



**U.S. DEPARTMENT OF COMMERCE**  
**Office of Inspector General**

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## **U. S. Census Bureau**

*Census Has Improved Accountability for  
Laptops and Other Personal Property,  
But Additional Improvements Are Needed*

*Final Audit Report No. IG-18387-1 (OA)/September 2007*

**PUBLIC RELEASE**

*Office of Audits*



SEP 28 2007



UNITED STATES DEPARTMENT OF COMMERCE  
The Inspector General  
Washington, D.C. 20230

**MEMORANDUM FOR:** Charles Louis Kincannon  
Director  
U.S. Census Bureau

**FROM:** Elizabeth T. Hanlow  
*E. Hanlow*  
Acting Inspector General

**SUBJECT:** *Census Has Improved Accountability for Laptops and Other Personal Property, but Additional Improvements Are Needed*  
Final Audit Report No. IG-18387-1 (OA)

Attached is the final report on our audit of the effectiveness of the Census Bureau's internal controls for its accountable personal property. We are aware the bureau is expending significant effort to implement Department-wide and Census initiatives to address weaknesses in its internal controls over accountable property, and we expect these initiatives will improve the bureau's property management.

Our review of internal controls to protect and control accountable personal property found the Census Bureau has made considerable progress in strengthening its internal controls. However, we believe that continued management attention will be necessary to maintain ongoing efforts to address identified weaknesses, prevent the relaxation of recently strengthened internal controls, and ensure that property management remains a priority. We summarize the results of our review on page i. A list of our recommendations is on page 12.

In its response to our draft report, the Census Bureau expressed agreement with four of the five recommendations, noting that steps to address the recommendations had been taken or were planned. While Census disagreed with the recommendation that called for the consideration of property value in eliminating the backlog of property boards of review (PBR) cases, actions taken by the Bureau are consistent with the intent of our recommendation and we modified our finding and recommendation accordingly. The Bureau's response is summarized in the report and included in its entirety as Appendix I.

In accordance with Department Administrative Order 213-5, please provide us with an audit action plan that addresses all of the report recommendations within 60 days of the date of this memorandum. If you would like to discuss the contents of the final report, please contact me at (202) 482-4661 or John Seeba, Assistant Inspector General for Auditing, at (202) 482-5910.

We appreciate the cooperation and courtesies your staff extended to us during our audit.

Attachment



cc: Ted Johnson, Associate Director for Administration and Chief Financial Officer  
Richard Swartz, Associate Director for Information Technology and Chief  
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Marilia Matos, Associate Director for Field Operations  
Preston J. Waite, Deputy Director and Chief Operating Officer

## CONTENTS

|   |    |
|---|----|
| SUMMARY .....   | i  |
| INTRODUCTION .....  | 1  |
| OBJECTIVES, SCOPE, AND METHODOLOGY .....  | 4  |
| FINDINGS AND RECOMMENDATIONS .....  | 6  |
| Census Has More to Do to Improve and Strengthen Accountable<br>Property Internal Controls ..... | 6  |
| A. Weaknesses in Personal Property Management.....  | 6  |
| B. Corrective Actions Already Implemented or Planned by Census .....                            | 7  |
| C. Additional Improvements Needed to Strengthen Internal Controls .....                         | 8  |
| D. Recommendations .....  | 12 |
| E. Census Response .....  | 12 |
| F. OIG Comments .....   | 12 |
| APPENDIX I: Census Bureau’s Complete Response to Draft Audit Report                             |    |

## SUMMARY

On September 14, 2006, the Secretary of Commerce requested the Inspector General to determine the extent of problems in protecting sensitive personal information at the Census Bureau and assess the bureau's property management policies and practices. This report details the results of our audit of the bureau's property policies and practices. A separate report issued by the Office of Systems Evaluation details the results of its review of the bureau's efforts to improve information technology security and protect sensitive personal information.

On September 21, 2006, following both a Freedom of Information Act and a congressional request regarding the compromise of sensitive personal information and lost laptops, the Department issued a press release stating that 1,138 laptops had been lost Department-wide. Of that number, 672 belonged to Census. On September 22, 2006, Commerce received a second congressional request relating to information on missing laptop computers, thumb drives, handheld devices, and computer data disks since January 2001.

### Weaknesses in Personal Property Management

From January 2001 until September 2006, the time period for which the bureau reported 672 lost/missing/stolen laptops, personal property management at Census suffered from a number of weaknesses, including inadequate attention to property management, inactive property boards of review, and inadequate procedures for recovery of laptops. (See page 6.) During our review, we were told by various Census officials that prior to 2006 the recovery of lost/stolen laptops and other accountable property had not been a priority.

### **Quick Facts**

- Census headquarters is located in Suitland, Maryland, with 12 regional offices around the country, and a processing center in Jeffersonville, Indiana.
- The Administrative and Customer Services Division (ACSD) is responsible for Census's Automated Property Management System (APMS) and physical inventories.
- As of March 8, 2007, Census owned about 42,000 pieces of accountable property (such as laptop computers, personal computers, photocopy machines, and video cameras) valued at approximately \$188 million.

### **Weaknesses in Census Bureau Personal Property Management**

#### **Inadequate Attention to Property Management**

- Inventory results were not consolidated and analyzed
- Census does not have a full-time property management officer

#### **Inactive Property Boards of Review**

- Property review boards were discontinued in the 1990s reportedly because it wasn't clear how they should be implemented

#### **Inadequate Procedures for Recovery of Laptops**

- Census officials stated that the recovery of lost/missing/stolen laptops had not been a priority
- Until media reports raised concerns in 2006, recovery procedures for regional offices had not been updated since June 2000

Corrective actions already implemented or planned

We found that Census has taken and planned a number of actions to address weaknesses in personal property management. (See page 7.) In an October 3, 2006 memorandum, the Deputy Secretary assigned the offices of the Chief Information Officer and the Chief Financial Officer and Assistant Secretary for Administration responsibility for coordinating a Department-wide corrective action plan to address lax management of personal property and protect sensitive information. Census has been implementing the Department-wide corrective action plan and has also initiated corrective actions of its own. Increased management efforts have resulted in the recovery of about 120 laptops at headquarters and the regional offices since September 2006.

**Corrective Actions to Address Weaknesses**

**Increased Attention to Property Management**

- *Emphasis on personal property management in performance plans*
- *Preparations to conduct OMB Circular A-123 reviews*

**Reactivated Property Boards of Review**

- *Re-establish property boards of review*

**Improved Management of Laptops and Recovery Procedures**

- *Consolidate management of headquarters laptops*
- *Standardize laptop recovery procedures in the regional offices*

Additional improvements are needed to strengthen internal controls

Despite the actions already taken, Census needs to further strengthen internal controls over its accountable property by doing the following:

- **Transactions should be recorded promptly. (See page 8.)** Our review found the property management system was not always current because transactions involving property were often not recorded in APMS promptly. We recommend that the Census Bureau director take appropriate action to ensure that transactions are promptly recorded into APMS; all accountable property on hand at the time of an inventory is recorded into APMS; the backlog of Personal Property Control forms (CD-50s) is eliminated; and equipment no longer in use is properly and promptly excessed.
- **Execution of inventory procedures needs improvement. (See page 10.)** Inventories conducted at headquarters and in regional offices should be performed effectively and efficiently. We found that regional offices did not always use a sweeper (the member of the inventory team responsible for ensuring that all items are scanned and marked as inventoried) during their inventories, and headquarters also encountered difficulties in performing its inventories. We recommend that the Census Bureau director take appropriate action to ensure that guidance on conducting inventories which emphasizes the segregation of duties is issued.
- **Property management policies and inventory procedures need to be consolidated. (See page 11.)** Guidance on conducting inventories, recovering laptops, and excessing equipment is found in a number of different

memorandums issued over many years. To ensure roles and responsibilities of property management officials are clear, we recommend that the Census Bureau director take appropriate action to ensure that the internal policies and procedures for handling accountable property are consolidated into a cohesive guiding document that is routinely updated and readily accessible.

- **Property boards of review need to be convened as necessary to ensure that no future backlog of cases accumulates. (See page 11.)** Census reinstated property boards of review to address a backlog of about 800 missing, lost, or stolen property items. In addition to eliminating its backlog of cases, Census stated that new cases resulting from its April/May 2007 inventory were being reviewed. We recommend that property boards of review are convened as necessary to ensure that not future backlog of cases accumulates.
- **Property management officer's responsibilities should be evaluated. (See page 11.)** Although the large volume and value of its geographically-dispersed property poses a significant control challenge for Census, the bureau does not have a full-time property management officer. We recommend that the Census Bureau director take appropriate action to ensure that the current responsibilities of the property management officer are assessed to determine whether to create a full-time position solely dedicated to property management.

In its response to our draft report, Census agreed with four of the five OIG recommendations and stated that it has already taken or initiated corrective actions to address those recommendations. Census disagreed with the draft recommendation that called for the property value of items to be considered in the elimination of the backlog of property boards of review (PBR) cases. However, the Bureau's establishment of PBRs to eliminate its backlog of cases and its current procedure to convene PBRs as property is reported as lost, missing, or stolen is consistent with the intent of our recommendation that the backlog of PBR cases be eliminated. We modified this recommendation to reflect recent efforts to address the backlog and remove property value as a consideration in convening PBRs.

## INTRODUCTION

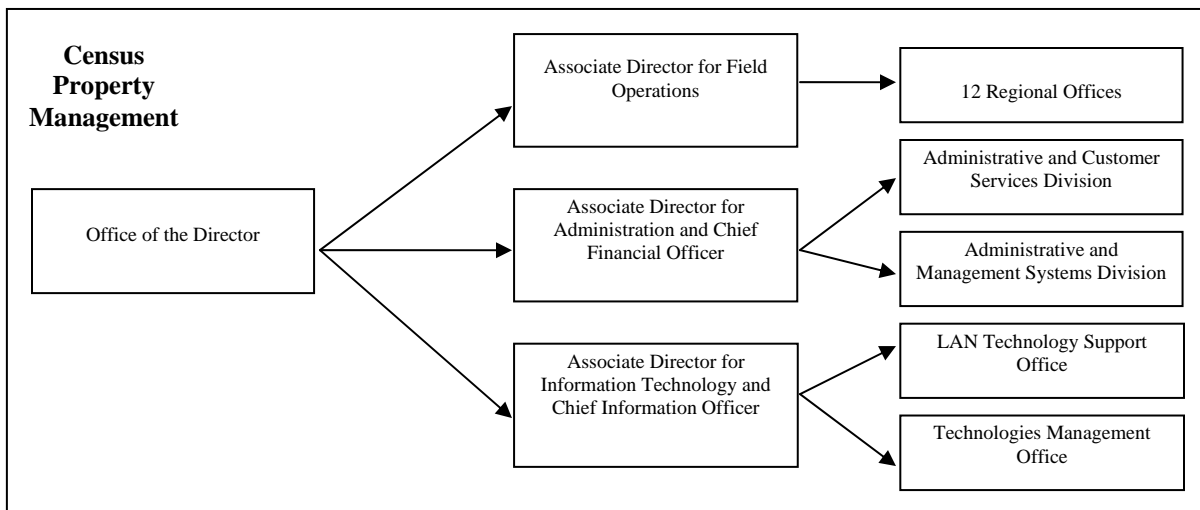
The May 2006 Department of Veterans Affairs announcement that computer equipment containing the personal information of approximately 26.5 million veterans and active duty members of the military had been stolen from the home of a VA employee ignited government-wide concern about data breaches at federal agencies.

In a memo dated September 14, 2006, the Secretary of Commerce requested the Commerce Inspector General to determine the extent of problems protecting sensitive personal information at the U.S. Census Bureau and to assess that bureau's property management policies and practices. The Office of Inspector General's Office of Systems Evaluation is issuing a separate report on its review of the bureau's efforts to improve information technology security and protect sensitive personal information. This report from OIG's Office of Audits assesses the bureau's property management policies and practices.

### How Census Manages Accountable Property

Census maintains significant accountable property at its headquarters in Suitland, Maryland, in 12 regional offices around the country, and at a processing center in Jeffersonville, Indiana. As of March 8, 2007, the bureau's Automated Property Management System (APMS) reported that Census owned about 42,000 pieces of accountable property including laptop computers, personal computers, photocopy machines, and video cameras valued at approximately \$188 million.

The Census Bureau's *Policies and Procedures Manual* (Chapter K-9, dated September 10, 2001), defines *accountable property* as (1) having a cost of \$5,000 or more, having a life expectancy of 2 years or more, and retaining its identity during use, or (2) being a sensitive property item. Sensitive property is property that converts easily to personal use and has a high potential for theft. All accountable property owned by the bureau must be tracked in APMS.



Source: OIG/Office of Audits



Within Census, responsibilities for property management are divided as follows:

- The Office of the Chief Financial Officer's Administrative and Customer Services Division (ACSD) manages APMS and physical inventories of accountable property. The Administrative and Management Systems Division programs, maintains, and updates APMS. The bureau's property management officer is the assistant chief of ACSD, and the bureau's property accountability officer is the chief of the Property, Records and Transportation Management Branch.
- Field Division, which reports to the associate director for field operations, is responsible for all laptops in the regional offices. Headquarters division chiefs and the directors/managers of the regional offices and field offices serve as the bureau's property custodians.
- Within the Chief Information Officer's office, the Local Area Network Technology Support Office is responsible for purchasing and maintaining personal computers, monitors and laptops for headquarters and the National Processing Center in Jeffersonville, Indiana. The Technologies Management Office (TMO) is responsible for the acquisition and distribution of IT equipment for field representatives in the regions.
- All Census personnel are responsible for the proper use, care, and protection of personal property in their possession, custody, or control. Employees are also required to report immediately to appropriate officials any personal property that is out of service, lost, or missing.

#### Commerce Investigates Lost Laptops and Compromised Sensitive Personal Information

Between June and September 2006, the Department received a Freedom of Information Act request and two congressional requests regarding the compromise of sensitive personal information and the loss of laptops. On September 21, 2006, Commerce issued a statement describing Department-wide loss of 1,138 laptops (249 containing personally identifiable information) and 297 incidents involving the compromise of personally identifiable information. The bulk of the lost laptops (672 since January 2001) and personally identifiable information incidents (291 since January 2003) occurred at the Census Bureau. Of the 672 laptops missing from Census, 342 (51 percent) belonged to field offices and 330 (49 percent) belonged to headquarters.

The Deputy Secretary of Commerce instructed a team led by his senior advisor to identify the scope of the loss of sensitive personal information, assess the adequacy of data security on the information that was lost, and determine whether it was possible for Census to learn the identities of and notify any persons whose sensitive personal information was lost. That investigation was completed on October 3, 2006. In a memorandum detailing the team's findings, the Deputy Secretary's senior advisor stated the bureau's reported instances of lost, stolen, or missing electronic equipment and paper records were as accurate as possible given the bureau's reliance on self-reported data and existing weaknesses in the personal property inventory management system. The

memorandum also reported that someone with only moderate skill could gain access to sensitive information on the laptops and passwords on handhelds did not comply with Commerce policy. In addition, the memorandum noted that while Census was able to identify and notify all households whose data were missing on handheld devices, the bureau was not able to identify the individuals or households whose data were on missing laptops and thumb drives.

#### Department and Bureau Initiate Actions to Address Weaknesses in Internal Controls

In an October 3, 2006 memorandum, the Deputy Secretary tasked the Chief Financial Officer and Assistant Secretary for Administration and Chief Information Officer with developing and coordinating an aggressive Department-wide corrective action plan to address lax management of personal property and protect sensitive information. They were directed to report on this issue weekly to the Deputy Secretary and monthly to the Secretary. The Department is continuing to track Census's progress in strengthening its internal controls over accountable property by monitoring the bureau's efforts to implement the Department-wide plan.

In addition to implementing the Department-wide plan, the Census Bureau has initiated corrective actions of its own. Increased management attention and aggressive efforts by Census property management officials have resulted in the recovery of about 120 laptops at headquarters and the regions since September 2006. Census has also conducted regular property management seminars since January 2007 to educate bureau personnel. The seminars emphasize that all bureau staff are responsible for managing accountable property and explain the roles of property management officials.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

This review was conducted in response to a September 14, 2006, memorandum from the Secretary of Commerce requesting that the Inspector General assess personal property management and policies at the Census Bureau. The objective of this review was to determine the effectiveness of internal controls over accountable property at the bureau. We did not seek to test the accuracy of Census's reported numbers of missing laptops and other accountable property. We examined Census reports on missing property but did not validate their accuracy.

We reviewed Census Bureau's policies and procedures and assessed internal controls over accountable personal property. Our emphasis was on the missing/lost/stolen laptops reported to Congress for the period 2001 to 2006. We identified the weaknesses that existed during the time the laptops went missing and the corrective actions that had been taken or were planned, and determined which weaknesses still remained. We examined internal controls such as physical control over vulnerable assets, segregation of duties, and execution, recording, and documentation of transactions and events.

We met with Census officials and their staff at their headquarters in Suitland, Maryland. These officials included the chief and assistant chief of ACSD, the chief of the Field Division, the chief information officer, the chief of Technologies Management Office, and the former chief of the Property Records and Transportation Management Branch of ACSD. We also interviewed the chief of Management Services of the Administration and Management Services Division by telephone. In addition, we discussed Department-wide efforts to strengthen internal controls over accountable personal property with the acting director of the Department's Office of Administrative Services and his staff who are taking the lead to improve property management across the Department.

We judgmentally selected 3 of the 12 regional offices (Dallas, Detroit, and New York) to observe the conduct of inventories and review internal property controls. We judgmentally selected 7 additional regional offices (Atlanta, Boston, Charlotte, Kansas City [Kansas], Philadelphia, Los Angeles, and Seattle) and discussed their inventory practices and results by telephone. We also observed inventory being conducted at Census headquarters, and examined previous inventory results.

We performed limited tests of computer-generated data for the audit. We did not verify the reliability of data included in APMS. Our tests of computer generated data were limited to ensuring that such data was sufficiently reliable to satisfy our audit objective. Specifically, we confirmed that selected property located at regional offices and maintained by field representatives was reflected on APMS property lists.

We reviewed compliance with applicable provisions of pertinent laws and regulations including the Federal Managers' Financial Integrity Act (FMFIA) of 1982; GAO *Standards for Internal Control in the Federal Government*; the Department of Commerce *Personal Property Management Manual* (which implements portions of the General

Services Administration's *Federal Management Regulation*<sup>1</sup> that pertain to the acquisition, management, utilization, and disposal of personal property); the Bureau of the Census *Policies and Procedures Manual*, Chapter K-9; and the Bureau of the Census *Regional Office Administrative Memorandum No. 2006-30*.

The review was conducted under the authority of the Inspector General Act of 1978, as amended, and Department Organization Order 10-13, dated August 31, 2006. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We performed our audit work from October 2006 to May 2007.

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<sup>1</sup> Formerly the Federal Property Management Regulation

## **FINDINGS AND RECOMMENDATIONS**

### **Census Has More to Do to Improve and Strengthen Accountable Property Internal Controls**

When our audit began, corrective actions were already being initiated to address weaknesses in Census Bureau internal controls relating to personal property management. Our review found that while the bureau has made considerable progress in strengthening its internal controls, additional improvements are needed.

#### **A. Weaknesses in Personal Property Management**

From January 2001 until September 2006, the time period for which the bureau reported 672 lost/missing/stolen laptops, Census's personal property management suffered from a number of weaknesses, including inadequate attention to property management, inactive property boards of review, and inadequate procedures for the recovery of laptops.

We learned during our review that during this period, inadequate attention had been paid to property management. Although the Administrative and Customer Services Division was provided with physical inventories for headquarters divisions and regional offices, results were not consolidated or assessed to determine overall trends. Also, ACSD officials could not identify any Census reviews of missing property or initiatives to address problems in missing personal property conducted prior to the fall of 2006. Finally, despite the significant amount of accountable property managed by Census, much of which is geographically dispersed, the bureau does not have a full-time property management officer.

#### **Weaknesses in Census Bureau Personal Property Management**

##### **Inadequate Attention to Property Management**

- *Inventory results were not consolidated and analyzed*
- *Census does not have a full-time property management officer*

##### **Inactive Property Boards of Review**

- *Property review boards were discontinued in the 1990s reportedly because it wasn't clear how they should be implemented*

##### **Inadequate Procedures for Recovery of Laptops**

- *Census officials stated that the recovery of lost/missing/stolen laptops had not been a priority*
- *Until media reports raised concerns in 2006, recovery procedures for regional offices had not been updated since June 2000*

Another problem lay in the fact that Census had not conducted property boards of review for lost laptops from headquarters and regional offices since the 1990s and a backlog of cases to be reviewed had built up. The Census Bureau's Policies and Procedures Manual requires the property management officer to establish or convene a property board of review in all cases of missing, stolen, or neglected property. We asked specifically why the review boards had been discontinued. The chief of the ACSD told us they didn't know how to organize and run them, so they eventually just stopped holding the sessions.

A final problem area involved the adequacy of procedures for the recovery of laptops. Census officials told us during our review that recovering equipment had not been a priority because the bureau was more focused on performing surveys than finding lost or

stolen laptop computers. At the end of October 2006, Census implemented comprehensive procedures for the regional offices to use for recovering laptops. These procedures were more detailed than the previous ones, which did not address certain scenarios such as when regional offices are unable to contact field staff, or employee absence or death. Census could not provide us with any comprehensive headquarters laptop recovery procedures that were in existence prior to the Congressional and FOIA requests.

**B. Corrective actions already implemented or planned by Census**

Census has already implemented or planned a number of corrective actions to address its weaknesses in personal property management, including the following:

- **Emphasizing property management in performance plans.** Census is placing additional emphasis on personal property accountability by including property management as a critical element in the performance plans of property management officials. Specifically, the chief financial officer, property management officer, property accountability officer and property custodians were each assigned a weighted value for property management in their respective performance plans. For example, the property management officer was assigned a weighted value of 50 percent, and the property accountability officer was assigned a value of 25 percent.
- **Preparing to conduct Office of Management and Budget *Circular A-123* internal control review.** Census is planning to conduct an OMB *Circular A-123* internal control review of personal property, to be completed by September 30, 2007. The *A-123* review will provide guidance to managers on improving accountability and effectiveness of operations by establishing, assessing, correcting, and reporting on internal controls.
- **Reestablishing property boards of review.** Census has assembled four property boards of review to assess circumstances involving the loss, theft, damage, or destruction of accountable government property. By February 5, 2007, Census had reviewed and made determinations about 250 items. According to the assistant chief of ACSD, as of March 23, 2007, there was a backlog of about 400 unresolved missing, lost, or stolen laptops. We were also told there were approximately 400 missing, lost, or stolen non-laptop property items to be reviewed. (This backlog is the result of Census discontinuing property boards of review during the 1990s.)

**Corrective Actions to Address Weaknesses**

**Increased Attention to Property Management**

- Emphasis on personal property management in performance plans
- Preparations to conduct OMB Circular A-123 reviews

**Reactivated Property Boards of Review**

- Re-establish property boards of review

**Improved Management of Laptops and Recovery Procedures**

- Consolidate management of headquarters laptops
- Standardize laptop recovery procedures in the regional offices

- **Consolidating management of laptops.** The Local Area Network Technology Support Office within the Office of the Chief Information Officer has assumed ownership of current and new laptops assigned to personnel at headquarters and the processing center in Jeffersonville, Indiana. The number of laptops at Census headquarters has been reduced from about 1800 to a pool of 500 to 600 in a new short-term laptop loaner program. Laptops not needed for the loaner program will either be excessed or distributed for use in the regional offices. Reducing the number and restricting availability of laptops should reduce the risk of loss or theft.
- **Standardizing laptop recovery procedures in the regional offices.** We verified that Census has standardized and documented the laptop recovery process to address inconsistencies among the regional offices. The document *Return of Government Data Sensitive Property*, distributed in October 2006, outlines procedures the regional offices should follow to recover a laptop or other sensitive property when employees resign, retire, or are terminated.

Increased management attention and more aggressive recovery efforts have resulted in the recovery of about 120 laptops at headquarters and the regions since September 2006.

C. Additional improvements needed to strengthen internal controls

Despite the lengthy list of improvements Census has implemented in the past year, we believe a number of additional actions are necessary to ensure that progress continues and prevent property accountability problems from arising in the future.

**Transactions should be recorded promptly**

The Department of Commerce *Personal Property Management Manual*, dated March 1995, Section 4.702, requires all transactions affecting personal property accounts and records to be recorded on appropriate documents and posted promptly. This is essential to ensure the property management system shows current numbers and locations of property. Our review found that items were often not recorded in APMS for lengthy periods of time and as a result, the property management system was not always current. For example, we found:

- In 2005 in the Detroit regional office, it took 36 to 72 days to prepare receiving reports and 72 to 86 days to enter information into APMS for 3 direct shipments of 21 computers. At the time of our review, the person responsible no longer worked in the office, so we could not obtain an explanation for the delays.

We also found that 121 laptops that had been sold but later returned by the purchaser in August 2005 were not re-recorded in inventory until November 2006. We learned there had been a complete turnover in the information technology staff in late 2005. The new employees had not known what to do with the returned laptops.

During the Detroit regional office inventory, some items contained in APMS were identified as missing but were not. We were told that this problem resulted, in part, because the Detroit regional office transferred the equipment and submitted the documentation to Field Division in headquarters for approval. The Field Division did not always forward it to ACSD for input into APMS. As a result, APMS indicated that the Detroit regional office had property which had actually been transferred. The Dallas regional office had a similar issue. We were told that the Field Division now hand carries the approved regional office requests to ACSD for signature. ACSD then inputs the transaction into APMS.

- The [REDACTED] regional office had personal property scheduled to be excessed in August of 2005 that was still in the office more than a year later when it was time to conduct the November 2006 inventory. When it became evident that the personal property would be in the office at inventory time, it should have been recorded in APMS, but was not.



In November 2006, the Census Bureau's [REDACTED] regional office was continuing to store accountable property that had been scheduled to be excessed in August 2005.

U.S. Census Bureau, [REDACTED] regional office

- Census continues to have backlogs of unprocessed CD-50s, the document used to transfer or surplus equipment. Census eliminated a backlog of approximately 3,000 outstanding CD-50s that were created before December 1, 2006. However, a recent move of certain Census divisions into the new headquarters building and the necessary adjustments to be made in APMS resulted in another backlog. As of March 7, 2007, there was a backlog of 450 CD-50s created since December 1, 2006.



## Execution of inventory procedures needs improvement

During the inventories of accountable property conducted in August 2006 at headquarters and between October 2006 and December 2006 at the regional offices, several problems emerged.

*Regional Office Administrative Memorandum No. 2006-30* was developed by the Census Bureau to provide guidance to regional offices on how best to conduct inventories. The memorandum stated that inventory teams should consist of three to four employees, including a “sweeper,” the member of the inventory team responsible for ensuring that all items are scanned and marked as inventoried. However, we learned that the majority of the inventory at the Kansas City, Kansas, regional office was conducted by only one individual. We were told this happened because the office did not have enough staff to perform the inventory as required. We also were informed that inventories at the Seattle and Charlotte regional offices were conducted without a sweeper. The Detroit regional office used a sweeper some but not all of the time, and found during the inventory reconciliation process that it had missed items during its inventory.



U.S. Census Bureau Detroit regional office

Above, a storage room full of equipment no longer in use which has been identified as excess and is waiting to be removed from the premises at the Detroit regional office.

at headquarters that had been underway since August 2006. Bureau property management officials believed the difficulties encountered during the inventory had compromised the accuracy and completeness of the results.

A new headquarters inventory process was started in April 2007 with the goal to have 100 percent inventory and certification completed by May 31, 2007. The bureau incorporated lessons learned into this inventory. Inventories were done by floor as opposed to by division because the layout of office space made this most practical. Census assured us that future inventories will not take place during moves and transfers of property, and reorganizations will not take place during inventories. Census also noted

Census headquarters also encountered difficulties performing its inventory. The assistant chief of ACSD said the division did not foresee complications resulting from performing the inventory during the middle of the move to the new Census building and the associated transfers of equipment. In addition, a reorganization of four divisions into five took place during the inventory. Other factors also contributed to problems, such as some participants being unfamiliar with the inventory process, delays in sharing results with divisions, and staff shortages during the inventory.

In March 2007, Census discontinued the inventory of accountable property

that it will hold training seminars to ensure all participants involved in the inventory process are adequately prepared at the start. Property liaisons will be assigned in each division to coordinate inventories with ACSD and assure all property accountability and transfer forms are completed. We believe these decisions should be documented in the bureau's policies and procedures to make sure future inventories are conducted effectively and efficiently.

### **Property management policies and inventory procedures need to be consolidated**

The Census Bureau's existing guidance on conducting inventories, recovering laptops, and excessing equipment is contained in a number of different memorandums and directives that have been issued over several years. Census should consolidate all this information into one cohesive guiding document and routinely update it. It would also be advisable to post the consolidated guidance document on an internally accessible web site that is user-friendly and routinely updated.

### **Property boards of review need to be convened as necessary to ensure that no future backlog of cases accumulates**

Census had not conducted property boards of review for lost laptops since the 1990s, resulting in a backlog of cases. Property boards of review (PBR) are assembled to assess the circumstances surrounding the loss, theft, damage or destruction of accountable property. As of February 5, 2007, Census faced a backlog of approximately 800 cases remaining before the property boards of review. In its September 24, 2007 response to our draft report, Census noted that it had addressed the backlog of cases needing review by convening six PBRs in fiscal year 2007. According to the property management officer, the recent PBRs eliminated the existing backlog of cases and new cases resulting from the bureau's April/May 2007 inventory were in the process of being reviewed. Census stated that it now convenes PBRs on an as-needed basis to review cases of property reported as lost, missing, or stolen. We believe that Census should be able to avoid the accumulation of a future backlog of cases by following such a process.

### **Property management officer's responsibilities should be evaluated**

Unlike some other Commerce bureaus, Census does not have a dedicated or full-time property management officer. Census should evaluate the various responsibilities assigned to the individual who currently serves as the property management officer and determine whether to restructure this position and dedicate it solely to property management. The assistant chief of ACSD, who serves as Census's property management officer, told us he has spent about 95 percent of his time on property management issues since he assumed the position in September 2006. However, the current performance plan for the position of assistant division chief has only a 50 percent weighting allocated for the property management officer element and also lists conference and travel management services as other major duties.

#### D. Recommendations

We recommend that the Census Bureau director take appropriate action to ensure the following with respect to personal property management at the bureau:

- (1) Transactions are promptly recorded in APMS; all accountable property on hand at the time of inventory is recorded in APMS; the backlog of Personal Property Control forms (CD-50s) is eliminated; and equipment no longer in use is properly and promptly excessed.
- (2) Guidance on conducting inventories which emphasizes the importance of segregation of duties is issued.
- (3) Internal policies and procedures for handling accountable property are consolidated into a cohesive guiding document that is routinely updated and readily accessible.
- (4) Property boards of review are convened as necessary so that no future backlog of cases accumulates.
- (5) The current responsibilities of the property management officer are assessed to determine whether to create a full-time position solely dedicated to property management.

#### E. Census Response

On September 24, 2007, we received the Census Bureau response to our August 23, 2007 draft report. The Census Bureau agreed with four of the five recommendations contained in the draft report and stated that it had already taken or initiation actions to address those recommendations. Census disagreed with our draft recommendation that property value be taken into consideration for eliminating the backlog of property boards of review (PBR) cases, stating that value plays no role in determining the sensitive nature of a property item. Census noted that it convened six PBRs this fiscal year which eliminated the backlog and that the current procedure is to convene PBRs on an as-needed basis to review cases of property reported as lost, missing, or stolen.

#### F. OIG Comments

We believe that actions taken and planned are responsive to our recommendations. Also, we acknowledge the Census Bureau's commitment to address our findings and recommendations. After considering the Bureau's response, we modified our recommendation relating to property boards of review to reflect Census efforts to address the backlog of cases and remove property value as a consideration in convening PBRs.

APPENDIX I



**UNITED STATES DEPARTMENT OF COMMERCE**  
**Economics and Statistics Administration**  
**U.S. Census Bureau**  
Washington, DC 20233-0001  
OFFICE OF THE DIRECTOR

SEP 24 2007

MEMORANDUM FOR John M. Seeba  
Assistant Inspector General for Auditing

Through: Cynthia A. Glassman *elt for CAG*  
Under Secretary for Economic Affairs

From: Charles Louis Kincannon *[Signature]*  
Director

Subject: *Census Has Improved Accountability for Laptops and  
Other Personal Property, but Additional Improvements  
Are Needed*  
Draft Report No. IG-18387-1 (OA)

The attached is in response to your memorandum of August 23, 2007, requesting comments on the subject draft report. We appreciate the opportunity to review this report prior to publication.

Attachment

cc: US/EA

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U.S. Census Bureau Comments on  
*Census Has Improved Accountability for Laptops and  
Other Personal Property, but Additional Improvements  
Are Needed*  
Draft Report No. IG-18387-1 (OA)  
September 2007

**Recommendations:**

*We recommend that the Census Bureau director take appropriate action to ensure the following with respect to personal property management at the bureau:*

1. *Transactions are promptly recorded in APMS; all accountable property on hand at the time of inventory is recorded in APMS; the backlog of Personal Property Control forms (CD-50s) is eliminated; and equipment no longer in use is properly and promptly excessed.*

**Census Bureau Comments:** We agree with this recommendation. We have already taken steps to improve the CD-50 process and eliminate backlogs.

2. *Guidance on conducting inventories which emphasizes the importance of segregation of duties is issued.*

**Census Bureau Comments:** We agree with this recommendation. This process is already in place. Census Bureau property officials used new and improved procedures to conduct our April/May 2007 100-percent inventory. We provided guidance to all Census Bureau property officials during our monthly Property Training Seminars and by employee broadcast messages. In addition, we have established a new line of communication between the Property Management Office and the Census Bureau's directorates and divisions. Directorate and Division Property Representatives receive all information regarding the inventory schedule and process in special meetings and in writing.

3. *Internal policies and procedures for handling accountable property are consolidated into a cohesive guiding document that is routinely updated and readily accessible.*

**Census Bureau Comments:** We agree with this recommendation. We are in the process of consolidating all policies and procedures for handling accountable property into a single location on the Census Bureau Intranet site.

4. *A realistic approach which takes property value into consideration is established for eliminating the backlog of property boards of review cases.*

**Census Bureau Comments:** We disagree with this recommendation. The problem with the backlog of property cases was not related to the value of the property. For example, we consider property "accountable" if it has a value of \$5,000 or greater. Yet, value plays no role in determining the "sensitive" nature of a property item, such as a Personal Computer (PC); although a lost, missing, or stolen PC would certainly be reviewed by a Property Board Review (PBR). The issue we faced with regards to PBRs was that they were not impaneled at all since the early 1990s. That created the backlog of cases needing review. We have since addressed that issue by convening six PBRs this fiscal year. The procedure that we now follow is to convene PBRs on an as-needed basis to review cases of property reported as lost, missing, or stolen. That process has worked well for us.

5. *The current responsibilities of the property management officer are assessed to determine whether to create a full-time position solely dedicated to property management.*

**Census Bureau Comments:** We agree with this recommendation. We have already begun to take steps to put this recommendation in place.