April 16, 2015

Mark McGurk  
Vice President for Business Affairs  
University of Texas of the Permian Basin  
4901 E. University Boulevard  
Odessa, Texas 79762  

Dear Mr. McGurk:

As part of the Audit Plan for fiscal year 2015, we have completed the laptop and tablet inventory audit. The objective of our audit was to determine if appropriate documentation is being maintained for laptop and tablet devices in an effort to ensure the proper disposition and control of those items.

Overall, we were able to account for all laptop and tablet devices that were tested. We did note two findings related to internal control at the department level. These, along with their recommendations, are discussed more fully in the attached report.

We wish to express our appreciation to management and staff of UTPB for the courtesy and cooperation extended to us during this audit.

Sincerely,

Glenn Spencer  
Director of Internal Audit – UT Permian Basin  
UT System Audit Office

cc:  
Dr. W. David Watts, President, University of Texas of the Permian Basin  
J. Michael Peppers, Chief Audit Executive, UT System Audit Office  
Eric Polonski, Assistant Director, UT System Audit Office  
Randy Wallace, Associate Vice Chancellor–Controller, UT System  
Dr. Pedro Reyes, Executive Vice Chancellor for Academic Affairs, UT System  
Alan Marks, Assist. Vice Chancellor for Academic Affairs, UT System  
Ed Osner, Legislative Budget Board  
Candice Woodruff, Governor’s Office  
State Auditor’s Office  
Sunset Commission
University of Texas
of the Permian Basin

Laptop & Tablet Inventory
Audit Report

April 2015

Office of Internal Audit
4901 E. University
Odessa, Texas 79762
Table of Contents

Executive Summary ........................................................................................................... 3
Background ...................................................................................................................... 3
Audit Objectives ............................................................................................................. 3
Scope and Methodology ............................................................................................... 4
Audit Results .................................................................................................................. 4
Conclusion ...................................................................................................................... 5
Executive Summary

As part of FY 2015 Audit Plan, we have completed the Laptop and Tablet inventory audit. The objective of our audit was to determine if appropriate documentation is being maintained for laptop and tablet devices in an effort to ensure the proper disposition and control of those items. At the time of our audit, we noted a total of 445 devices listed in the PeopleSoft inventory, consisting of 371 laptops and 74 tablets. We tested a total of 62 units in three departments, consisting of 32 laptops and 30 tablets.

In summary, we were able to account for all laptops and tablets that were tested. However, there were two issues regarding internal control that we noted:

- Current records are not always being maintained as to the disposition and location of laptops and tablets assigned to departments.

- Not all laptops and tablets that are removed from the University for off-campus use have a completed “UTPB Request to Remove Property from Inventory” form on file, as required by UTPB policy.

Background

The President of the University of Texas of the Permian Basin (UTPB) is ultimately responsible for property in possession of the University. The Vice President for Business Affairs has been designated as the Property Manager. Responsibility for the day to day care and accountability of property has been delegated to the department heads. They are responsible for maintaining appropriate records, for completing an annual physical inventory of university property assigned to their departments and for ensuring that university property is used for official purposes only. The asset management function is located within the Accounting department and is responsible for assuring that State requirements and UTPB procedures are followed. Accounting maintains a listing of all inventory items costing $500 or more. The Information Resources Department (IRD) is responsible for maintaining current records of all computer related equipment, including desktops, laptops and tablets, regardless of cost.

Audit Objectives

The objective of our audit was to determine if appropriate documentation is being maintained for laptop and tablet devices in an effort to ensure the proper disposition and control of those items.
Scope and Methodology

Out of a population of 445 laptops and tablets combined, we tested a total sample of 62 devices, consisting of 32 laptops and 30 tablets at the following locations: Continuing Education, Center for Energy and Economic Diversification (CEED), and the John Ben Shepperd Public Leadership Institute. We tested our sample for: 1) accurate departmental records/control listing being maintained as to location and/or disposition; 2) supporting documentation on file indicating items loaned or transferred; and 3) confirmation of existence, either through visual inspection or other means.

Our audit was conducted in accordance with the Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing*.

Audit Results

**Finding #1: Departmental Inventory Listings**

At the commencement of our fieldwork, Continuing Education was not able to provide documentation indicating the disposition and location for each of the 32 laptops and tablets tested. A number of units had been loaned out to other offices and departments within the University. Subsequently, the department did provide documentation as to the disposition and location of each item, which we were able to visually confirm.

For the 22 laptops and tablets tested at CEED, 3 of the items were not physically present at the location indicated on the departmental inventory listing. Subsequently, the department was able to provide documentation as to the disposition and use of the 3 items.

**Recommendation:** To ensure proper controls and to minimize the risk of loss due to theft or misplacement, each department should keep up-to-date inventory records of laptops and tablets it is responsible for, indicating information such as item description, inventory number, and location.

**Management Response:** We concur. As part of the AFR, the Accounting Office conducts the annual inventory of movable equipment. The documentation of the departmental inventory listing is already required to be maintained. The inventory listing is validated during the inventory process.

**Implementation Date:** August 31, 2015
Finding #2: Equipment Tracking of Off-Campus Use

Per UTPB policy, when equipment is removed from campus, a “UTPB Request to Remove Property from Inventory” form must be completed and signed. Out of the 62 laptops and tablets tested in our sample, we noted 2 laptops and 2 tablets that were being used off-site, for which an equipment removal from campus form was not on file. 3 of these items belonged to Continuing Education and 1 item belonged to CEED. Subsequently, these forms were completed and provided to us.

Recommendation: In order to maintain accountability and ensure accurate tracking of loaned out equipment, each department should maintain a signed equipment loan form for every item assigned or loaned out to individuals and other departments. Departments should also maintain a signed equipment removal from campus forms for each item that is to be used off-campus.

Management Response: We concur. We will send a communication to the campus to remind them of their fiduciary responsibility for the laptops and tablets under their control and request that the proper documentation be maintained.

Implementation Date: August 31, 2015

Conclusion

While we did note two findings as discussed above, we were able to account for all laptop and tablet devices that were tested. The recommendations contained in this report are to improve departmental documentation and record-keeping in order to maintain adequate control over the use and disposition of laptops and tablets, and to minimize the risk of loss or misplacement.