



INTEROFFICE MEMORANDUM

TO: Board of Commissioners
FROM: *Anthony L. Nicks* County Auditor
DATE: January 27, 2015
RE: Water Services Equipment Management Review

As a result of the theft that was reported on July 21, 2014, the County Auditor's Office conducted a review of the Water Services Division in the Department of Public Works and General Services. The review included determining compliance with the Standard Operating Procedures related to equipment management as well as evaluating controls that exist to prevent loss, theft, or misuse of equipment.

Therefore, we conducted walkthroughs of the equipment located at the Water Systems and Maintenance Operations Center (Maxwell). During the walkthroughs we were able to determine the location of equipment and observe the scene where the water meter theft occurred. In addition, key personnel were interviewed regarding procedures for inventory and safeguarding equipment. Based on the walkthrough and interviews we noted the following:

- The equipment stolen during the theft included approximately 250 obsolete water meters that were surplus and were waiting to be properly disposed. The water meters were located in a warehouse that lacked the use of a security system and required minimal access control with only a key for entry. Furthermore, the area was not equipped with adequate surveillance or monitoring. Since the theft, the Water Services Division has taken measures to secure the warehouse by changing the locks on the door.
- Some equipment was located in open areas that are easily accessible to unauthorized individuals. This is a result of the Water Services Division preparing equipment to be relocated to a warehouse in the new Operations Center.
- Annual inventory of equipment or physical count has not been performed for the current year which is also a result of the preparation for the relocation.

Although controls were implemented to reduce the risk of the theft of equipment, the risk cannot be completely eliminated. Therefore, we encourage Water Services Division to strengthen controls related to properly safeguarding equipment and managing inventory. Water Services Division should ensure access to equipment is limited to

authorized personnel. Additionally, an inventory of equipment should be conducted to verify the equipment amounts and location.

The Office of the County Auditor will perform a follow-up review upon completion of the relocation to evaluate the equipment safeguards and inventory management at the new location.

If you have any questions or need additional information, please contact me at extension 21019.

Cc: Kun Suwanarpa, Interim Director, Public Works and General Services