchronize *Cilantro* with the Master Property File.

Further, to clarify a question raised in our conference, the Petroleum Restoration Program's last auction of state owned equipment was held in May of 2016. We are halfway through the Equipment Divestiture Project began in October 2013. In this project, equipment is sold

Ms. Valerie Peacock

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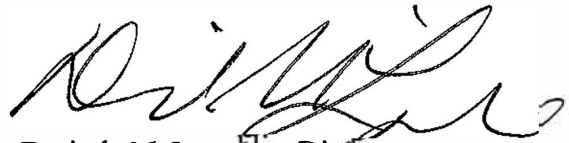
as it comes offline (i.e., sites are closed), as this was determined to be in the best value to the state. All sales go through a public bidding process through GovDeals.com, an online government surplus auction site for government agencies.

Please contact the undersigned with any questions or concerns and include our responses as needed in the final report. We thank you for your valuable feedback to our processes.

Sincerely,



F. Joseph Ullo, Jr., P.E., Director  
Division of Waste Management



Darinda McLaughlin, Director  
Division of Administrative Services

Attachments

FJU/

**ATTACHMENT A**  
**RESPONSES PREPARED BY THE DIVISION OF WASTE MANAGEMENT**

**Findings and Recommendations**

**Finding 1: Labeling of Department-Owned Property Items**

According to Chapter 69I-72, F.A.C., *each property item shall be permanently marked with the identification number assigned to that item to establish its identity*. Directive DEP320 further states *Property/Records Management will assign identification numbers for all property items that are capitalized and numbered decals will be issued by Property/Records Management for all inventory property which will include a bar code which may be utilized to conduct automated physical property inventories*.

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- 17 items marked with a handwritten property ID or a property decal without a scannable barcode. These items included six scientific equipment items; four sensors or monitoring equipment items; four lawn mowers, all-terrain vehicles (ATV), generators, or other outdoor power tools; two marine motors; one firearm; and one audio-visual equipment item.
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By not labeling all capitalized property, when practical, as Department-owned property with identification numbers, the Division and individual program areas have limited accountability, increasing the risk of loss or theft of property. In addition, not labeling property with decals with scannable barcodes reduces the effectiveness of controls associated with using handheld scanners to conduct the annual physical inventory.

**Recommendation:**

We recommend the Division work with Property Custodians to identify and label items missing decals or identification as Department-owned property with a property decal with a scannable barcode. The Division should also work with Department program areas to establish acceptable exceptions in which labeling property or scanning an item's barcode during the annual inventory are

not practical. In addition, when items are not scanned during the annual inventory, Property Custodians should justify the circumstances for manual entry.

**DWM Response to Finding 1:**

DWM concurs that all property should be labeled with a scannable barcode and has taken steps to ensure the barcodes are in place and to reduce the need for manual entry of inventory information.

Previously, all items at remote locations (primarily Petroleum Restoration Program (PRP) cleanup sites) were inventoried manually which was increasing the number of non-scanned items. The Operation and Program Performance (OPP) staff recognized this as a concern and has worked proactively with PRP to resolve this issue. PRP has now purchased and provided handheld scanners and training for this year's inventory to be done by authorized Facility Site Managers. They will have the ability to log in to a scanner (providing accountability) and electronically scan their inventory items. Any missing or damaged tags will be identified in the process and a replacement ordered

**Finding 2: Property Item Location Codes**

According to Chapter 69I-72, F.A.C., *each item of property shall be accounted for in a separate property record. Each property record shall include the following information: (a) identification number; (b) Description of item or items; (c) Physical location (the city, county, address or building name and room number therein).* Furthermore, Chapter 69I-72, F.A.C., states *upon completion of a physical inventory: the data listed on inventory forms shall be compared with the individual property records. Noted differences such as location, condition, and custodian's delegate shall be investigated and corrected as appropriate.*

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Given the nature of the Department's functions, property items assigned to a single organization code may be located throughout the State. Because of this, it is important to track and record the location of property items (in addition to the organization code). Ensuring that the item's correct location is recorded provides additional accountability of property and aids in identifying property items during the annual physical inventory.

**Recommendation:**

We recommend the Division direct Property Custodians to report non-temporary changes of item locations by submittal of Department Form 53-308 *Permanent Property Transfer* and report changes to location codes during the annual physical inventory. The Division should investigate these reported changes and update the Master Property File as appropriate. When a program area transfers location, Property Custodians and the Division should ensure that all property items are updated in the Master Property File to reflect the new location.

In addition, due to the high value of property and varied locations, the Division should work with the Petroleum Restoration Program to ensure that the location information tracked in *Cilantro* is

consistent with the location code recorded Master Property File for items assigned to the *Petroleum Tanks Cleanup* organization code.

**DWM Response to Finding 2:**

DWM concurs that the Master Property File should reflect the correct, current location and org code for inventory items. We also concur that the *Cilantro* system and the Master Property File should both show the correct, current information.

There is currently a “crosswalk” of sorts to determine actual locations of equipment, specifically those items that are at PRP non-DEP facilities. In FLAIR, the items are listed in the “location” column as location 3718 (Bob Martinez Center), when they could list the facility ID. Instead, FLAIR has the facility ID for each asset under the “Property Unique” column in the database. This is the solution that was given by FLAIR admins as they did not want to compromise the location code system currently in place. Currently, in *Cilantro*, the location for all assets is under the facility ID in the “Fac ID” column with a corresponding facility name. The use of the facility ID in both systems allows reconciliation between the two systems.

**Finding 3: Petroleum Tanks Cleanup Inventory**

Chapter 69I-72, F.A.C., states *each custodian shall ensure that a complete physical inventory of all property is taken at least once each fiscal year*. Chapter 69I-72, F.A.C., also states that if an inventory form is used to document completion of the inventory, *the form shall display, at a minimum, for each property item the following information: (a) Date of the current inventory; (b) Name and signature of the person who conducted the current inventory*. In addition, Directive DEP320 requires that *a physical inventory of all state-owned tangible personal property listed on the Department’s inventory will be conducted*.

Based on interviews, the physical inventory for items assigned to the *Petroleum Tanks Cleanup* organization code, is documented on paper inventory forms that are prepared for each petroleum cleanup site with Department-owned equipment. The inventory forms include a line for the person conducting the inventory; however, the forms do not state whether a signature or printed name is required. The majority of the inventory forms we reviewed included a signature without a printed name, title, and business or government affiliation of the individual signing the form.

In accordance with Chapter 69I.72, F.A.C., the FLAIR Master Property File is the Department’s official record of inventory. The inventory verification reports are populated with property items from *Cilantro*, not the Master Property File. According to the contracted inventory specialist, *Cilantro* was last reconciled to the Master Property File in December 2014. Accordingly, *Cilantro* was not reconciled with the Master Property File in preparation of the FY 2015-2016 annual inventory. To assess consistency among *Cilantro* and the Master Property File, we compared the records in each for the 2011 property items included in *Petroleum Tanks Cleanup*. Of these 2011 property items, 1893 had differing location information in the Master Property File and *Cilantro*. Because *Cilantro* has not been reconciled to the Master Property File, using *Cilantro* to populate inventory verification reports exposes the Department to the risk that not all state-owned equipment being inventoried or accounted accurately.

**Recommendation:**

We recommend the Division work with the Petroleum Restoration Program to revise the inventory verification reports documenting the inventory of *Petroleum Tanks Cleanup* items to include the name, title, organization, and signature of the individual conducting the inventory. We also

recommend the Division ensure that inventory records in *Cilantro* be reconciled with the Master Property File annually to ensure accurate and consistent records.

**DWM Response to finding 3:**

DWM concurs that proper accountability as to who is conducting the inventory is required and that *Cilantro* and the Master Property File should be reconciled on a regular basis.

DWM has moved away from the paper inventory verification reports and implemented procedures for all inventory to be verified using handheld scanners. PRP has purchased and provided handheld scanners and training for this year's inventory to be done by authorized Site Managers. Once the items have been scanned they will be uploaded to FLAIR to reflect the current location and that they have been accounted for. Once an item has been scanned it will show the name of the person who scanned it and date it was scanned. Their organization and title are stored in our records. Last year we had to manually insert each asset number into the handheld scanner while referencing *Cilantro* printouts that had been verified by contractors. This year the authorized personnel will have the ability to aid us in recognition of items that have damaged tags or assets that do not currently have a tag when they go to scan items, therefore alleviating the burden of proof come inventory time. PRP is actively divesting of equipment as it comes off-line from active cleanups. Therefore, the *Cilantro* system will be phased out over the next few years and all inventory will only be tracked in the Master Property File. In the interim, data from the Master Property File will be downloaded to *Cilantro* for PRP inventory management purposes.

**ATTACHMENT B**  
**RESPONSES PREPARED BY THE DIVISION OF ADMINISTRATIVE SERVICES**

**Finding 1: Labeling of Department Owned Property Items**

**Recommendation:**

1. We recommend the Division work with Property Custodians to identify and label items missing decals or identification as Department-owned property with a property decal with a scannable barcode.
2. The Division should also work with Department program areas to establish acceptable exceptions in which labeling property or scanning an item's barcode during the annual inventory are not practical.
3. In addition, when items are not scanned during the annual inventory, Property Custodians should justify the circumstances for manual entry.

**Response:**

The Division, through the Bureau of Finance and Accounting (BFA) provided over 1500 replacement property decals, with scannable barcodes, to property custodians in January 2017. Upon completion of this year's annual inventory, the Bureau of General Services (BGS) will provide a list of items manually entered to each Property Custodian to assign the appropriate justification. Those items with an assigned justification "A - property inventory label is missing or damaged" will be provided to the BFA so that new property inventory labels may be printed and distributed to the respective program areas.

The Division, through BGS, will revise Directive 320 to establish acceptable exceptions in which labeling property or scanning an item's barcode during the annual inventory are not practical and require Property Custodians to justify the circumstances for manual entries. Specifically, the following is the list of acceptable exceptions for items manually entered during the annual inventory:

- A – Property inventory label is missing or damaged.
- B – Property inventory label is not accessible – underground, underwater, etc.
- C – Artifact, artwork, or similar item whose value would be diminished by a property inventory label.
- D – Vehicle, trailer, or building.
- E – New item, property inventory label not yet received.

**Finding 2: Property Item Location Codes**

**Recommendation:**

1. We recommend the Division direct Property Custodians to report non-temporary changes of item locations by submittal of Department Form 53-308 *Permanent Property Transfer* and report changes to location codes during the annual physical inventory.
2. The Division should investigate these reported changes and update the Master Property File as appropriate.



3. When a program area transfers location, Property Custodians and the Division should ensure that all property items are updated in the Master Property File to reflect the new location.
4. In addition, due to the high value of property and varied locations, the Division should work with the Petroleum Restoration Program to ensure that the location information tracked in *Cilantro* is consistent with the location code recorded Master Property File for items assigned to the *Petroleum Tanks Cleanup* organization code.

Response:

The Division, through BGS, will revise Directive 320 to require Property Custodians to report non-temporary changes of item locations by submittal of Department Form 53-308 *Permanent Property Transfer* and report changes to location codes during the annual physical inventory. Upon completion of the annual inventory, BGS will provide a list of items that reflect a new location to BFA. BFA will investigate the changes to ensure the Master Property File is updated appropriately. Upon notification, BFA will coordinate with program areas when offices change locations to ensure the appropriate documentation is provided and record the change in the FLAIR property master file. The Division, through BFA, will work with DWM PRP to ensure location information is recorded accurately in the Property Master File.

Finding 3: Petroleum Tanks Cleanup Inventory

Recommendation:

1. We recommend the Division work with the Petroleum Restoration Program to revise the inventory verification reports documenting the inventory of *Petroleum Tanks Cleanup* items to include the name, title, organization, and signature of the individual conducting the inventory.
2. We also recommend the Division ensure that inventory records in *Cilantro* be reconciled with the Master Property File annually to ensure accurate and consistent records.

Response:

The Division, through BGS, will revise Directive 320 to require program areas using any external inventory system (i.e. *Cilantro*) to ensure inventory records are reconciled with the Property Master File annually to ensure accurate and consistent records.