

# CENTRAL REGIONAL OFFICE

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## *Limited Audit of Financial and Administrative Controls*

### INTRODUCTION

We conducted a limited audit of selected financial and administrative controls of the Central Regional Office (CRO). The audit procedures were limited to interviewing CRO staff, reviewing supporting documentation, and conducting limited tests of transactions. The purpose of the audit was to provide the Commission with negative assurance that the controls were adequate, implemented economically and efficiently, and in compliance with Commission policies and procedures.<sup>1</sup> Our audit was performed in accordance with generally accepted government auditing standards from November 2003 to January 2004.

### BACKGROUND

The Central Regional Office (CRO), assisted by the Salt Lake and Ft. Worth District offices, is responsible for administering Commission programs, subject to Commission oversight, in the states of Arkansas, Colorado, Kansas, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah and Wyoming. In carrying out its responsibilities, CRO exercises a broad range of financial and administrative functions, including maintaining time and attendance records, procuring supplies and services, arranging for staff travel, preparing for contingencies, maintaining an inventory of property, and recording budgeted and actual expenditures of the office.

### AUDIT RESULTS

During the limited audit described above, two material weaknesses in the CRO's financial and administrative controls came to our attention, which are described below.

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<sup>1</sup> Negative assurance means that no material internal control weaknesses came to our attention during our limited audit.

We informally discussed a number of non-material findings and recommendations with CRO management. CRO generally concurred with the findings and agreed to implement the recommendations.

## **EQUIPMENT INVENTORY**

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The Office of Information Technology (OIT) maintains inventory records of automated data processing (ADP) equipment located at the regional and district offices. The equipment has a barcode affixed that should match the equipment listing in OIT's inventory records. We attempted to match selected items from OIT's records to the actual items at the CRO, but could not locate many of these items.

Additionally, the CRO did not have a copy of OIT's inventory records, which would help CRO ensure that the records are accurate.

### **Recommendation A**

In consultation with the CRO, OIT should reconcile its inventory records with the CRO's actual inventory of ADP equipment. OIT should provide CRO with a copy of its inventory records on a periodic basis and whenever significant changes are made.

OIT agreed with our recommendation and began addressing this issue when we brought it to their attention.

## **X-RAY SCANNING MACHINE**

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In fiscal year 2002, all of the field offices were provided with x-ray scanning machines to scan incoming mail and packages. CRO rarely uses its machine. Moreover, the staff told us that they would have trouble identifying suspicious packages even if they used the machine more often.

We will address this issue in an upcoming audit memorandum (no. 35), which covers all of the field offices.