

- **Internal Audit Report for August 2005**

Summary

- **Surplus Personal Property Audit Report**

Detailed Report

This report highlights significant activities of the Internal Audit Department during August 2005. In addition to presenting the opinions expressed in the audit report, background information and discussions of findings noted during the review are presented.

Surplus Personal Property Audit Report

Opinion

In our opinion, the accounting and administrative procedures over surplus personal property include those practices usually necessary to provide for a satisfactory internal control structure. The degree of compliance with such procedures provided effective control for the period January 1, 2004 through June 30, 2005.

Background

Metropolitan's Administrative Code (§8271), Operating Policy F-02 (Disposal of Surplus Personal Property) along with the Disposal of Surplus Personal Property Manual (Manual) establishes policies and procedures for the identification and disposal of surplus personal property. Authorized disposal practices include web-based and live auctions, trade-ins with suppliers, recycling of equipment or material, and donations to outside entities. The Business Services Manager of the Corporate Resources Group has delegated the responsibility to manage surplus personal property to the Contracting Services Unit Manager, the Inventory Management Team Manager and Investment Recovery Coordinator. During the review period, we noted that 11,000 surplus personal property items were sold, resulting in proceeds of \$209,000. Of this total, 56% and 21% of the sales proceeds related to the sale of vehicles and heavy equipment, respectively.

Comments and Recommendations

During our review, we noted that the operating manual needs to be updated to include policies and procedures for web-based auctions. We recommended that the Contracting Services Unit Manager and the Investment Recovery Coordinator periodically review and update the Manual.