



DALLAS COUNTY COUNTY AUDITOR

Memorandum

To: Chris Thompson
Director of Communications and Central Services

From: Virginia A. Porter *Virginia A. Porter*
County Auditor

Subject: Fiscal Year 2013 Supply / Postage Inventory Review

Date: Issued: September 25, 2013
Released: October 30, 2013

Scope

As part of ongoing reviews of county departments and testing year end financials, we have performed the annual physical inventory of the Dallas County Supply Department located at the George Allen Sr. Courts building and the Records Center at 2121 French Settlement on September 6, 2013.

Background

The supply room inventory consists of record storage boxes (located at 2121 French Settlement), toner cartridges, rubber stamps, county binders and forms. The supply department is also in charge of County wide postage purchases and disbursement of postage charges to each department according to their respective use - Supply and Postage are recorded using the consumption method (budget charges tied to usage).

Review Procedures

The physical inventory was taken and data compared to the mainframe supply system balances to determine any shortages or overages related to the perpetual records and physical flow of goods. The extended value of the physical inventory was reconciled to the appropriation ledger as of August 28, 2013 to determine any accounting variances and identify adjustments necessary to budgetary accounts.

Postage meter logs for both Pitney Bowes #1 and Pitney Bowes #2 were reviewed and reconciled to the general ledger as of August 30, 2013.

A partial list of the review tests include:

- verified all records of materials received (RMRs) were properly posted to the mainframe supply system
- verified that all requisitions on the storekeeper forms were properly posted to the mainframe supply system
- compared the purchase orders, requisitions, and invoices to supply room records for accuracy of unit prices and quantities
- traced all RFP's for postage purchases and rubber stamps to the General Ledger and identified variances and reconciled to G/L
- traced all departmental charges for postage, rubberstamps and supplies to General Ledger and identified variances and reconciled to G/L

Findings

1. The physical Supply inventory value of \$14,145.92 was \$711.92 over the adjusted (adjusted for items issued, but not charged out to departments) Supply Department's computerized system balance of \$13,434. One prior audit adjustment was not recorded to the Supply Department's computerized system.
2. Boxes are stored at the Records storage facility. The variance between the physical box count and the adjusted Supply Department's computerized system balance was significant (426 boxes).
3. The monthly postage machine closeouts are completed and reported as the following month rather than the month the actual activity occurs (e.g., July 2013 activity reported as August 2013 activity). Actual postage usage for August 2013 remains unreported for posting to the General Ledger as of September 19, 2013.

Recommendations

1. The mainframe supply system balances should be periodically compared to the General Ledger.
The Supply Department should:
 - Perform periodic inventory counts during the fiscal year and review all supporting documentation for large dollar items to reconcile differences.
 - Verify accuracy of data on all Requisition on Storekeeper forms.
 - Process audit adjustments totaling \$711.92 to the mainframe supply system.

Response: Recommendations will be followed: perform periodically inventory counts; verify accuracy on all Storekeeper Requisitions; and, process adjustments totaling \$711.92 to the mainframe supply system.

2. Records center staff should continue submitting all Requisition on Storekeeper forms as boxes are issued/used to ensure the inventory count in the mainframe supply system is current and accurate and the user department is appropriately charged.

Response: Records Center will follow the recommendations. They will continue work on improving the box issuance report process. The storekeeper requisitions are not charged out until the boxes have been delivered / picked up.

3. Monthly postage closeout forms and usage dates should correspond to the same month. Documentation should be completed and submitted within a reasonable time for posting usage distribution charges to the General Ledger.

Response: Financial Audit requires the reports by the 3rd Monday of the month. When reporting on the 3rd Monday not all postage charge outs will appear for the month. They are preparing the report the following month to reflect the previous months charge outs.

Summary

This review is intended to support management of this office in evaluating internal controls over inventory records. It is the responsibility of the department to establish and maintain effective internal controls over compliance with the requirements of laws, regulations and contracts applicable to the department. Development of and adherence to a corrective action plan addressing the recommendations should provide for improved departmental processes.

DALLAS COUNTY, TEXAS
SUPPLY ROOM INVENTORY
AS OF AUGUST 28, 2013

STOCK #	DESCRIPTION	UOM	QTY ON-HAND @ 8/28/2013	UNIT PRICE \$	PHYSICAL COUNT: 9/6/13	EXTENSION \$	REQUISITION \$ NOT ENTERED INTO SYSTEM	ITEMS ISSUED AFTER CLOSEOUT \$	RECEIPTS AFTER CLOSEOUT & INCLUDED IN PHYSICAL COUNT	INVOICE \$	RECOMPUTED SUPPLY QUANTITY	RECOMPUTED SUPPLY VALUE	COUNT QTY OVER / (UNDER) RECALC	SAMOUNT OVER / (UNDER)	COMMENTS
180	BOX, RECORD STORAGE	EA	6,815	1.64760	3,841	\$ 11,228.39	3,400	\$ 5,601.84	0	\$ -	3,415	\$ 5,626.55	(15)	\$ 701.86	
181	MAP BOXES	EA	42	4.75001	40	\$ 199.50		\$ -	0	\$ -	42	\$ 199.50	2	\$ (3.50)	
691	BINDER FOR COUNTY PHONE DIRECTOR	EA	719	1.87000	726	\$ 1,344.53		\$ -	0	\$ -	719	\$ 1,344.53	(7)	\$ 13.08	
2450	RECEIPT FORMS	CTN	23	53.06120	11	\$ 1,220.41	12	\$ 636.73	0	\$ -	11	\$ 583.68	0	\$ (0.01)	
3175	TONER, HP II, IID, #95A	CTN	4	13.00000	4	\$ 52.00		\$ -	0	\$ -	4	\$ 52.00	0	\$ -	
3176	TONER, HP IIP, IIP, #75A	CTN	3	15.37890	3	\$ 46.14		\$ -	0	\$ -	3	\$ 46.14	0	\$ -	
3179	TONER, HP4SI #91LL	CTN	6	31.88730	6	\$ 191.32		\$ -	0	\$ -	6	\$ 191.32	0	\$ -	
F1	REQUISITION ON PURCHASING DEPT	PKG	194	0.90670	194	\$ 175.90		\$ -	0	\$ -	194	\$ 175.90	0	\$ -	
F10	RECORD OF MATERIAL RECEIVED	PKG	346	2.15470	346	\$ 745.53		\$ -	0	\$ -	346	\$ 745.53	0	\$ -	
F254	REPORT OF TRAVEL EXPENSES	PAD	1	3.62850	1	\$ 3.63		\$ -	0	\$ -	1	\$ 3.63	0	\$ -	
F255	REQUEST FOR PAYMENT	PKG	203	4.69440	203	\$ 952.96		\$ -	0	\$ -	203	\$ 952.96	0	\$ -	
F26	MATERIAL RETURN VENDOR	PKG	10	0.61080	10	\$ 6.11		\$ -	0	\$ -	10	\$ 6.11	0	\$ -	
F4	REQ ON STOREKEEPER-OFFICE SUPPLI	BK	14	6.45580	15	\$ 90.38		\$ -	0	\$ -	14	\$ 90.38	(1)	\$ 6.46	
F44	RECEIPT BOOK, NUMBERED, LARGE	BK	213	4.94020	211	\$ 1,042.38	2	\$ 9.88	0	\$ -	211	\$ 1,042.38	0	\$ -	
F44-A	RECEIPT BOOK, SMALL	BK	97	3.07790	97	\$ 298.56		\$ -	0	\$ -	97	\$ 298.56	0	\$ -	
F5	REQ ON STOREKEEPER-JANITOR	BK	101	3.70030	49	\$ 373.73	52	\$ 192.42	0	\$ -	49	\$ 181.31	0	\$ -	
F6-2	COURT ORDER-NEW EMP/POSN CHAM	BAN	89	0.15050	89	\$ 13.39		\$ -	0	\$ -	89	\$ 13.39	0	\$ -	
F6-4	NOTICE EMPLOYEES WARNING	PKG	156	3.70080	156	\$ 577.32		\$ -	0	\$ -	156	\$ 577.32	0	\$ -	
F6-5	NOTICE EMPLOYEES SEPARATION	PKG	146	1.87410	146	\$ 273.62		\$ -	0	\$ -	146	\$ 273.62	0	\$ -	
F6A	PERSONNEL ACTION	BAN	230	0.16050	230	\$ 36.92		\$ -	0	\$ -	230	\$ 36.92	0	\$ -	
F98	SUMMARY OF CASH RECEIPTS	PKG	37	26.81820	37	\$ 992.27		\$ -	0	\$ -	37	\$ 992.27	0	\$ -	
	TOTALS >		9,449		6,415	\$ 19,874.87	3,466	\$ 6,440.87	0	\$ -	5,983	\$ 13,434.00	(437)	\$ 711.92	

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Traced to Dallas County Supply Department Stock Status List as of 08/28/2013
Traced to Requisition on Storekeeper Office Supply Form
Traced to the manual count figure

13,434.00
711.92

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