

asset system. A periodic fixed asset inventory verification should also be performed of all fixed assets.

Response: The Commission is reinforcing the importance of fixed asset management with its cost center managers. An inventory is being conducted by the Property Management Department on each cost center annually.

Inventory Deficiencies

Recommendation: That the Commission only include useable inventory in its count and that all items of inventory be recorded at cost.

Response: The Commission has disposed of the obsolete inventory. The Commission is reviewing its procedures to insure all items are recorded at cost.

Errors in Future Operating Lease Liability Schedules

Recommendation: That the Commission take additional care in the preparation of the lease schedule. The person preparing the schedule should review the actual leases to ensure that all data included on the schedule is correct.

Response: The Commission has revised its policies to assure the Finance Department has a valid copy of all lease agreements. This procedure will eliminate receiving incorrect information from other cost centers used to prepare schedules.

Internal Audit Staff Needed

Recommendation: The Commission should consider setting up an internal audit department that reports directly to the Commission. An agency of this size should have independent reviews of the various areas of accountability throughout the year. The scope of internal audit would include performing reviews of the field offices as well as the offices in Columbia. Areas to be reviewed would include payroll payoffs, new-hires and terminations, fixed assets and supply inventory verifications, timesheets, reconciliations of various general ledger accounts, including cash as well as internal controls over the various areas.