



AUDIT REPORT

DALLAS COUNTY

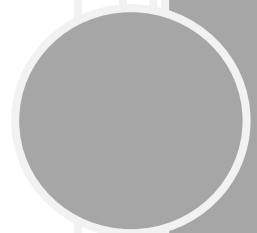
PUBLIC SERVICE INVENTORY - FY2023

Wessen B. Stefanos

First Assistant County Auditor

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Public Service Inventory - FY2023

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This report is intended for the information and use of the agency/department. While we have reviewed internal controls and financial reports, this review will not necessarily disclose all matters of a material weakness. It is the responsibility of the department to establish and maintain effective internal control over compliance with the requirements of laws, regulations, and contracts applicable to the department.



DALLAS COUNTY
COUNTY AUDITOR

MANAGEMENT LETTER

Mr. Anthony Jackson
Supervisor - Public Service Program
Dallas, Texas

Attached is the County Auditor's final report entitled "**Public Service Inventory - FY2023**" Report. In order to reduce paper usage, a hard copy will not be sent through in-house mail except to the auditee.

If you prefer that released reports be emailed to a different (or additional) recipient, please inform me of the name and the change will be made.

Respectfully,

Wessen B. Stefanos

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First Assistant County Auditor

EXECUTIVE SUMMARY

The Public Service Program was placed under the supervision of the District 3 Commissioner by order of Commissioners Court Order No. 2001-2148. The Public Service Program's principal area of responsibility includes painting. Most painting supplies are charged to Public Service Program Department No. 3330, and specific construction / remodeling projects charged to building improvements.

Summary of Significant Observations

- Public Service does not utilize an inventory system to track incoming/outgoing inventory.

Repeat Observations from Previous Audits

- All observations related to inventory are repeated.

Only those weaknesses which have come to our attention as a result of the audit have been reported. It is the responsibility of the department management to establish and maintain effective internal control over compliance with the requirement of laws, regulations, and contracts applicable to the department.

INTRODUCTION

Dallas County Auditor's Office mission is to provide responsible, progressive leadership by accomplishing the following:

- Comply with applicable laws and regulations.
- Safeguard and monitor the assets of the County utilizing sound fiscal policies.
- Assess risk and establish and administer adequate internal controls.
- Accurately record and report financial transactions of the County.
- Ensure accurate and timely processing of amounts due to County employees and vendors.
- Set an example of honesty, fairness and professionalism for Dallas County government.
- Provide services with integrity.
- Work in partnership with all departments to resolve all issues of the County.
- Strive to utilize the latest efficient and effective technology in the performance of tasks.
- Provide technical support and training in the development, implementation, and maintenance of information systems.
- Hold ourselves accountable to the citizens of the County at all times.
- Be responsive to the elected officials and department heads of Dallas County.

The objectives of this audit are to:

1. Ensure compliance with statutory requirements
2. Evaluate internal controls
3. Verification of accuracy and completeness of reporting
4. Review controls over safeguarding of assets

On August 22, 2023, our Internal Audit staff performed a complete (except as noted otherwise) physical count of the annual physical inventory of hardware, paint, chemicals, electrical and lumber at the Public Service Program located at 2121 Panoramic Circle. Our specific procedures, findings and recommendations are discussed in the attached report. This report is intended for management's informational use.

The audit procedures will include interviews with key process owners, a walk-through of inventory procedures, and physical count of inventory.



DETAILS

Public Service Program Inventory Count

Per Dallas County Code 90-373, all department heads and elected officials are responsible for maintaining property assigned to their department, proper inventory records, and making appropriate reports as required.

Standard internal control procedures related to inventory require:

- items be properly labeled with accurate descriptions,
- physical inventory counts performed periodically,
- obsolete inventory properly disposed,
- records for all additions to and deductions from inventory updated, and
- inventory purchased with funds obtained from other departments properly distinguished from Public Service's inventory.

A physical count of all inventory performed August 22, 2023 revealed:

- Public Service Program inventory consisted of approximately 409 different items with an estimated pre-obsolete value of \$49,365.46.

Prior to the inventory count, the Auditor's Office received incomplete departmental inventory records.

- Approximately 100 unique items (quantity of 5,003) were missing unit prices with the paint category accounting for the majority of the missing prices for 63 unique items.

Additionally, an inquiry of department personnel and observations revealed:

- Public Service does not utilize an inventory system to track incoming and outgoing inventory.
- There were no written inventory policies and procedures.
- Inventory items were not maintained in a manner such as to allow ease in identifying, tracking, and determining item costs.
- Items in stock are not labeled by name or item number and lack accurate descriptions.

The lack of an inventory management system combined with limited computer access and inconsistent management oversight resulted in inaccurate/incomplete financial records. This may result in undetected losses or misappropriation of inventory, over-purchasing of inventory, or unanticipated shortages of critical items.

Recommendation

Public Service Program Inventory

Management should:



- Acquire an electronic inventory tracking system to capture all inventory items, including special orders.
- Establish written inventory policies and procedures to help ensure consistent and accurate inventory records.
- Examine inventory periodically to identify obsolete items, which should be disposed properly or transferred to surplus.
- Organize inventory into specific locations that include labels as well as noting if an item was purchased using another department's funds or obtained from Facilities.

Management Action Plan

- Public Service Program is currently reviewing tracking systems that will achieve all the necessary components that the Audit division requires.
- Public Service Program does have a monthly report of materials. We have a weekly list of materials/ items that are purchased or leaving 2121 Panoramic Circle for paint projects or work orders.

Auditor's Response

- None

cc: Darryl Martin, Commissioners Court Administrator