

**Jewel J. Newman Community Center  
Assets Audit  
January 2014**



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January 21, 2014

**MEMORANDUM**

**TO:** William Daniel, Audit Committee Chair  
Casey Cashio, Audit Committee Member  
Marsha Hanlon, Audit Committee Member  
Chandler Loupe, Audit Committee Member

**FROM:** Carol Marcantel  
Auditing Manager

**SUBJECT: JEWEL J. NEWMAN COMMUNITY CENTER ASSETS AUDIT**

Enclosed is our report on the Jewel J. Newman Community Center Assets Audit. The audit was conducted in accordance with our 2013 work program. This report presents all audit issues and corresponding Management Action Plan. Written response to the report is included in Chapter Four.

The Internal Auditing Division will conduct a follow-up review regarding implementation of corrective action. The result of the follow-up review will be reported to the Audit Committee.

We would like to thank the Jewel J. Newman Community Center staff for their cooperation and assistance during the audit.

Carol Marcantel  
Auditing Manager

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## ***CHAPTER ONE - AUDIT ISSUES***

### **ASSETS \$1,000 AND OVER**

#### ***Assets Not Located:***

Fifty-one of fifty-eight assets, or 88%, were located at the Community Center. The total acquisition cost of these items was \$140,443 and represents 93% of total asset value. Seven assets with acquisition costs of \$10,052 could not be located.

<b>Property Tag</b>	<b>Item Description</b>	<b>Acquisition Date</b>	<b>Acquisition Amount</b>
00084679	Piano, Technics Mod 33	3/4/1992	\$1,588
00085390	Desk Sec. w/Return (Councilman's Sec. Room #19)	10/9/1992	\$1,530
00101245	Computer, Dell Optiplex GX110 (Room # 13)	10/5/2000	\$1,671
00103745	Volleyball Equipment	7/10/2002	\$1,145
00104590	Computer, Dell Optiplex GX260T	12/31/2002	\$1,573
00104692	Executive Desk, DMI 7875-49, 66"	5/15/2003	\$1,045
00116254	Camera; Digital, Canon 40D Body	9/16/2008	\$1,500

On February 14, 2013, the former Director certified that fifty-seven assets from the Fixed and Movable Asset (FMA) system were present and correct during the 2012 annual inventory. The seven missing items were certified by the former Director on February 14, 2013.

#### ***Other Issues:***

- City-Parish property tags could not be located on seventeen assets. These items were identified by description.<sup>1</sup>
- Forty-eight assets had incorrect identifying information. The serial number recorded for forty-seven assets was the property tag number and the description/model number recorded for fourteen assets was incorrect.
- The icemaker had the property tag for the wooden lectern. The lectern did not have a property tag.
- The audio system had a second property tag that was not shown on the asset listing.
- A treadmill received on April 11, 2013 costing \$3,435 was not included on the Community Center's FMA listing. According to Purchasing Department staff, property tag # 124044 was assigned to the item, but the former Director did not return the necessary FMA form to complete the process of adding the asset to the FMA system.<sup>2</sup>

<sup>1</sup> One item, a basketball game, was sent to the Purchasing Department for auction on November 22, 2013.

<sup>2</sup> The treadmill has been added to the FMA System.

***Recommendations:***

*The Center staff should ensure that they locate all items on the FMA listing during the annual inventory as required by City-Parish policy. Any items not located should be reported to the Fixed Assets Manager by means of an FMA form. The Center staff should also contact the Baton Rouge Police Department (BRPD) concerning the items that were present on February 14, 2013 but are now missing.*

*The Center staff should complete an FMA form to correct the identifying information for assigned assets and submit this documentation to the Fixed Assets Manager for corrections.*

*The Interim Director should retag items without a property tag or write the tag number on the asset with permanent marker for identification.*

*The Center staff should remove Property tag # 123796 from the audio system.*

*The Interim Director should complete an FMA form to add the treadmill to the Community Center's FMA listing and request a property tag for the item.*

**ASSETS \$500 - \$999**

***Assets Not Tracked:***

The Center does not currently maintain a listing of assets costing less than \$1,000.

During the inventory, we compiled a list of approximately 890 items located at the center. Several of the items were obsolete assets that had old City-Parish property tags, but were still at the Center. There were also computers and printers in the computer room that appeared to be broken. The Center staff did not properly dispose of the City-Parish property.<sup>3</sup>

In addition, several exercise machines that according to staff were donated to the Center years ago were found in the game room. These items were never added to the Center's inventory listing.

***Recommendations:***

*The Center staff should compile a list of assets under \$1,000 at the center.*

*The Interim Director should contact the Fixed Assets Manager to arrange the pick-up of any obsolete or broken assets for auction.*

*The Interim Director should complete the Donated Property form for each piece of exercise equipment that was donated to the Center to add the items to the inventory listing.*

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<sup>3</sup> On November 22, 2013, fifty-six items were sent to surplus for auction by the Center staff.

**PURCHASES \$499 AND UNDER**

Ten items totaling approximately \$1,012 were not found at the Community Center.

<b>Date</b>	<b>PO/PV #</b>	<b>Item Description</b>	<b>Amount</b>
3/20/12	10997211	Cannon Personal Laser Copier, PC170	\$259
6/17/13	11051572	PS3 Game, Infamous 2 (Rated T - Teen 13 and up)	\$16
6/17/13	11051572	PS3 Game, Little Big Planet (Rated E - Everyone)	\$16
6/17/13	11051572	Xbox 360 Game, WWE 13 (Rated T - Teen 13 and up)	\$45
6/17/13	11051572	Xbox 360 Game, Hole in the Wall (Rated E - Everyone)	\$18
8/7/13	11051601	Xbox 360 Game, NCAA Football 2014 (Rated E - Everyone)	\$60
6/25/12	10997237	Xbox 360 Game, Batman Arkham City (Rated T - Teen 13 and up)	\$50
6/25/12	10997237	PS3 Game, Tom Clancy's Ghost Recon: Future Soldier (Rated M - Mature 17 and up)	\$60
6/25/12	10997237	PS3 Game, Prototype 2 (Rated M - Mature 17 and up)	\$20
2/4/13	11038273	Nikon Coolpix Digital Camera Kit (Red)	\$468

***Other Issues:***

Two games purchased for use at the Community Center summer camp program were rated M for Mature recommended ages 17 years and up. Three games purchased were rated T for Teen recommended ages 13 years and up. Games rated T for Teen and M for Mature may expose children to violence or inappropriate content and are not appropriate for campers at the Center.

The City-Parish reimbursed the former Director for a GameStop PowerUp Rewards Pro membership renewal (in his name) costing \$15. A one year warranty was also purchased for a game that is missing less than six months after purchase.

***Procurement Card Issues:***

- A transaction log was not submitted for one payment voucher. Transaction logs for seven out of nine payment vouchers lacked indication of supervisor review by the former Director such as a signature and date.

- The lag time from statement date to payment voucher date was fourteen working days for one payment voucher.
- An itemized receipt was not submitted for two payment vouchers.
- Sales tax was charged for two purchases although the City-Parish is exempt from paying Louisiana sales tax.
- The procurement card was used to purchase decorative office furnishings including a \$120 vase and a \$120 calla lily.

***Recommendations:***

*The Interim Director should report the missing items to BRPD.*

*Items purchased for use at the Community Center summer camp programs should be age appropriate for campers. Video games rated M for Mature and T for Teen should not be purchased.*

*Items such as games and cameras should be secured at all times.*

*If a procurement card will be utilized by a Center employee in the future, the cardholder and supervisor should receive proper training in procurement card procedures from the Purchasing Department before card issuance.*

## ***CHAPTER TWO - MANAGEMENT ACTION PLAN***

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Recommendations included in the report were discussed with Council Member Chauna Banks-Daniel. The Community Center staff implemented eight recommendations and has agreed to implement all of the remaining recommendations.

### ***Exit Conference***

An exit conference was held on January 10, 2014 with the following persons in attendance:

- Chauna Banks-Daniel, Council Member District 2
- Carol Marcantel, Auditing Manager
- Andrea George, Senior Auditor

The contents of the report were fully discussed. Chapter Four includes the Council Member's response to the audit.



## ***CHAPTER THREE - BACKGROUND, OBJECTIVES, SCOPE, & METHODOLOGY***

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### **BACKGROUND**

The Jewel J. Newman Community Center provides social, medical, and recreational activities for citizens in the North Baton Rouge area. The Center hosts a summer program developed to enhance the academic and cultural abilities of the community's youth. In addition, the Center has various rooms which may be rented by citizens or groups for social functions including a large gym and dining room with kitchen facilities. Several agencies/programs are located at the Jewel J. Newman Community Center including:

- District 2 Metro Council Member Chauna Banks-Daniel
- Office of Social Services
- Baton Rouge Primary Care Collaborative

As of October 14, 2013 the Jewel J. Newman Community Center had 58 assets totaling approximately \$150,000.

The Inventory Section of the Purchasing Department maintains the City-Parish Fixed and Movable Assets (FMA) Inventory System. The FMA System is designed to maintain proper fixed and movable assets values for capital items and to provide a system for tracking and accounting for all assets owned by the City-Parish. All fixed and movable assets where the initial cost is \$1,000 or greater are considered capital assets and are inventoried and tagged.

Each agency is responsible for verifying and locating each item on its list and reporting this information back to Purchasing Department annually. Each agency should also maintain an inventory of items costing less than \$1,000. All donated assets must also be added to the City-Parish inventory in accordance with GASB 34.

FMA procedures state all City-Parish assets, whether tagged or not, must be disposed of through Purchasing Department. For items costing \$1,000 or more, disposition forms must be prepared by the agency and forwarded to the Purchasing Department. For items costing under \$1,000, a single listing of the items is used.

L'Avantage Purchasing Card procedures require reconciliation and return of monthly billing within four days from the statement date to Accounts Payable. Submissions must include:

- Completed transaction log.
- Sales slips, itemized receipts, priced packing lists, and supporting documentation.
- Reconciliation of transaction log with the monthly statement.
- Vendor's billing date and name.
- Sign and date the statement and transaction log.

- Supervisor/reviewer must approve the Log and statement.

### **OBJECTIVES**

The Jewel J. Newman Community Center Assets Audit was approved by the Audit Committee at the September 11, 2013 meeting as part of the Internal Auditing 2013 Audit Plan. The audit objectives are to determine if assets are properly controlled, safeguarded, and accounted for.

### **SCOPE AND METHODOLOGY**

The audit included a complete inventory of all fixed and movable assets located at the Jewel J. Newman Community Center and a review of purchases less than \$500 made from January 2012 through September 2013.

***CHAPTER FOUR - AUDIT RESPONSE***

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# Jewel J. Newman Community Center

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## MEMORANDUM

**TO:** Carol Marcantel  
Auditing Manager

**FROM:** Chauna Banks-Daniel   
Metropolitan Council Member, District 2

**DATE:** January 21, 2014

**SUBJECT:** Jewel J. Newman Community Center Assets Audit

Thank you for the opportunity to comment on the *Jewel J. Newman Community Center Assets Audit*. The Community Center staff and I concur with the audit recommendations. We have corrected many of the issues as detailed below:

### Assets \$1,000 and Over

- As noted in the audit, the former Community Center Manager located all the items on the FMA listing during the annual inventory on February 14, 2013. Consequently, seven of these items were missing at the time of the audit. All of this transpired prior to my daily involvement. On Friday, September 13, 2013, the last day the former Community Center Manager and the Assistant to the Community Center Manager reported to work, two individuals were observed moving everything out of the former Community Center Manager's office. The Assistant to the Community Center Manager supervised the move. I suspect the missing items were taken during this move and for concern that more items would be removed over the weekend, requested police patrol. On Monday, September, 16, 2013, I had all the building door locks changed. The missing items have been reported to the Baton Rouge Police Department (File # 11268-13).
- The Center staff sent disposition forms to the Fixed Assets Manager.
- Items missing a property tag have now been appropriately tagged.
- The treadmill has been tagged and is included on the FMA listing.

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Carol Marcantel

January 21, 2014

**Assets \$500 - \$999**

- The Center staff has arranged for the delivery of all the obsolete and broken items to the Purchasing Department –Auction Facility Division for disposition.
- All summer camp purchases will be activities and videos appropriate to the campers' ages.
- Procurement cards have been cancelled under the name of the former Community Center Manager and the Assistant to the Center Manager. The Center staff will not be issued procurement cards.
- The Center staff will not purchase game memberships or game warranties.

I believe that with the changes the center staff have implemented and continue to implement will significantly improve the Jewel J. Newman Community Center's management of assets.