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**MICHAEL POST, C.P.A., M.B.A.
HARRIS COUNTY AUDITOR**

August 5, 2022

Dear DeWight Dopslauf, Purchasing Agent:

The Harris County Auditor's Office Audit Division has completed an audit of the Purchasing Agent's Office disposition of the County's capital assets. The results of our audit are included in the attached report.

We appreciate the time and attention provided by your team. Please expect an email request to complete our Post Engagement Survey. We look forward to your feedback. If you have any questions, please contact me or Errika Perkins, Chief Assistant County Auditor, 713-274-5673.

Sincerely,

A handwritten signature in blue ink that reads "Michael Post".

Mike Post
County Auditor

Report Copies:

District Judges
County Judge Lina Hidalgo

Commissioners:

R. Jack Cagle
Rodney Ellis
Adrian Garcia
Tom Ramsey
Christian Menefee



INTERNAL AUDIT REPORT
DISPOSITION OF CAPITAL ASSETS
AUGUST 5, 2022

Executive Summary

OVERALL CONCLUSION

Overall, the controls related to the Purchasing Agent's Office (Purchasing) disposition of Harris County's (the County's) capital assets processes were found to be effective. However, an opportunity for improvement was identified regarding access to the Public Surplus Auctioning Site (Public Surplus). The issue was discussed with management, and an action plan was developed that will address the issue identified by August 31, 2022.

SCOPE AND OBJECTIVE

The objective of the audit was to evaluate the design and operating effectiveness of Purchasing's controls over the disposition of the County's capital assets for the 6-month period ending, April 30, 2022.

SUMMARY OF AUDIT ISSUE

Review of Public Surplus role and permission assignments is not performed.

The audit issue, management's action plan to address the issue, and background information regarding this audit are discussed in more detail on the following pages.

AUDIT ISSUE

ISSUE: Review of Public Surplus Role and Permission Assignments is not Performed [High]

What is the Issue: A review of the Public Surplus roles and associated permissions has not been performed to ensure that segregation of duties is enforced and users are only provisioned the minimum necessary permissions to perform their required job duties.

Why it Happened: Management was unaware of the requirements of the Harris County Information Security Access Control Policy.

Why it Matters: Users with excessive permissions could inadvertently perform unintended and/or unauthorized transactions within the Public Surplus.

What is Expected: The Harris County Information Security Access Control Policy states:

C.1.1 Authorized User Access Rights states “Following the Principle of Least Privilege, individuals must only be granted access to the systems, applications and data required to perform their respective job functions.”

C.1.11 Access Certification states “Business Owners must verify the membership, access and contents of the systems, applications and/or resources for which they have primary responsibility on a regular basis (at least once a year), to ensure that only authorized members maintain access to and permissions for the systems, applications and/or resources involved.”

E.1.2 Privileged Account Usage states "Privileged accounts must not be used to perform regular non-administrative job tasks that do not require privileged access. Individual user-level accounts must be used instead.”

What Action(s) are Suggested: Management should work with the Public Surplus vendor to obtain the necessary reports to perform periodic reviews of role and permission assignments to ensure that access to Public Surplus follows the Principle of Least Privilege.



MANAGEMENT'S ACTION PLAN

Responsible Party: Jerry Villaneuva, Purchasing Services Manager

Management will perform the following:

1. Work with Public Surplus to obtain information regarding user permissions for review.
2. Review user permissions twice a year to ensure permissions match their job functions (maintain screen shots of user permission)
3. Suspend permissions of employees no longer employed by HC Purchasing Services immediately

Due Date: August 31, 2022

BACKGROUND

The Purchasing Services division of the County's Purchasing Office is responsible for the County's inventory records, transfers, sales, and disposition of the County surplus, salvage and/or abandoned property. Other responsibilities include operation of the surplus warehouse, organize and post items on the surplus auction site, repurpose surplus goods to County departments in need, accept payment from customers for items sold, complete department review of inventory for accurate records, and inspection and tagging of new fixed assets.

ACCOUNTABILITY

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards). The Standards require that we comply with the Code of Ethics and obtain reasonable assurance that significant risks to the activity are minimized to an acceptable level.

The engagement's scope did not include a detailed inspection of all transactions. There is a risk that fraud or errors were not detected during this engagement. Therefore, the official retains the responsibility for the accuracy and completeness of their financial records and for ensuring sufficient controls are in place to detect and prevent fraud, errors, or omissions.

