



Performance Audit

State Surplus

Logistics and Operations Support Division, Office of Support Services, Department of Technology, Management, and Budget

Report Number:
071-0139-14

Released:
December 2014

The Management and Budget Act (Act 431, P.A. 1984) authorizes the Department of Technology, Management, and Budget (DTMB) to dispose of all State surplus personal property (surplus). State Surplus manages all surplus disposals, except for information technology equipment. Surplus is transferred to other State agencies, donated to nonprofit organizations, recycled, discarded, or sold to the general public. DTMB assists local governments, school districts, and community colleges in the sale of their respective surplus. Also, DTMB has an agreement with the Transportation Security Administration to sell voluntarily abandoned property from various airports within the State, and the State retains the revenue generated from these sales.

Audit Objective			Audit Conclusion
Objective 1: To assess the effectiveness of State Surplus' efforts to ensure the accuracy and completeness of revenues from asset sales.			Not effective
Finding Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
State Surplus did not maintain sufficient segregation of duties over the collection and recording of revenue, which could result in the misuse of surplus inventory or sales revenue (<u>Finding 1</u>).	X		Agrees

Audit Objective			Audit Conclusion
Objective 2: To assess the effectiveness of State Surplus' efforts to ensure that surplus assets were properly inventoried, sold, or disposed.			Not effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
State Surplus did not maintain sufficient records to accurately account for the disposition of surplus items received from State agencies. As a result, State Surplus could not document the disposition of many of our sampled items (<u>Finding 2</u>).	X		Agrees

Findings Related to This Audit Objective (Continued)	Material Condition	Reportable Condition	Agency Preliminary Response
State Surplus did not monitor access to the vault when Department of Treasury unclaimed property was kept in the vault although four vault keys existed (<u>Finding 3</u>).		X	Agrees

A copy of the full report can be
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<http://audgen.michigan.gov>

Office of the Auditor General
201 N. Washington Square, Sixth Floor
Lansing, Michigan 48913

Doug A. Ringler, C.P.A., C.I.A.
Auditor General

Laura J. Hirst, C.P.A.
Deputy Auditor General