




COUNTY OF LEHIGH
OFFICE OF THE CONTROLLER

LEHIGH COUNTY GOVERNMENT CENTER
17 SOUTH SEVENTH STREET
ALLENTOWN, PA 18101-2400
(610) 782-3082 FAX: (610) 820-3335

TO: Final Report Distribution

FROM: Thomas Slonaker, County Controller 

DATE: February 9, 2009

RE: Internal Audit of On-line Auction Activity

We have completed an internal audit of on-line auction activity administered by the Office of General Services for the period January 1, 2007 to December 31, 2008. Our audit report number 09-7 is attached.

We concluded that controls over sales are adequate, but the notification process could be improved.

Attachment

COUNTY OF LEHIGH, PENNSYLVANIA
ON-LINE AUCTION ACTIVITY
ADMINISTERED BY THE OFFICE OF GENERAL SERVICES

*Internal Audit
for the Period January 1, 2007 to December 31, 2008*

COUNTY OF LEHIGH, PENNSYLVANIA
ON-LINE AUCTION ACTIVITY

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COUNTY OF LEHIGH, PENNSYLVANIA
ON-LINE AUCTION ACTIVITY

Background Information

Since November 2005, the county has utilized an internet-based auction site (*publicsurplus.com*) to sell surplus property to the general public. The office of general services is responsible for oversight of auction activity. Sales fees assessed by the web site are borne by the buyer.

Items typically offered for sale include vehicles, office furnishings, tools, and equipment. Also offered for sale are items seized by the Court as the result of illegal activity (drug dealing and auto theft).

Before items are posted to the web site, they are offered to other county departments for possible in-house use. Property without resale value, as well as property offered but not sold at auction, is discarded.

Total receipts reported from auction sales for 2007 and 2008 amounted to \$69,096 and \$85,144 respectively.



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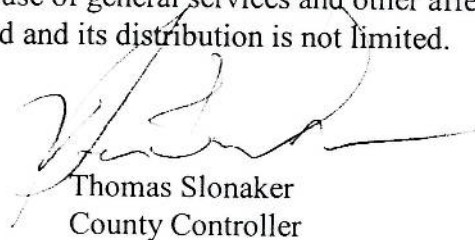
Ms. Patricia Kline, Executive Aide
Office of General Services
Lehigh County Government Center
17 South Seventh Street
Allentown, PA 18101-2400

We have recently completed an internal audit of on-line auction activity administered by the Office of General Services. The scope of our detail testing was January 1, 2007 to December 31, 2008. Our objective was to determine the adequacy of controls over cash handling, surplus inventory safekeeping, and compliance with sale terms.

We conducted our audit in accordance with the "Standards for the Professional Practice of Internal Auditing", promulgated by the Institute of Internal Auditors. Our audit included examination of the accounting records, documentation, discussions with general services and other county personnel, inspection of storage facilities, and such other auditing procedures we considered necessary in the circumstances.

We concluded that controls over on-line sale activities are adequate, but the surplus notification process could be improved. The notification issue is further discussed in the accompanying "Schedule of Auditing Findings and Recommendations".

We wish to thank you and the general services office staff for the cooperation received during the audit. This report is intended for the information and use of general services and other affected county offices. However, this report is a matter of public record and its distribution is not limited.



Thomas Slonaker
County Controller

January 30, 2009
Allentown, Pennsylvania

Final Distribution:

Donald T. Cunningham, Jr., County Executive
Board of Commissioners
Brian L. Kahler, Fiscal Officer
Jan Creedon, Director of General Services

COUNTY OF LEHIGH, PENNSYLVANIA
ON-LINE AUCTION ACTIVITY

Schedule of Audit Findings and Recommendations

1. Weaknesses in the Notification Process

Condition: We found two weaknesses in the process used to notify general services of surplus inventory:

- a) Forms used to report surplus inventory are not pre-numbered.
- b) Not all departments used the intranet form to report surplus.

Centralized reporting and pre-numbered requests would enhance management's ability to track surplus inventory.

Recommendation: Management should require that all requests be sent via the intranet, in compliance with published procedures, and add system-generated numbers to requests.



COUNTY OF LEHIGH
DEPARTMENT OF GENERAL SERVICES

TO: Thomas Slonaker, County Controller
FROM: Pat Kline, Executive Aide
SUBJECT: Internal Audit of On-Line Activity
DATE: February 9, 2009

In response to your internal audit of the on-line auction procedures, I would like to offer the following resolution.

My first step was to supply a form that offices could use to notify my office when surplus items were available. This gave us a method of being informed of the items and allowed us to forward this to the appropriate departments for pick up. It permitted us to gather items on an ongoing basis and post them for redistribution and/or sale without stockpiling items.

We are working on addressing the issues with items that are being moved around without the appropriate forms being filled out. All offices were instructed to use the available forms, however we are finding that some offices are not submitting forms yet they are giving surplus items to our maintenance and work program employees to be removed from their offices.

I will once again send a notice out to all offices that no items will be removed from their offices without the appropriate forms being filled out and submitted. Maintenance and Work Program staff will be informed that they are not to take any items from offices unless they have the appropriate forms for redistribution.

I have also requested our Information Technology department upgrade our system to include numbering on the auction forms. In addition, I requested reports designed to review these forms by a number, office and possibly other pertinent information.

We are always looking to improve our procedures to be more effective and efficient and appreciate any input in this endeavor.

cc: Jan Creedon