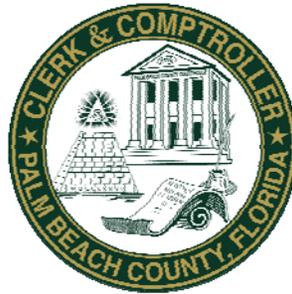


**Palm Beach County  
Clerk & Comptroller's Office  
Customer Survey Kiosk Special Review**



**SHARON R. BOCK**  
Clerk & Comptroller  
Palm Beach County

Audit Services Division  
November 7, 2008  
Report 2008-6



**SHARON R. BOCK**  
Clerk & Comptroller  
Palm Beach County

November 7, 2008

The Honorable Sharon R. Bock  
Clerk & Comptroller

We conducted a limited-scope review of the Clerk's Information Technology (IT) Department's fixed asset procedures. The review was requested by the Clerk & Comptroller's office after two customer survey kiosks were found missing during a March 2008 inventory of assets. Our objectives were to identify root causes that led to the missing kiosks and to evaluate the general controls over handling and safeguarding computer assets held by the IT Department.

The review found that weak controls over safeguarding the IT assets held in the storage area of the Main Courthouse contributed to the loss of the two kiosks. Other procedural and control weaknesses were noted. Improvements have been made since the loss though additional enhancements are required.

The attached report includes observations and recommendations, followed by management responses.

We appreciate the cooperation of IT and Clerk's Accounting management and staff during the course of this audit.

Respectfully submitted,

Roger Trca  
Audit Services Director  
Clerk & Comptroller Office  
Palm Beach County

**Audit Services**  
301 N. Olive Avenue  
9th Floor  
West Palm Beach, FL 33401

Phone: 561-355-2722  
Fax: 561-355-7050

[www.mypalmbeachclerk.com](http://www.mypalmbeachclerk.com)

# TABLE OF CONTENTS

## INTRODUCTION

Background 1

Scope and Methodology 2

Conclusion 2

**OBSERVATIONS AND RECOMMENDATIONS 3**

# INTRODUCTION

## *Background*

All new IT assets are received by the IT Department on the 4<sup>th</sup> floor of the Main Courthouse. The new assets are recorded by the IT Department's fixed asset delegate and given a County fixed asset number for assets that exceed \$1,000. Most IT computer assets awaiting deployment to Clerk departments are stored on the 7<sup>th</sup> floor of the Main Courthouse inside a locked cage or nearby in unmanaged space if sufficient space is not available within the locked cage.

Forty kiosks were purchased in April and August of 2007 to support a customer satisfaction survey program at various Clerk locations. The kiosks were stored on the 7<sup>th</sup> floor awaiting deployment. Two of these kiosks were identified as missing during an annual inventory conducted in March 2008. Audit Services was asked to investigate the two missing kiosks.

In addition to the two missing kiosks, 19 of the 40 kiosks purchased failed in operation. The IT Department returned three inoperable kiosks to the vendor, Jade Computer, in August or September of 2007. The three kiosks were not returned to IT until June 2008, and two of the three were still inoperable upon return.

IT records indicated that 484 individual IT computer fixed assets, with a total cost of \$1.1 million, were stored on the 7<sup>th</sup> floor as of July 1, 2008. The IT Department hired an Administrative Specialist in April, 2008 to enhance the oversight of IT's computer assets. This individual is responsible for the acquisition, tagging, disposition and eventual surplus of IT computer assets. The IT Department has also begun to tag IT computer assets valued under \$1,000. Finally, draft procedures have been developed to document access to the 7<sup>th</sup> floor as well as controls over related keys and access cards.

## *Scope and Methodology*

The Clerk's Audit Services Department conducted a limited scope review of the Clerk's Information Technology (IT) Department's fixed asset procedures. The objectives of the review were to:

- Identify root causes that led to two missing customer survey kiosks.
- Evaluate the general controls that exist over computer assets in the custody of the IT Department prior to deployment to Clerk departments.

In order to meet our objectives, we conducted interviews, reviewed policies and procedures, reviewed documentation supporting the purchase and receipt of the missing assets, and evaluated the internal control environment. We performed other procedures that we deemed necessary under the circumstances.

## *Conclusion*

Except for the Observations and Recommendations noted in this report, the controls over computer assets in the custody of the Clerk's Information Technology (IT) Department were generally adequate. Opportunities exist to improve general controls, recordkeeping, and procedures.

### **Review Team:**

Alan Bray, Manager

Stuart Grifel, Senior Auditor

# **OBSERVATIONS & RECOMMENDATIONS**

The Clerk's review identified various policies, procedures and practices related to the security of assets in the IT Department's custody that could be improved. The review was neither designed nor intended to be a detailed study of every relevant system, procedure or transaction. Accordingly, the observations and recommendations presented in this report may not be all-inclusive of areas where improvement may be needed.

## **1. Weak storage controls contributed to the loss of two customer survey kiosks**

Two customer survey kiosks identified as missing during a March 2008 annual inventory were stored in an unlocked area of the 7<sup>th</sup> floor of the main Courthouse. Controls over restricting access and safeguarding IT assets have been improved since the loss though additional enhancements are needed.

Most new Clerk IT assets awaiting deployment to departments are stored on the 7<sup>th</sup> floor of the Courthouse either in a locked cage or in an unlocked area adjacent to the cage. Other Court and County departments utilize the 7<sup>th</sup> floor to store documents and equipment. Clerk, Court and County staff may access the 7<sup>th</sup> floor via a freight elevator using an elevator swipe card.

Since March 2008 and prior to our review, numerous controls have been enhanced or newly implemented. The locked cage is accessed by a cage key and a master lock key. Two IT asset delegates support the custodian in securing access to the 7<sup>th</sup> floor and cage. Procedures over securing keys and restricting access to the 7<sup>th</sup> floor and cage have been drafted though are not yet approved. These procedures require the two IT cage keys to be kept in a safe located in the IT Custodian's office. A safe log is used to record any staff member accessing the safe, and an IT staff member must be accompanied to the 7<sup>th</sup> floor by one of the two IT asset delegates.

The following observations were noted at the time of our review.

- We found that numerous printers and monitors were stored outside of the cage due to space limitations but also found some small dollar items (e.g., keyboard, mouse) were stored in the cage. IT records indicated that as of July 1, 2008, there were 484 individual IT related fixed assets with a purchase price of \$1.1 million stored on the 7<sup>th</sup> floor. Although IT's asset custodian stated that higher value assets are intended to be locked in the cage, we found unused space in the cage which could have been used to store some of the unlocked higher dollar assets.
- The IT Department has a key that can be used to access the 7<sup>th</sup> floor by using the public elevators. There is a risk that IT staff may inadvertently allow unauthorized individuals to access the 7<sup>th</sup> floor.
- Secure IT storage space is limited. There does not appear to be any advanced consideration given to verifying that sufficient storage space is available to secure computer assets purchased in bulk or subject to staged or future deployment.

**Recommendations:**

- A. IT Department management should finalize and approve the IT inventory tracking procedures and monitor compliance to ensure that access to IT assets on the 7<sup>th</sup> floor is limited and controlled. In addition, the IT asset custodian should periodically assess and determine which IT assets should be stored in the locked cage.
- B. The IT Department should reassess the need for having the public elevator key and relinquish the key if not needed. IT should utilize the freight elevator when accessing the 7<sup>th</sup> floor.
- C. Project teams or asset requisitioners should verify that sufficient secure storage space is available prior to making bulk purchases for future deployment. If required, additional secure storage should be arranged by the requesting authority prior to approving vendor shipment.

**Management Responses:**

- A. IT inventory and asset management procedures have been enhanced related to IT specific responsibilities (inventory control and key control). The

procedures will be formalized when Clerk's Accounting updates the fixed asset inventory procedures, at which time IT will integrate their procedures.  
Target Completion Date: 03/31/09

B. IT now locks the elevator access key in a secure IT safe and requires sign-out for access. Given the IT resources, 7<sup>th</sup> floor access via the public elevator allows for more timely access than limiting access to the freight elevator only. The secure location of the key will prevent unauthorized access.  
Target Completion Date: Completed

C. The Clerk's Procurement procedures will include a reminder that the requesting department shall identify sufficient storage space for the acquired asset(s) in the event that the asset(s) is not immediately deployed. Storage space for IT related items shall be coordinated with the IT Resource Coordinator. In addition, IT enhanced their procurement procedures.  
Target Completion Date: 03/31/09

## **2. Kiosk testing delays and vendor non-performance impacted implementation**

Delays were experienced in testing and deploying the customer survey kiosks received in May 2007. Additional kiosks were ordered in August 2007 prior to adequately resolving known problems with kiosks previously received from the vendor. As a result, management encountered challenges in fully utilizing the kiosk solution and gaining vendor commitments to fix inoperable assets.

When the decision was made to implement an automated solution to capture customer feedback within the Clerk's office, the Customer Survey Feedback Project team evaluated various vendors. The team included representatives from IT, Court Operations, Strategic Planning, and Finance. The team, lead by the Strategic Planning Manager, considered proposals submitted by IBM, CDW-G, Dell, and Jade Computer. Jade Computer, a small California-based company, was selected to provide 40 kiosks. Jade offered a four-year extended warranty and a considerably lower quote than IBM and CDW-G. Dell could not provide a kiosk solution. Furthermore, Sarasota County had implemented a similar kiosk solution using Jade Computer, and had provided favorable feedback to the Clerk's office. However, it is not clear how thoroughly the team evaluated Jade's

financial stability, time in business, references, and other key vendor selection criteria.

The first 15 kiosks were received in May 2007. Per conversations, IT initiated testing in July 2007 prior to deployment; three of four kiosks were found inoperable. The IT Department generally does not test new assets prior to deployment. It is not certain if the other 11 kiosks were tested prior to issuing a purchase order in August 2007 for the remaining 25 kiosks. The Clerk's former Strategic Planning Manager stated that the goal was to receive all 40 kiosks before fiscal year end (September 30).

The IT Department returned the three kiosks to Jade Computer in August or September 2007 for repair. The exact return date to the vendor is unknown as documentation was not maintained for the initial return. Records of the attempts to contact Jade Computer were initiated in May 2008. Ongoing kiosk testing by IT disclosed that 10 of the first 15 kiosks and 9 of the second 25 kiosks were found inoperable. In early June 2008, Jade returned the first three kiosks sent to them in 2007, though two remained inoperable.

Continuing problems have been experienced with Jade Computer in their responsiveness and the Clerk's inability to gain their commitment to address the issues. IT and Administration decided to attempt repairs to the inoperable kiosks using in-house resources and discovered that most appear to be beyond cost-effective repair measures.

**Recommendations:**

- A. Strengthen the project management and vendor selection process to ensure deliverables are implemented in line with agreed expectations. Project performance measures should be defined and results monitored. Projects with unique considerations (e.g., vendors with lesser capitalization or time in business, phased implementation of hardware/software) should be carefully managed to ensure vendors are able to satisfy their obligations.
- B. IT Department management should ensure that documentation is maintained for IT computer assets returned to vendors for repair or replacement, including ongoing communications with the vendors.

- C. IT management should coordinate with the Clerk's Legal Counsel to determine if any further actions, including legal remedies, are warranted with Jade Computer.

**Management Responses:**

- A. Moving forward, Clerk's Accounting will ensure the vendor selection process is conducted in accordance with the Clerk's Contract and Procurement policies implemented on October 1, 2008.

Target Completion Date: Completed

- B. IT inventory and asset management procedures have been enhanced related to IT specific responsibilities (see section: Temporary Transfer of Equipment for Repairs to Outside Vendor). The procedures will be formalized when Clerk's Accounting updates the fixed asset inventory procedures, at which time IT will integrate their procedures.

Target Completion Date: 03/31/09

- C. IT has previously provided failure history to Clerk Legal Counsel who has attempted to contact Jade Computer without satisfactory result.

Target Completion Date: Completed

### **3. IT assets are not inventoried quarterly as prescribed by procedures**

The IT Department does not conduct quarterly inventories of IT fixed assets in their area and under their custody (e.g., prior to user deployment and surplus) as required by the Clerk's fixed asset inventory control procedures. The quarterly inventory requirement supplements the annual inventory conducted by the Clerk's Accounting Department.

The fixed asset procedures state that each department's fixed asset custodian should conduct a quarterly inventory and document the results. The results are not required to be sent to Clerk's Accounting. The Clerk's fixed asset accountant stated that quarterly inventories are often not completed by departments. If a quarterly inventory had been conducted by IT, the two missing kiosks could have been identified and action taken earlier than March 2008.

In addition to the two kiosks that are still missing, the Clerk's fixed asset accountant stated that approximately 60 fixed IT computer assets could not be located throughout the Clerk's organization when the 2008 annual inventory was begun. The IT Department subsequently assisted the Clerk's fixed asset accountant in researching and locating these assets. The inability to locate a missing computer asset may occur because a Computer Asset Notification (CATN) form has not been prepared or filed correctly. CATN forms are used to record the transfer of new, in-use, or surplus assets to and from Clerk departments. The CATN enables the IT and Accounting departments to know at any time where a computer asset is located and the individual responsible for its custody.

**Recommendations:**

- A. Clerk's Accounting should re-evaluate the existing procedures that require quarterly asset inventories by department asset custodians without communicating results to Clerk's Accounting. Procedures should either be enforced or revised to reflect the Clerk's office expectations.
- B. The IT inventory tracking procedures should emphasize the need for IT technicians to initiate and complete CATN forms whenever a new or in-service IT asset is transferred to or from a Clerk department. Fully executed CATN forms should minimize the time required to locate missing IT assets.

**Management Responses:**

- A. Within Clerk's Accounting, the fixed asset accountant is currently revising the existing inventory procedures, including changes as a result of the PeopleSoft system implementation. These procedures will be integrated with the Clerk's Procurement procedures. The updated procedures will include guidance related to the required performance of quarterly asset inventories by asset custodians. Clerk's Accounting will monitor and enforce all inventory procedures beginning with the quarter ending March 31, 2009. Also, the fixed asset accountant will work together with the IT resource coordinator to address IT related concerns and incorporate applicable procedures as necessary.

Target Completion Date: 3/31/09

- B. Clerk's Accounting and IT will jointly explore the option of maintaining an internal fixed asset and IT inventory tracking system. In addition, IT

inventory and asset management procedures have been enhanced and will be formalized when Clerk's Accounting updates the fixed asset inventory procedures, at which time IT will integrate their procedures. Asset and computer inventory transfers are now recorded in the IT Help Desk system.  
Target Completion Date: 03/31/09