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## Department of Administrative Services

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OFFICE OF THE STATE  
INSPECTOR GENERAL

Sonny Perdue  
Governor

Brad Douglas  
Commissioner

February 14, 2007

Inspector General Elizabeth Archer  
Office of the State Inspector General  
2 Martin Luther King, Jr. Drive, SW  
Suite 1102, West Tower  
Atlanta, GA 30334-9000

Re: File 06-073

Dear Inspector General Archer,

I have reviewed your recommendations to improve the security of the Surplus Property Division's facilities with the program director, Steve Ekin. I not only concur with the recommendations but have approved any necessary funds to accomplish their implementation.

All of the recommendations have been implemented except for the warehouse management software authorization procedure. The current system is simply not sophisticated enough to support this functionality. We are in the process of developing the requirements for replacement systems that will include warehouse management and point-of-sales capability. Be assured that the recommended security capability will be a requirement of any system that is implemented. I have attached documentation of the corrective actions that have been taken as well as a copy of the implemented security policy.

I appreciate the thoroughness and professionalism of you and your staff, particularly Deputy Inspector General Phil Walker. His "on-the-spot" recommendations were a tremendous benefit to immediately improving the security of the surplus facilities. Thank you for your assistance in this matter.

Sincerely,

Brad Douglas  
Commissioner

Georgia Department of Administrative Services  
Surplus Property Division

February 14, 2007

**MEMORANDUM**

TO: June Jones, Swainsboro Center Manager  
Lisa Moghazy, Surplus Operations Manager  
Gary Parker, Americus Center Manager  
Will Smith, Tucker Center Manager

FROM: Steve Ekin, Surplus Property Division

SUBJECT: Surplus Property Warehouse Access, Facilities Security, Vehicle Control,  
Revenue Security Policies

Effective immediately, the following policies are to be implemented:

**Customer Warehouse Access**

- All customers are required to sign-in on the centers' customer log. This log is used to verify a customer's authority for access to the warehouse as well as to maintain statistics on public customers shopping habits. While this log is subject to the provisions of open records legislation, it will not be utilized to develop marketing lists to the public unless specifically requested by the customer.
- Customers are not normally permitted in receiving, administrative or other sensitive areas. Customers must be accompanied by a staff member if they must be in one of these areas. The center manager or supervisor must be notified if a customer is in one of these areas.

**Children**

- Due to safety and liability concerns, children under the age of 12 are not permitted in the warehouse. Children may wait in the customer waiting area, but must be accompanied by a parent or guardian at all times.

**Donee Warehouse Access**

- Except for public sales requirements, only authorized representatives from eligible donee agencies may enter a warehouse or acquire surplus property. Access is determined through the Surplus Reception system. All customers MUST receive a "pass" from the reception system PRIOR to entering the surplus center.
- Temporary passes may be requested by eligible agency representatives. The request must be made in writing on the requesting agencies' letter head to the appropriate center and is valid only for the visit date specified in the request.

- These customers must be issued a temporary pass and a copy of this pass is to remain on file for a period of three years.

### **Public Sales**

- Each center has established a "retail" location in the facility that has been physically segregated from the property for eligible donees. This area must be staffed anytime there is a customer present. The public may enter this area only during established sales times.

### **Facility Security**

We are responsible to operate our business in a safe and efficient manner. Since our employees are our most valuable resource, their safety is the primary concern in all operational decisions. Another concern is safe-guarding the property and facilities entrusted to the division. Facilities security encompasses more than locking the doors and gates each evening.

- Center managers are responsible for the overall facility security. Employee access (keys and alarm codes) to the facility must be kept to the minimum necessary for efficient operations. Managers are required to view alarm access reports weekly and print and maintain monthly files on all building/alarm access.
- Personnel with access codes are not to share codes with any other personnel. It is the managers' responsibility and discretion to determine the legitimate need for an employee to have an access code.
- Access codes must be changed quarterly at a minimum.
- Keys issued to any employee will be recorded in the employee's property record. Managers will ensure that the keys are returned upon the employee's departure. Final paycheck will be withheld until keys are returned.
- If after hour access is needed at any center, the employee must notify the manager via e-mail that they plan to or have entered the building. They must also notify their manager when they leave the center.

### **Vehicle, Titles and Keys**

- Since the loss of a vehicle represents a significant financial liability to the state, vehicle inventories must be 100% accurate at all times.
- Full physical inventory of the centers' vehicles will be conducted weekly, at random times of the manager's choosing. Results of the inventory will be maintained for 1 year.
- Vehicle titles and keys must be maintained in a double locked area that is not readily available to the public. Double locking includes a locked door as well as a safe. The safe may be an approved file cabinet. At a maximum, only three persons are to have the combination/keys to these items; center manager, supervisor, administration clerk. Other staff may have access to these items to assist customers, but the managers are responsible to ensure that all keys and titles are accounted for with 100% accuracy at all times.
- Titles should only be removed from the file once a transfer or sale is completed and the vehicle is paid for. The center manager must sign the title as the transfer

authority and under no circumstance will the titles be signed until the transfer or sale is completed and the vehicle is paid for.

### **Revenue Control**

As a proprietary entity, the Surplus Property Division is funded through service charges and the sale of property to the public. Managers are responsible for ensuring that all revenues and funds are controlled with 100% accuracy.

- Under no circumstances will cash (including checks, money orders, etc.) be stored other than in the center safe.
- Acceptable forms of payment for Surplus internet and retail sales are: US currency, certified cashier's check, money order, MasterCard, Visa, and company or personal check.
- Acceptable forms of payment for transfers to non-profits and municipalities are organizational credit card or check.
- Acceptable forms of payment for transfers to state agencies are agency credit card or check, or purchase order.
- At a minimum funds will be deposited into the agency bank account by close of business of each Friday or whenever the deposit amount is \$5000 or greater. Deposits of course may be made sooner at the manager's discretion. Deposits will be made to the local branch of the department's bank in a sealed, sequentially numbered deposit envelope. The manager shall maintain a separate deposit log with the date and amount of deposit as well as the envelope's sequential number.
- A transmittal letter (TL) or direct deposit proceeds (DDP) form for all revenue received in the week will be sent to DOAS Fiscal Services prior to the close of business on Friday of each week and may be accomplished more frequently at the manager's discretion. In no case will DDPs or TLs be processed more than 5 business days after the deposit of revenue is made.
- Center managers will ensure that the centers' cash registers X and Z tapes are run each day regardless if any cash sales are made. The X tape may be run at any time during the day and should be run to verify receipts between operators. The Z tape must be run at the end of the day to "zero" the register. The tape is used to balance the daily receipts. Americus and Swainsboro centers will maintain a cash drawer balance of \$100 and Tucker will maintain a balance of \$150.
- Centers will maintain petty cash fund according to procedures established by SAO and DOAS Fiscal Services. Petty cash audits will be conducted at least quarterly.

Managers are responsible to ensure 100% compliance with this policy and the procedures. They will provide a copy of this memorandum to each employee, discuss the policy with all staff members and enter employee acknowledgement in the employee journal.

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## Status of Recommendations by the GA Inspector General for Surplus Operations

### Warehouse Access Control

#### 1. **Establish a controlled access area for all individuals entering the surplus property area.**

- The customer entrance has been cordoned off, directing customers to the sign-in log book. Appropriate signage has been installed directing all customers to sign in.
- We are extending the "retail" fence to enclose an area for internet sales property. This will restrict all public sales customers to an area of the warehouse where staff is always available to monitor and assist customers.
- A contract has been awarded for the installation of a driveway access gate to prohibit unauthorized personnel from entering the vehicle lot. Employees will have access cards so that codes can not be shared. Card access is required for entering and leaving the lot to prevent unpaid vehicles from leaving. Customers' access is controlled by sales desk personnel. All access will be recorded on a computer. Anticipate completed installation in Tucker by Feb 15, 07. RFP's are being prepared for the other centers.
- Retractable security gates have been installed on the dock doors. The doors may remain open for ventilation but the gates are to remain closed unless they are actively being used.
- All emergency exits on the rear of the building have individual alarms. Alarms will activate when door is open. Alarm may only be silenced by the warehouse manager or supervisor.
- The administration office doors from the warehouse and the employee locker rooms now have cipher locks.

#### 2. **Segregate the warehouse administrative area to an area permitting access to authorized personnel only.**

- A four foot wall has been constructed around the sales administration area and appropriate signage (Authorized Personnel Only) has been installed.

#### 3. **Consider adopting procedures that require the warehouse administrative area to have an attendant at all times, unless otherwise secured.**

- This requirement has been implemented in an internal policy memorandum and has been distributed to surplus employees. Receipt of the policy has been documented in the employees' personnel file.

**4. Consider distributing a memorandum emphasizing Surplus Property Division's sign in policy.**

- This requirement has been implemented in an internal policy memorandum and has been distributed to surplus employees. Receipt of the policy has been documented in the employees' personnel file.

**5. Consider placing the file cabinet in a secure office. In addition, separate the keys for the cages, vehicles, and heavy equipment from the document file.**

- The file cabinet has been moved to the manager's office and replaced with a locking safe.
- The manager's office has been equipped with a cipher lock so that the door is always locked when it closed.
- Keys have been moved to a locking key cabinet within the sales area.

**6. Consider installing lights appropriately placed on the building's exterior and rear parking lot.**

- Exterior lighting has been repaired or installed on all accessible sides of the facility to maximize CCTV system effectiveness.

**7. Consider installing a surveillance monitoring system on the interior and exterior of the building.**

- Closed Circuit Television (CCTV) systems have been installed at all centers. Systems include day/night cameras, digital video recording and "burning" capability.
- Systems are web enabled allowing management to access views from the internet. We will continue to monitor the effectiveness of the system and add or move cameras as we identify weaknesses in the coverage.

**Facility and Key Alarm Access**

**1. Consider periodically changing the alarm access codes.**

- Security system access codes will be changed quarterly. This requirement has been implemented in an internal policy memorandum and has been distributed to surplus employees. Receipt of the policy has been documented in the employees' personnel file.

**2. Consider limiting the number of employees possessing alarm codes.**

- Any codes that were issued for "convenience" have been removed from the alarm system. Managers, supervisors and staff with an established need have been given new access codes (currently a total of 5 in Tucker).
- This requirement has been implemented in an internal policy memorandum and has been distributed to surplus employees. Receipt of the policy has been documented in the employees' personnel file.

**3. Establish a written policy restricting alarm access disclosure by senior employees.**

- This requirement has been implemented in an internal policy memorandum and has been distributed to surplus employees. Receipt of the policy has been documented in the employees' personnel file.

**4. Establish a key control system.**

- Keys have been issued only to managers, supervisors and staff with an established need. Receipt has been documented in the individual's department property record.
- This requirement has been implemented in an internal policy memorandum and has been distributed to surplus employees. Receipt of the policy has been documented in the employees' personnel file.

**5. Consider limiting the number of facility keys issued.**

- Keys have only been issued to managers, supervisors and staff with an established need. Receipt has been documented in the individual's department property record.
- This requirement has been implemented in an internal policy memorandum and has been distributed to surplus employees. Receipt of the policy has been documented in the employees' personnel file.

**Proper Handling of Sales Proceeds****1. Consider establishing written policies and procedures for methods of payment for Internet purchases of surplus property.**

- This requirement has been implemented in an internal policy memorandum and has been distributed to surplus employees. Receipt of the policy has been documented in the employees' personnel file.

**2. Consider establishing written policies and procedures regarding bank deposits, specifying that payments requiring deposit into the state's account never remaining the office overnight.**

- This requirement has been implemented in an internal policy memorandum and has been distributed to surplus employees. Receipt of the policy has been documented in the employees' personnel file.
- The policy requires that deposits are made within specified parameters. Staffing, operations and bank locations limit the ability to make nightly deposits. Each facility is equipped with a safe and the policy requires that all funds be stored in a double locked (office and safe) area.

**3. Consider reviewing the procedure that allows persons other than the recipient of the sales proceeds to make a bank deposit.**

- Staffing limitations make it impractical to require that the proceeds recipient make their own deposit. We have instituted the use of sequentially numbered, tamper evident deposit bags for each deposit. The bag and deposit numbers will be logged for each transaction.
- This requirement has been implemented in an internal policy memorandum and has been distributed to surplus employees. Receipt of the policy has been documented in the employees' personnel file.

**4. Consider updating the surplus property's inventory system requiring a password for authorized users.**

- The present warehouse management program (FoxPro) in its current configuration does support individual passwords for access. It is not sophisticated enough to track individual user transactions. This issue is well known to surplus management. It has been identified as a business requirement in the replacement warehouse management system.