



**THE COUNTY OF GALVESTON**  
COUNTY AUDITOR'S OFFICE  
P.O. Box 1418  
GALVESTON, TEXAS 77553

**County Auditor**  
**Randall Rice CPA**  
CITP CISA CIO CBM DABFA CGMA

**Jeff Modzelewski, CPA**  
First Assistant, Director of Accounting

**Kristin Bulanck, CIA**  
First Assistant, Director of Auditing

May 26, 2015

Honorable Judge Mark A. Henry and  
Members of the Commissioners' Court

Honorable Judge and Members of the Court:

Attached for your consideration is the internal audit report for the asset inventory of the Department of Parks and Cultural Services. The inventory was performed February 26, 2015 through March 11, 2015. Also attached is the response letter from Julie Diaz, Director of Parks and Cultural Services dated April 17, 2015.

Sincerely,

A handwritten signature in blue ink that reads "Rice CPA".

Randall Rice CPA  
County Auditor

cc: Julie Diaz, Director of Parks and Cultural Services

Attachment: Audit Report Park Asset Inventory  
Response Letter, Julie Diaz, Director of Parks and Cultural Services



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**Ron Chapa CPA**  
First Assistant, Director of Auditing

**Jeff Modzelewski CPA**  
First Assistant, Director of Accounting

March 11, 2015

**To:** Julie Diaz, Director  
Department of Parks and Cultural Services

**From:** Tony Pompa  
Internal Auditor

**Re:** Fixed Asset Inventory

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**Annual Fixed Asset Inventory**

The Purchasing Agent Policies & Procedures Manual (May 11, 2010), chapter 11.4(c) states a **Form FA-04, Verification of Asset Custody Report** by department is distributed to all County departments. The report reflects all inventoried fixed assets charged to the protective custody of each department. The department's asset custodian shall examine the form for accuracy, execute it and return it to the County's Fixed Asset Property Manager.

The Parks Department and Cultural Services performed an inventory of fixed assets last December 2014. The Verification of Asset Custody Report (Form FA-04), dated December 17, 2014, was submitted to the Fixed Asset Property Manager.

Internal Audit (IA) performed an inventory of fixed assets as recorded in the County's financial record keeping system, IFAS. There is a risk that errors or fraud were not detected during the inventory. Because of certain statutory duties required of the County Auditor, we are not independent with regard to the Galveston County Department of Parks and Cultural Services as defined by the AICPA professional standards. However, our inventory was performed with objectivity and due professional care.

During the inventory performed by IA March 2 through March 6, 2015, the following was noted:

### **Fixed Asset Transfer**

The Purchasing Agent Policies & Procedures Manual (May 11, 2010), 11.4(d) states, "The transfer of all other fixed property equipment from one department to another shall be documented on **Form FA-02, Asset Transfer Report for Fixed Assets Other than Information Technology Equipment**. This form must be signed by both the transferring Department's Asset Custodian and the Fixed Asset Property Manager."

**Finding:** The following fixed assets were in the possession of the Parks Department but are assigned to the Fleet Department:

FAID# 29215 - Ford Truck, VIN# 1FTVX12516NA98886  
FAID# 29345 - Ford Expedition, VIN# 1FMFU16537LA47812  
FAID# 26888 - Ford Ranger, VIN# 1FTYR14VX2PB32410  
FAID# 26909 - Ford Truck, VIN# 1FTNW21L33EB45629  
FAID# 29959 - Ford Van, VIN# 1FBSS31L37DA98039  
FAID# 29902 - Ford Van, VIN# 1FBSS31S42HB63781  
FAID# 29265 - Ford Crown Victoria, VIN# 2FAFP71W66X144136  
FAID# 26955 - Ford Crown Victoria, VIN# 2FAFP71W23X181907

**Recommendation PARKS-15-01:** Request the Fleet Department's Asset Custodian to submit Form FA-02 for the fixed assets referenced above to be transferred to the Parks Department or Senior Services, whichever is applicable.

### **Fixed Asset Disposal**

The Purchasing Agent Policies & Procedures Manual (May 11, 2010), 11.4(e) states, "The disposition of all other fixed property shall be documented on **Form FA-03, Asset Disposal Report**." This form must be signed by both the disposing Department's Asset Custodian and the Fixed Asset Property Manager.

**Finding:** A 2008 Absolute Innovation Rake Arena Drag, Fixed Asset ID#30138, could not be located. IA discovered the piece of equipment was auctioned in 2012.

**Recommendation PARKS-15-02:** Submit form FA-03, Asset Disposal Report, to the County Fixed Asset Property Manager for FAID #30138.

### Lost Fixed Assets

The Purchasing Agent Policies & Procedures Manual (May 11, 2010), 11.4(b) states, “ In the case of Lost Assets, a **Form FA-03, Asset Disposal Report** must immediately be completed and copies given to the Fixed Asset Property Manager and the County Auditor.”

**Finding:** A 1996 freezer (FAID# 942), serial #A9548V220, and a vent stove hood (FAID# 4565), serial number unknown, could not be located. The IFAS custody report indicates these 2 assets were assigned to the Galveston Senior Citizen building located on 2201 Avenue L. The Parks Programs Manager reported this building no longer exists as a senior center and are unable to verify the existence of these assets.

**Finding:** A Big Tex 16’ trailer (FAID# 1573), VIN#4K8NX1626V1C14523, license plate #979-324, could not be located.

**Recommendation PARKS-15-03:** Submit form FA-03, Asset Disposal Report, for assets with FAID# 942, FAID# 4565 and FAID# 1573 to the County Fixed Asset Property Manager.

### Acquisitions of New Fixed Assets

The Purchasing Agent Policies & Procedures Manual (May 11, 2010), 10.2(a) states, “a department must notify the Fixed Asset Property Manager (FAPM) upon receipt of a fixed asset and forward all associated documentation to the FAPM for processing.” Prior to placing the asset in service, the FAPM must properly tag and document receipt of the asset.

**Finding:** The following fixed assets were identified by the Auditor but are not on the IFAS custody report:

- Freezer – Serial# 1-3196778 – Brand ‘True’
- Freezer – Serial# 14886268 – Brand ‘Continental’
- Bingo Equipment – Serial# 0213472 – Brand ‘Arrow International’

**Recommendation PARKS-15-04:** Submit the required documentation to the FAPM for the fixed assets referenced in the finding.

**Finding:** Several fixed assets were missing the Fixed Asset Identification (FAID) decals or the decals were unreadable.

**Recommendation PARKS-15-05:** The department should replace all missing or unreadable FAID decals.

### **Reliability and Integrity of the Information**

The Auditor compared the IFAS Fixed Asset Departmental Custody Reports to Park's inventory lists.

**Finding:** Internal Audit found the Department of Parks fixed asset list to be inconsistent and incomplete. Assets in the possession of the department were not included on their fixed asset inventory list and fixed asset identification information such as Fixed Asset Identification number (FAID), year, model, VIN's and/or serial numbers had been incorrectly documented.

To maintain a complete and accurate inventory list, the following recommendations should be implemented:

**Recommendation PARKS-12-01:** The Parks Department's fixed asset inventory list should be reconciled with the Purchasing Department and the Galveston County Fleet Department to ensure all purchased assets are included and correctly recorded. *(This was a finding from a previous audit.)*

**Recommendation PARKS-12-02:** The Parks Department's fixed asset inventory list should be reconciled with the Purchasing Department on an annual basis to ensure agreement between the two inventories. *(This was a finding from a previous audit.)*

**Recommendation PARKS-12-03:** The Parks Department needs to create a numbering system for fixed assets that will uniquely identify each asset. Numbers should not be reused when assets are replaced. This numbering system should be applied to all fixed assets **excluding** vehicles which are already uniquely numbered by the County Fleet.

**Recommendation PARKS-12-04:** Additional lists should be maintained for assets sent to auction and for assets used for parts. When fixed assets are no longer in use, the assets should be removed from the current inventory list and placed on the appropriate list (parts or auction). This will assist the Park's Department in tracking assets during their entire use at the County.

**Recommendation PARKS-12-05:** Occasionally, assets are "borrowed" by other County departments. If this occurs, documentation needs to be created and retained to support the borrowing of the asset as well as documentation supporting the asset was returned to the Parks Department.

### **Small Tools Inventory**

While in the field the Auditor made note of numerous small tools and equipment in the possession of the Parks Department. Although these assets do not meet the criteria for fixed assets, many of them carry a high purchase price and maintain function for several years. The Park Director's response to the fixed asset inventory performed on April 11, 2014 stated "We will work on the inventory list of small tools over the summer months and have a complete list for reference by August 1<sup>st</sup>, 2014."

**Finding:** The Parks Department does not have an inventory list of small tools and equipment purchased by Galveston County and utilized by their department.

**Recommendation PARKS-14-01:** The Parks Department should document and maintain an inventory list of all small tools and equipment purchased by Galveston County. *(This was a finding from a previous audit.)*

We wish to thank Julie Diaz and her staff for their cooperation and assistance.

cc: Randall Rice CPA, County Auditor  
Ron Chapa CPA, First Assistant, Director of Auditing



**COUNTY of GALVESTON**  
**Department of Parks & Cultural Services**

4102 Main Street (FM 519) • LaMarque, Texas 77568  
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April 17, 2015

Randall Rice CPA County Auditor  
The County of Galveston  
County Auditor's Office  
P. O. Box 1418  
Galveston, Texas 77553

**RE: Fixed Asset Inventory**

Dear: Mr. Rice,

The purpose of this letter is to present the Department of Parks and Cultural Services response to your office's internal audit of Fixed Asset Inventory received on April 7<sup>th</sup>, 2015, which was conducted March 2<sup>nd</sup> 2015 – March 6<sup>th</sup>, 2015.

The following will provide in numerical order the Findings, Recommendations, and our Response:

**FIXED ASSET TRANSFER**

**Finding:** The following fixed assets were in the possession of the Parks Department but are assigned to the Fleet Department:

FAID#29215 – FORD TRUCK	VIN 1FTVX12516NA98886
FAID#29345 – FORD EXPEDITION	VIN 1FMFU16537LA47812
FAID#26888 – FORD RANGER	VIN 1FTYR14VX2PB32410
FAID#26909 – FORD TRUCK	VIN 1FTNW21L33EB45629
FAID#29959 – FORD VAN	VIN 1FBSS31L37DA98039
FAID#29902 – FORD VAN	VIN 1FBSS31S42HB63781
FAID#29265 – FORD CROWN VICTORIA	VIN 2FAFP71W66X144136
FAID#26955 – FORD CORWN VICTORIA	VIN 2FAFP71W23X181907

**Recommendation PARKS-15-01:** Request the Fleet Department's Asset Custodian to submit Form FA-02 for the fixed assets referenced above to be transferred to the Parks Department or Senior Services, whichever is applicable.

**Response:** The Parks Department has verified with the Fixed Asset Property Manger that all these vehicles have been transferred, with the exception of FAID#29215. It has damage and the Fleet Manager will keep in his custody in order to salvage the vehicle.. Form FA-02 for FAID#26909 is attached.

### FIXED ASSET DISPOSAL

**Finding:** A 2008 Absolute Innovation Rake Arena Drag, FAID #30138, could not be located. IA discovered the piece of equipment was auctioned in 2012.

**Recommendation PARKS-15-02:** Submit form FA-03, Asset Disposal Report, to the County Fixed Asset Property Manager for FAID #30138.

**Response:** The Parks Department sent over the FA-03 form to the Fixed Asset Property Manager on April 8, 2015 for FAID #30138.

### LOST FIXED ASSETS

**Finding:** A 1996 freezer (FAID#942) serial #A9548V220, and a vent stove hood (FAID#4565), serial number unknown, could not be located. The IFAS custody report indicates these 2 assets were assigned to the Galveston Senior Citizen building located on 2201 Avenue L. The Parks Programs Manager reported this building no longer exists as a senior center and are unable to verify the existence of these assets.

**Finding:** A Big Tex 16' trailer (FAID#1573), VIN # 4K8NX1626VIC14523, license plate #979-324, could not be located.

**Recommendation PARKS-15-03:** Submit form FA-03, Asset Disposal Report, for assets with FAID#942, FAID#4565 and FAID#1573 to the County Fixed Asset Property Manager.

**Response:** The Parks Department went to the old Galveston Senior Center and verified each item was at that location and are accounted for. No form needed to be submitted for FAID#942 and FAID#4565. Form FA-03 was submitted for the FAID#1573 on April 8, 2015 to the Fixed Asset Property Manager.

### ACQUISITIONS OF NEW FIXED ASSETS

**Finding:** The following fixed assets were identified by the Auditor but are not on the IFAS custody report:

Freezer Serial #1-3196778 – Brand "True"  
Freezer Serial # 14886268 – Brand "Continental"  
Bingo Equipment Serial # 0213472 – Brand "Arrow International"

**Recommendation PARKS-15-04:** Submit the required documentation to the FAPM for the fixed assets referenced in the finding.

**Response:** The Parks Department verified with the FAPM what was needed to add these to the list and that was submitted on April 8, 2015. The FAID tags were placed on the items on April 9<sup>th</sup>, 2015.



**Finding:** Several fixed assets were missing the Fixed Asset Identification (FAID) decals or the decals were unreadable.

**Recommendation PARKS-15-05:** The department should replace all missing or unreadable FAID decals.

**Response:** The Parks Department verified with the IA which fixed assets needed FAID and which ones needed to be replaced and worked with the FAPM to get them. They will be printed and applied in the next two weeks.

### **RELIABILITY AND INTGRITY OF THE INFORMATION**

**Finding:** Internal Audit found the Department of Parks fixed asset list to be inconsistent and incomplete. Assets in the possession of the department were not included on their fixed asset inventory list and fixed asset identification information such as Fixed Asset Identification number (FAID), year, model, VIN's, and/or serial numbers had been incorrectly documented.

To maintain a complete and accurate inventory list, the following recommendations should be implemented:

**Recommendation PARKS-12-01:** The Parks Department's fixed asset inventory list should be reconciled with the Purchasing Department and the Fleet Department to ensure all purchased assets are included and correctly recorded. (This was a finding from a previous audit.)

**Response:** Upon the implementation of the new Fixed Asset Inventory on OnBase, Parks will be able to ensure all assets are included and recorded correctly with Purchasing and with Fleet.

**Recommendation PARKS-12-02:** The Parks Department's fixed asset inventory list should be reconciled with the Purchasing Department on an annual basis to ensure agreement between the two inventories. (This was a finding from a previous audit.)

**Response:** Now that we have the Fixed Asset Inventory available on OnBase, Parks will be able to ensure all assets are reconciled two times a year with Purchasing and will have verification that changes/additions/deletions are completed.

**Recommendation PARKS-12-03:** The Parks Department needs to create a numbering system for fixed assets that will uniquely identify each asset. Numbers should not be reused when assets are replaced. This number system should be applied to all fixed assets excluding vehicles which are already uniquely numbered by County Fleet.

**Response:** The Park's Department has assigned a unique numbering system in conjunction with the FAID tag for most equipment. A list of the fixed assets and their unique numbers will be provided to the Auditor and Fixed Asset Property Manager. This numbering system will be complete by July 1<sup>st</sup>, 2015 by the Parks Operations Manager.

**Recommendation PARKS-12-04:** Additional lists should be maintained for assets sent to auction and for assets used for parts. When fixed assets are no longer in use, the assets should be removed from the current inventory list and placed on the appropriate list (parts or auction.) This will assist the Parks Department in tracking assets during their entire use at the County.

**Response:** The Park's Department will maintain a list for items sent to auction and for items use for parts. The Parks Operations Manager will create the list and ensure it is maintained for accuracy. At each audit or fixed asset inventory the list will be provided as backup.

**Recommendation PARKS-12-05:** Occasionally, assets are "borrowed" by other County Departments. If this occurs, documentation needs to be created and retained to support the borrowing of the asset as well as documentation supporting the asset was returned to the Parks Department.

**Response:** The Park's Department will create an equipment loan form that will be completed prior to the any equipment being borrowed by any Department. It will have when it was loaned out and when it was returned, along with signatures and names to verify. The Parks Operations Manager will create and implement the use of the form between the departments by May 31<sup>st</sup>, 2015.

#### **SMALL TOOLS INVENTORY**

While in the field the Auditor made note of numerous small tools and equipment in the possession of the Parks Department. Although these assets do not meet the criteria for fixed assets, many of them carry a high purchase price and maintain function for several years. The Parks Director's response to the fixed asset inventory performed on April 11<sup>th</sup>, 2014 stated, "We will work on the inventory list of small tools over the summer months and have a complete list for reference by August 1<sup>st</sup>, 2014."

**Finding:** The Parks Department does not have an inventory list of small tools and equipment purchased by Galveston County and utilized by their department.

**Recommendation PARKS-14-01:** The Parks Department should document and maintain an inventory list of small tools and equipment purchased by Galveston County. (This was a finding from a previous audit.)

**Response:** The Park's Department Parks Operations Manager will have this completed by June 30<sup>th</sup>, 2015. The list will then be provided to the Auditor's office and the Fixed Asset Property Manager for reference.

We would like to thank Tony Pompa from the Auditor's office for his professionalism and guidance through this process.

Thank you,

A handwritten signature in black ink, appearing to read 'Julie Diaz', written in a cursive style.

Julie Diaz  
Director  
Galveston County Parks & Cultural Services  
409-934-8114  
[Julie.diaz@co.galveston.tx.us](mailto:Julie.diaz@co.galveston.tx.us)



ASSET DISPOSAL REPORT

DATE: 4/8/15

To: Purchasing Department, Attention: Fixed Asset Property Manager

From: 522020 - PARKS [Signature]  
Department No. & Name, Department Asset Custodian Authorized Signature

Re: Please amend the inventory to reflect the following change(s) due to DISPOSAL.

METHOD OF DISPOSAL

Auction 2012  
Date

Theft \_\_\_\_\_ (Attach the Law Enforcement Agency Theft Report)  
Date

Destroyed by  
 Natural Disaster \_\_\_\_\_  
Date  
 Traffic Accident \_\_\_\_\_  
Date

Trade-In \_\_\_\_\_  
Date

Donated \_\_\_\_\_ Agency receiving donation: \_\_\_\_\_  
Date

Disposal of: 30138  
FAID No

Reason for disposal: Age

Serial No./VIN #: \_\_\_\_\_

From: 522020 - PARKS Location: Rodeo Arena - Jack Brooks Park  
Department No. & Name Building, Floor, Suite, or Room No

Comments: Item auctioned in 2012 - completing form to clean up inventory  
PLEASE RETAIN A COPY OF THIS FORM FOR YOUR RECORDS

PURCHASING DEPARTMENT USE ONLY

\_\_\_\_\_  
Date Form Processed

\_\_\_\_\_  
Fixed Asset Property Manager



ASSET DISPOSAL REPORT

DATE: 4/8/15

To: Purchasing Department, Attention: Fixed Asset Property Manager

From: 522020-PARKS [Signature]
Department No. & Name Department Asset Custodian Authorized Signature

Re: Please amend the inventory to reflect the following change(s) due to DISPOSAL.

METHOD OF DISPOSAL

- Auction
Theft
Destroyed by
Trade-In
Donated

Disposal of: 1573
FAID No.

Reason for disposal: LOST & could not be located by staff or IA.

Serial No./VIN #: 4K8NX1626VIC14523

From: 522020-PARKS Location: Santa Fe Shop, Santa Fe
Department No. & Name Building, Floor, Suite, or Room No

Comments: IA could not locate this item & it is considered LOST.

PLEASE RETAIN A COPY OF THIS FORM FOR YOUR RECORDS

PURCHASING DEPARTMENT USE ONLY

Date Form Processed

Fixed Asset Property Manager