



CITY AUDITOR'S OFFICE

Controls Over Surplus Property Dispositions

May 15, 2015

REPORT NO. 1513.01

CITY COUNCIL
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May 15, 2015

Honorable Mayor and Members of the City Council:

Enclosed is my report on *Controls Over Surplus Property Dispositions*. This review resulted from information received through the City Auditor's Integrity Line, which was established in accordance with the Council-approved FY 2014/15 Audit Plan.

Our review confirmed that an item reported to us as not being properly auctioned was not accounted for in Warehouse records. We expanded our review and found that several other individually significant items could not be traced to an auction or another disposition. Many items are sold in lots, such as jewelry and surplus computers, making them more difficult to track. As well, certain items are being stored in the Warehouse but should be disposed through auction or other means. Physical and system access controls need improvement, and surplus property procedures have not been established.

The City Auditor's Integrity Line is available at (480) 312-8348 or by emailing Audit@ScottsdaleAZ.gov. As well, the City's website provides an online form at http://www.scottsdaleaz.gov/departments/City_Auditor/integrityform.

If you need additional information or have any questions, please contact me at (480) 312-7867.

Sincerely,

A handwritten signature in blue ink that reads "Sharron Walker". The signature is written in a cursive, flowing style.

Sharron E. Walker, CPA, CFE, CEA
City Auditor

Audit Team:

Dan Spencer, CIA - Senior Auditor
Cathleen Davis, CIA - Senior Auditor

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EXECUTIVE SUMMARY

This review of *Controls Over Surplus Property Dispositions* resulted from information received through the City Auditor's Integrity Line. Establishing a fraud, waste and abuse hotline was included on the Council-approved FY 2014/15 Audit Plan, and its formal inception was communicated in November 2014. This is the first review to result.

For an investigation, our work focuses solely on the potential fraud, waste or abuse. Our review was limited to first evaluating the reliability of this information and then expanding the review if applicable.

Initial information:

Specific items the Scottsdale Police Department's Property & Evidence Unit sent to the City's Warehouse for disposition were not properly auctioned and were taken for personal use.

Our preliminary review:

We confirmed one of the specific items reported was not accounted for in Warehouse records, but we could not determine whether there was personal use. The other reported items were of a type that is auctioned in lots, and therefore, were not traceable. As a result, we expanded testing to include items sent to the Warehouse by the Police Department's Property & Evidence Unit, by the Information Technology Department and by the Fleet Department during the period of July 1, 2011, through September 1, 2014.

Background:

Scottsdale Revised Code provides for a City department's surplus property items that are eligible for disposition or are no longer needed to be sent to the City's Warehouse, which is within the Purchasing Department. There, the Warehouse staff may make the item available to another City department if a similar item has been requested. Otherwise, the Warehouse staff evaluates whether the item should be sold individually or included in a lot with other items or trashed. The Warehouse uses a commercial auction website to sell surplus items. The auction company that was used through May 2014 physically received the items, sold them and mailed the sale proceeds check to the Warehouse. With the second online auction company, which the department started using in April 2012, the items remain at the Warehouse and the successful buyers come to pick them up.

Results:

Our review found that several items could not be traced to their ultimate disposition. Because items are not tracked, the disposition of hundreds of items could not be determined. As well, certain items are being stored in the Warehouse that should be disposed through auction or other means. Further, physical and system access controls need improvement, and surplus property procedures have not been established.

BACKGROUND

The City Auditor received an Integrity Line communication stating that specific items sent by the Scottsdale Police Department to the City's Warehouse, which is within the Purchasing Department, were taken for personal use and not auctioned.

City departments that have surplus items that are no longer needed send the items to the Purchasing Department's Warehouse for disposition. Similarly, the Scottsdale Police Department's Property & Evidence Unit sends unclaimed items to the Warehouse for proper disposition. These items may be in the Police Department's possession as found property or may remain after a criminal case has been completed. The Police Department's handling of its Property & Evidence items has previously been audited as reported in Audit Report No. 1406, issued in May 2014.

Integrity Line

Call: (480) 312-8348

Email: Audit@ScottsdaleAZ.gov

Online form at:

www.ScottsdaleAZ.gov/departments/City_Auditor/IntegrityForm

As provided in Scottsdale Revised Code §2-207, surplus items may be transferred between departments prior to pursuing any disposal method. The Warehouse manager indicated they sometimes retain items for warehouse use or make them available to other City departments. A Warehouse staff maintains an email folder with City department requests for surplus items, such as tools or office furniture, which he monitors informally against received items.

City Code further provides that after determining the surplus items are not needed by any City department, the items may be disposed of by auction, used for trade-in credit, sold through advertised sale, or by contacting interested persons for written offers and accepting the most advantageous offer. The Warehouse manager stated that surplus items not retained for City use may be recycled as scrap metal, discarded or withheld (such as cell phones and tablets). However, for items considered marketable, Warehouse staff posts the items for sale through an online auction website. Once the items are sold, the auction company sends the City a check for net sales proceeds, which is deposited into the City's General Fund.

Surplus Property Processing

While most City departments informally transfer surplus items to the Warehouse, certain departments that surplus controlled items or more expensive items have records of items they send.

Property & Evidence Unit—Evidence items and found property that the Scottsdale Police Department's Property & Evidence Unit manages are tracked using barcodes from the time the items are received. Once authorized to dispose of an item, Property & Evidence staff scans the item to a storage area in preparation to be sent to the Warehouse. Periodically, they scan and package these items onto pallets, encase each pallet in plastic wrap, print the "Items Sent to Auction" listing and contact Warehouse staff for a pick-up.

Warehouse staff picks up the pallets along with the "Items Sent to Auction" listing and brings them back to the Warehouse. The Warehouse manager stated his staff checks that significant items on the "Items Sent to Auction" listing are on the pallets, and then he signs off on and

sends the listing back to the Property & Evidence Unit for its records. Approximately 3,700 items were transferred to the Warehouse between July 1, 2011, and September 1, 2014.

Since 2014, the Property & Evidence Unit has separately transferred firearms for auction.¹ Warehouse staff secures the firearms in a locked area that has a security camera, but Purchasing staff sells these items by issuing an Offer for Purchase to federal firearms license holders in Arizona. The Purchasing staff receives the payment and then authorizes Warehouse staff to release the firearms to the successful buyer.

Information Technology (IT) Department—City technology items, such as computers, monitors, network servers, and cell phones, are periodically replaced and the surplus used items sent to the Warehouse for proper disposition. Generally, IT staff leaves these items at the Warehouse without any accompanying list of items delivered. Based on the IT Department’s asset tracking systems, approximately 4,400 items were delivered to the Warehouse between July 1, 2011, and September 1, 2014.

Fleet Department—When the Fleet Department replaces City vehicles or related equipment, the surplus used items are auctioned through the Warehouse. A vehicle packet including the vehicle title, keys and a specification sheet describing the vehicle and any known issues is delivered to the Warehouse. To prepare a vehicle for auction, the Fleet Department removes special equipment such as police lights, radios and antennas, and Warehouse staff removes any City of Scottsdale decals. Between July 1, 2011, and September 1, 2014, almost 400 surplus City vehicles were transferred for auction.

Auction Website Processing

The Warehouse staff develops auctions of individual items, lots of similar items, or “grab bags” of various items. These auction items or groups are then placed on an open shelf or on a nearby floor area.² The staff posts to the auction website pictures and descriptions of the auction items along with bidding, payment and pickup instructions. After the online auction has been posted, Warehouse staff prints the related auction page to attach to each item or group of items.

Once an auction closes, the winning bidder makes an online payment, which includes a premium fee paid to the auction company, and prints the bill of sale. The successful buyer provides this bill of sale to Warehouse staff when s/he comes to pick up the item. Warehouse staff retains a copy of the bill of sale along with a copy of the buyer’s driver’s license before releasing the items. Warehouse staff then changes the online status of the item to “Picked Up.”

Review Objective and Scope

Our review evaluated accountability for surplus items sent to the Purchasing Department’s Warehouse for disposition during the period of July 1, 2011 through September 1, 2014. We obtained auction records for July 1, 2011, through March 6, 2015, directly from the two auction companies that the Warehouse used during this period. However, our analysis focused on July 1, 2011, through September 30, 2014. We also obtained records of items sent to the Warehouse by the Scottsdale Police Department’s Property & Evidence Unit and the Information Technology and Fleet departments. We did not attempt to identify any miscellaneous surplus items that other City departments may have transferred to the

¹ Previously, forfeited weapons were destroyed. Due to a change in state law that became effective in August 2012, they are now sold to businesses that are licensed to receive and sell firearms.

² Another auction company that was used through May 10, 2014, physically received the items, sold them and mailed the City a check for the sales proceeds.

Warehouse during this period. Our work took place during the period of October 2014 through April 2015.

Volume of Surplus Property Activity

Table 1 summarizes the number of items transferred to the Warehouse for only those three departments that transfer a significant volume and types of items. Various City departments may have sent additional items during this period, such as used office furniture or unneeded office supplies. Table 1 also summarizes the approximate number of items sold by the two companies used for online auctions during the period of July 1, 2011, through September 30, 2014. Sierra Auctions' first auction during this period was on July 9, 2011; Public Surplus was not used until April 2012.

Table 1. Number of Items Received by Source and Number Auctioned, July 1, 2011, through September 30, 2014

Scottsdale PD - Property & Evidence	3,706
Information Technology Department	4,384
Fleet Department	397
Tracked surplus items sent to the Warehouse ¹	8,487
Sierra Auctions: 7/1/2011 - 5/10/2014	1,591
Public Surplus Auctions: 4/27/2012 - 9/30/2014	4,537
Estimated items auctioned ²	6,200
Approximate number for which the disposition was not recorded	2,300

¹ Property & Evidence, IT and Fleet transfer significant volumes of surplus items to the Warehouse and have records that track these items.

² Items may be sold individually, but sometimes are sold in lots of several items. For lots, the number of items is usually included in the auction description. Our estimate includes the number of items rather than a count of posted auctions. This total is a rounded number because the data is imprecise.

SOURCE: Auditor analysis of Property & Evidence, Information Technology and Fleet surplus records and Sierra and Public Surplus auction records.

FINDINGS AND ANALYSIS

1. The disposition of several items transferred to the Warehouse could not be verified, and small valuable items are not adequately safeguarded.

In December 2014, we verified information reported to the City Auditor's Integrity Line that a specific item transferred by the Scottsdale Police Department to the Warehouse was not auctioned. As a result, we expanded our testing and found that the disposition of several surplus items could not be determined.

A. Warehouse and auction records do not document the disposition of many items transferred to the Warehouse, and controls are inadequate to protect valuable items. Following are a few examples of the higher-value, unique items that could not be traced to disposition.

1. Two GoPro cameras were listed among items that Property & Evidence transferred to the Warehouse on November 15, 2013. One of the cameras sold for \$359.75 on December 9, 2013. No auction sale or other record was found documenting the disposition of the second camera.
2. A Breitling watch transferred from Property & Evidence on October 19, 2012, was posted for auction on July 10, 2014, almost two years later. Twenty-one bids were received, with the highest at \$504, when the watch was removed from auction on July 14, 2014, noting that it was a fake. There was no record of its final disposition.
3. On the Police Department property list dated October 27, 2011, were two items identified as Rolex watches, one noting a shattered face. The May 16, 2013, list identified another Rolex watch as transferred. The Warehouse manager stated he determined these watches were fakes, so he did not post them for auction. He showed us a box of seven watches, most labeled Rolex on the face. However, there was not enough information to verify these watches as the ones transferred from the Police Department.
4. Certain jewelry items that were identified in Property & Evidence listings as containing diamonds or other gemstones could not be traced to auction records. The Warehouse stated the items were likely sold in lots rather than individually. The associated police reports documented significant value for at least two of eight specific items that we selected to research.
 - One jewelry item was identified on the transfer list as a diamond ring with a .71 carat diamond and total diamond weight of 1.6 carats. The police report documented that this ring was purchased for more than \$3,200 and then pawned for \$800 before it was recovered as stolen property. Property & Evidence transferred this item to the Warehouse on October 27, 2011. The Warehouse's subsequent online auctions selling jewelry items occurred on February 11, 2012. One of these auctions was for "2 Bags w/Misc Custom Jewelry and Beads" which sold for \$325. There is no way to determine if the ring was in these bags.

During this time, the Warehouse was using an online auction service that picked up and stored the items that were being sold. The

Warehouse staff said they would not remove the shrinkwrap from the Property & Evidence pallet before it was picked up. They also did not compare the transfer list to subsequent auction results, which could have helped ensure the City was getting full benefit from the auctions.

- The police report for an item identified as a silver metal band with small diamonds noted that it had been found at a bank, and a bank employee stated a jeweler had estimated its value at \$600. Property & Evidence transferred this ring to the Warehouse on July 2, 2014, but an auction for this item cannot be located.

During this timeframe, the Warehouse was using an online auction service that did not take the physical items. Instead, items remain in the Warehouse, or sometimes at other City locations, until the buyer presents a sales receipt to pick up the item.

- B. As well as these individually significant items, hundreds of items could not be traced to their ultimate disposition. From July 1, 2011, through September 1, 2014, the Warehouse received about 3,700 surplus items from Property & Evidence, 4,400 surplus items from the Information Technology Department and 400 surplus items from the Fleet Department. Besides these 8,500 items, other City departments send their surplus items to the Warehouse on an infrequent basis. Auction records detail the disposition of approximately 6,200 items, an estimated 2,300 fewer items.

Because some items are grouped together and sold in lots, it is difficult to account for all of them. Only the Property & Evidence Unit provides the Warehouse with a detailed listing of what is sent. But the Warehouse does not track even these items through to disposition. As a result, much of our analysis focused only on individually significant items.

Scottsdale Revised Code §2-207 states “a listing of surplus property shall be maintained...” and §2-210 states “all proceeds from the sale of surplus property shall be deposited in the appropriate revenue account of the city.” Currently records are not sufficient to document that surplus items and their proceeds are properly handled.

- C. At the time of our initial visits, the Warehouse manager was storing some watches, jewelry, collector coins and other small valuables in a small lockbox in his office. More recently, in April 2015, the Warehouse manager showed us that most of these items are now stored within a locked area that has a security camera. As well, a Warehouse staff in the adjacent office stored a few pieces of jewelry, a watch and other items in a safe by his desk. In April 2015, most of these items remained in this safe.

One of the items was a Tag Heuer watch that Property & Evidence transferred to the Warehouse for sale on August 21, 2014. The Warehouse manager stated he was keeping this watch and the coins in his office until he accumulated enough items to create an auction that would receive enough interest to drive the price up.

- D. Items have been removed from online auctions with limited explanations. For example, in March 2014, four Toughbook computers were removed from auction with the note “I found a need for these within the City.” There was no further record of their disposition.

- E. The Warehouse manager stated he signs off on receiving Property & Evidence items even if something is missing. To prepare items for Warehouse pickup, two Property & Evidence staff work together to scan each item's bar code to show the new location, load the items onto a pallet and shrinkwrap the pallet to secure the items. When Warehouse staff picks up the pallet, Property & Evidence staff also gives them a "Sent to Auction" listing documenting the items being transferred.

The Warehouse manager commented that items are sometimes missing from the pallet; he only follows up if it is something he considers that he can auction. Otherwise he just signs off on the list and returns it. This practice does not allow the Property & Evidence manager to investigate and correct any mistakes in their records.

- F. A listing is not provided when the Information Technology department transfers cell phones, computers, monitors, cables and other items to the Warehouse for auction. The City's computer-related items are generally on a 5-year replacement cycle, so the items are not high-value. But the IT department tracks equipment in its asset systems, and providing a detailed listing would make it easier for Warehouse staff to track the items through to their auction lots.

Recommendations:

We recommend the City Manager require the Purchasing Director to ensure that Warehouse staff:

- A. Work with the Police Department to ensure valuable items are properly secured and auctioned to obtain the highest return possible. Ensure high-value items are professionally appraised. Further, because the current online auction service does not physically store the items, we further recommend that high-value items remain in the Property & Evidence Unit's secured storage until a buyer provides a sales receipt to pick up the item.
- B. Record the disposition of surplus items to maintain accountability for all proceeds.
- C. Discontinue the practice of securing items in personal safes in individual work areas.
- D. Specifically document the disposition of any items removed from auction, including having a witness when items are destroyed.
- E. Notify the Property & Evidence manager when items on the auction list are not on the transfer pallet.
- F. Request the Information Technology Department to provide a listing with the items transferred for surplus disposal.

2. Some items have been stockpiled in the Warehouse and not timely disposed.

The Warehouse staff has not ensured items are timely sold or otherwise properly disposed. In general, weeks or months could lapse before individually traceable items were sold. Further, some items are simply being stored, which may result in added handling costs and loss of value.

- A. In November 2009, Property & Evidence transferred a Honda Goldwing motorcycle to the Warehouse for disposition. In August 2011, shortly after the Police Department's new Property & Evidence manager was hired, the Warehouse

manager asked if he could dispose of the motorcycle, which was still being stored. Property & Evidence staff obtained a second release authorization from the Police Department case officer on August 9, 2011. The motorcycle was still sitting in the Warehouse on April 10, 2015, because a title has not yet been obtained for it.

- B. The Property & Evidence Unit transfers a large number of abandoned cell phones, MP3 players and tablets to the Warehouse for disposition. These items have either been found or stolen, but their rightful owners cannot be located. The Warehouse manager stopped auctioning these types of Property & Evidence items after a customer reported not being able to activate a cell phone because it had previously been reported as stolen. The Warehouse manager said even with his City credentials, the cell phone could not be reactivated.³
 - 1. The last recorded auction of Property & Evidence-provided cell phones was on March 4, 2013, and the last auction of iPods was October 14, 2013. Since then, the Warehouse has been stockpiling these items until a disposition is determined. In April 2015, the Warehouse manager stated he has now consulted with the City's solid waste department and learned that City items cannot be put into the monthly household hazardous waste collection for disposal. He has also contacted the City's environmental initiatives staff for suggestions on disposal.
 - 2. Since the March 4, 2013, auction, Property & Evidence listings indicate 305 cell phones have been transferred to the Warehouse. When we inventoried the stockpiled cell phones in December 2014, there were 205 phones with Property & Evidence identification numbers, and the oldest that was on hand had been transferred there in April 2014.

Since the last iPod auction on October 14, 2013, Property & Evidence transferred another 34 iPods to the Warehouse. When we inventoried these items on December 2, 2014, we found 5 iPods on hand with Property & Evidence identification numbers.

Recommendations:

We recommend the City Manager require the Purchasing Director to ensure Warehouse staff ensure proper and timely disposition of surplus items. In particular, we recommend that:

- A. The motorcycle title be resolved as soon as possible so that the item can be auctioned.
- B. An appropriate method be identified for disposing of stolen cell phones and other electronics rather than stockpiling them. As well, Warehouse staff should research Property & Evidence listings and their auctions to account for the remaining items.

(continued on next page.)

³ The City's surplus cell phones are still being sold since they have not been reported stolen and can be reactivated by the buyer.

3. Physical and system access controls are inadequate, and surplus property procedures have not been established.

Physical and auction access controls can be improved to better safeguard surplus and other items. As well, procedures have not been established governing how surplus property will be handled.

- A. During our initial visits to the Warehouse, the three rollup doors were open and staff in the office did not notice auditors walking into the Warehouse. We also observed City employees from other departments and a contractor walking through the open Warehouse.

Further, the key box located in the main Warehouse office contains keys to the few secured areas, but this key box itself does not lock.

- B. System access rights for the online auction system have been granted to all Warehouse employees, including broad abilities to view and modify transaction activity. For example, the rights granted include being able to reinstate a bidder, create an auction, adjust auction winners, retract an auction, refund online payments and view buyer information, among others. Rather than all staff having such broad access rights, varying physical and online access controls could be used to achieve separation of duties so that a single person does not have complete control without checks and balances.
- C. Scottsdale Revised Code §2-208 states surplus items that do not exceed \$25,000 may be disposed in accordance with established rules. The Warehouse manager stated rules have not been established for handling surplus dispositions.

Recommendation:

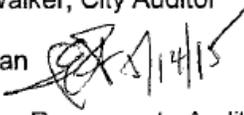
We recommend the City Manager require the Purchasing Director to ensure Warehouse staff put into place proper physical controls, online access controls, and written procedures to safeguard the assets that are stored in the Warehouse.

MANAGEMENT RESPONSE



MEMORANDUM

May 13, 2015

To: Sharon Walker, City Auditor
From: J. Flanagan 
Subject: Purchasing Response to Audit # 1513.01

Attached you will find the Purchasing Department's response to your office's review of the Control Over Surplus Property Disposition. We agree that the process and procedures can be improved and our corresponding management action plan details our proposed resolution for each finding.

We take your findings very seriously and throughout the review process have attempted to react in advance of any formal findings to implement improvements as items were raised to us by your audit staff.

To this end we have completely redone the holding area for the Police Department surplus items. The Facilities Department has designed and constructed a completely caged and locked area with shelving to house all the items until final disposition through auction or other means. This was completed as of April 3, 2015 after several months of work.

We have also improved our method of recording surplus materials from the Police Department for accountability starting in December and continue to look for improvements in this process. We have increased our documentation as to internal redistribution as well as increased our documentation for all auction cancellations. A new key locker was ordered and is now in use.

We will pursue the additional changes that we feel are necessary to comply with your recommendations and in accordance with our action plan.

Thank you.

cc; F. Behring
B. Stockwell

MANAGEMENT ACTION PLAN

1. The disposition of several items transferred to the Warehouse could not be verified, and small valuable items are not adequately safeguarded.

Recommendations:

We recommend the City Manager require the Purchasing Director to ensure that Warehouse staff:

- A. Work with the Police Department to ensure valuable items are properly secured and auctioned to obtain the highest return possible. Ensure high-value items are professionally appraised. Further, because the current online auction service does not physically store the items, we further recommend that high-value items remain in the Property & Evidence Unit's secured storage until a buyer provides a sales receipt to pick up the item.
- B. Record the disposition of surplus items to maintain accountability for all proceeds.
- C. Discontinue the practice of securing items in personal safes in individual work areas.
- D. Specifically document the disposition of any items removed from auction, including having a witness when items are destroyed.
- E. Notify the Property & Evidence manager when items on the auction list are not on the transfer pallet.
- F. Request the Information Technology department to provide a listing with the items transferred for surplus disposal.

MANAGEMENT RESPONSE: *AGREE*

PROPOSED RESOLUTION:

- 1A Develop with Police Department an improved process for transmission of all items, including providing all pertinent information on items of perceived value. Develop procedure for handling of items of perceived value where there is no existing information provided by Police Department or the department.
- 1B Warehouse staff has already partially improved the process of recording all items from Police Department for accountability as of December 2014 and will continue to develop written procedures for this entire process.
- 1C Develop new processes for securing of all goods, including moving of items and safe from office to caged surplus area.
- 1D Develop a procedure to cover the removal or cancellation of all auctions and a procedure to cover the monthly destruction of any property including having a witness from outside the warehouse staff present, and preferably rotating the witness.

- 1E Create procedure whereby Warehouse notifies Property & Evidence and ultimately Information Technology providers of surplus or obsolete items if any item shown on their list is not there, or conversely if an item is physically there but not on the list.
- 1F Work with Information Technology to have them provide a detailed listing for ALL surplus property sent to the warehouse.

RESPONSIBLE PARTY: J. Flanagan, Purchasing Director

COMPLETED BY: 12/31/2015

2. Some items have been stockpiled in the Warehouse and not timely disposed.

Recommendations:

We recommend the City Manager require the Purchasing Director to ensure Warehouse staff ensure proper and timely disposition of surplus items. In particular, we recommend that:

- A. The motorcycle title be resolved as soon as possible so that the item can be auctioned.
- B. An appropriate method be identified for disposing of stolen cell phones and other electronics rather than stockpiling them. As well, Warehouse staff should research Property & Evidence listings and their auctions to account for the remaining items.

MANAGEMENT RESPONSE: *AGREE*

PROPOSED RESOLUTION:

- 2A The motorcycle bonded title will be obtained and the unit auctioned off. Currently the paperwork is being filed with the state as of 5/8/15 including taking the motorcycle to the DMV for a level 1 inspection. It takes 45 days before the bonded title can be issued by the state in the City's name.
- 2B Develop a procedure that will cover the disposition, most likely destruction, of all cell phones and other electronics that are unable to be auctioned due to them previously being declared stolen. Warehouse staff will review prior listings and auctions as time is available to attempt to reconcile prior year's transactions.

RESPONSIBLE PARTY: J. Flanagan, Purchasing Director

COMPLETED BY: 12/31/2015

3. Physical and system access controls are inadequate, and surplus property procedures have not been established.

Recommendation:

We recommend the City Manager require the Purchasing Director to ensure Warehouse staff put into place proper physical controls, online access controls, and written procedures to safeguard the assets that are stored in the Warehouse.

MANAGEMENT RESPONSE: *AGREE*

PROPOSED RESOLUTION: The warehouse has already instituted several improvements in the physical security of the surplus area, with a new caged secure area completed and put into place as of 4/3/2015. Warehouse staff will continue to review other physical security needs as appropriate with internal security staff. Procedures will be developed that cover both physical and system security for surplus items and the auction process.

RESPONSIBLE PARTY: J. Flanagan, Purchasing Director

COMPLETED BY: 12/31/2015

City Auditor's Office

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www.ScottsdaleAZ.gov/departments/City_Auditor

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