

FINDING AND RECOMMENDATIONS

Oklahoma Administrative Code (OAC) 580:70-5-1 states, “(a) An agency shall affix a unique identifier as an inventory tag to all tangible assets. (b) The inventory tag shall be affixed in a location to ensure accessibility by an inventory control officer. (1) An agency shall affix inventory tags in a similar fashion and location on tangible assets similar in nature and use. (2) An agency shall place inventory tags for tangible assets that do not have an affixed tag in a central location readily accessible to inventory control officers...”

Further, per OAC 580:70-1-4(b), “To ensure accuracy of state inventory records, an agency shall develop internal procedures for reporting and maintaining information related to the acquisition, reallocation, relocation and disposition of tangible assets to an inventory control officer.”

Finally, a basic objective of Generally Accepted Accounting Principles (GAAP) is to provide accurate and reliable information.

We selected forty inventory items for testing and noted the following:

- One asset without an inventory tag
- Two assets without inventory tags and also not listed in FATS (Fixed Assets Tracking System)
- Three assets had been disposed of but remained on the asset listing provided:
 - Two of the three had been surplused but remained on inventory records
 - One of the three had been improperly disposed of but remained on inventory records
- One incorrectly tagged asset
- Two assets without descriptions in FATS
- One asset not listed in FATS

We recommend that:

- Management review the exceptions discussed above and perform necessary procedures to correct these errors.
- Management discuss the inventory policy with applicable employees to ensure they understand the policy as well as their responsibilities, and that they are aware of the importance of maintaining accurate records.
- OJA’s inventory policies be reviewed by management to determine which employees should be responsible for updating inventory records for changes.
- Someone other than the personnel responsible for making inventory adjustments review records to ensure required adjustments have been