



DALLAS COUNTY COUNTY AUDITOR

Memorandum

To: Chris Thompson
Director of Communications and Central Services

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

Subject: Fiscal Year 2010 Supply / Postage Inventory Review

Date: Issued: October 22, 2010
Released: November 19, 2010

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 on August 31, 2010 and the Records Center at 2121 French Settlement on August 31, 2010.

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 31, 2010 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 31, 2010.

A partial list of the review tests include:

- verified all records of materials received (RMRs) were properly posted to the mainframe supply system
- verified on a sample basis that 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 \$14,483.37 was \$475.35 under the adjusted Supply Department's computerized system balance of \$14,958.72. A net variance of \$448 existed between the physical Supply inventory value and the adjusted General Ledger (GL) balance at August 31, 2010.

Status: A journal has been processed to adjust the General Ledger supply escrow account by \$448.

2. An invoice for box lids totaling \$15,120 was charged to the supply inventory escrow account 15120. Records management staff indicate the lids are not chargeable to county departments and should be expensed to the Records Management department.

Status: A journal has been processed to adjust the General Ledger supply escrow account by \$15,120.

3. Boxes are stored at the Records storage facility. Records center staff do not timely submit to the Supply Department a Requisition on Storekeeper form for boxes used and charged out to various departments. A total of 3,900 boxes were issued prior to the Inventory System Closeout date of August 18, 2010, but not charged out.

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 entry to the mainframe supply system for goods received and issued.
 - Process audit adjustments totaling \$475.35 to the mainframe supply system.

Response: Staff will follow recommendation of the Auditor.

2. Records center staff should submit to the Supply supervisor 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: Lids are to be charged off to the Records Management department. Staff will report daily boxes used to replace damaged boxes at the Records Center. Boxes were used as part of the Records Building records removal project (after the basement flood). Other boxes were removed from the inventory due to box replacement at the records center.

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.

cc. Commissioners Court
Honorable Judge Robert Burns, LADJ

DALLAS COUNTY, TEXAS
SUPPLY ROOM INVENTORY
AS OF AUGUST 31, 2010

Supply INVENTORY 2010 - DW revised tm

STOCK#	DESCRIPTION	PACKAGED	QUANTITY ON 8/18/2010	PRICE	New Invoice Price	EXTENSION	PHYSICAL COUNT ON 8/31/10	EXTENSION N PER AUDIT COUNT	ITEMS REQUISITIONED AFTER CLOSEOUT	ADDITIONAL SUPPLY USAGE NOT POSTED BEFORE COUNT	Items Received after close out and included in physical count	Invoice	RECALCULATED SUPPLY QUANTITY	RECALCULATED SUPPLY VALUE	QTY OVER (UNDER) RECAL C	DIFFERENTIAL COUNT OVER (UNDER) ADJ SUPPLY	COMMENTS
1	REQUEST FOR PAYMENT STAMP	EA	0	5.2000		0.00		0.00	0	0.00			0	0.00	0	0.00	
180	BOX, RECORD STORAGE	EA	244	1.7870	1.0800	436.03	6,258	6,758.64	3,980	4,470.91	10,500	#####	6,764	7,305.12	(506)	(546.48)	Staff commented it might be picked up without requeston form
181	MAP BOXES	EA	49	4.7500		232.75	49	232.75	0	0.00			49	232.75	0	0.00	
691	BINDER FOR COUNTY PHONE DIRECTORY	EA	719	1.8700		1,344.53	719	1,344.53	0	0.00			719	1,344.53	0	0.00	
2450	RECEIPT FORMS	CTN	20	42.0000		840.00	20	840.00	2	84.00			18	756.00	2	84.00	
3172	5P TONER CARTRIDGE C3903A	EA	0	14.9900		0.00	0	0.00	0	0.00			0	0.00	0	0.00	
3173	5L TONER CARTRIDGE C3906A	EA	0	13.5596		0.00	0	0.00	0	0.00			0	0.00	0	0.00	
3174	5SI TONER CARTRIDGE C3909A	EA	0	35.0000		0.00	0	0.00	0	0.00			0	0.00	0	0.00	
3175	TONER, HP II, IID, #95A	CTN	4	13.0000		52.00	4	52.00	0	0.00			4	52.00	0	0.00	
3176	TONER, HP IIP, IIP, #75A	CTN	3	15.3789		46.14	3	46.14	0	0.00			3	46.14	0	0.00	
3177	HP LASERJET 4LP #74A	CTN	0	19.2800		0.00	0	0.00	0	0.00			0	0.00	0	0.00	
3178	TONER, HP 4 #98A	CTN	0	15.0000		0.00	0	0.00	0	0.00			0	0.00	0	0.00	
3179	TONER, HP4SI #91LL	CTN	6	31.8873		191.32	6	191.32	0	0.00			6	191.32	0	0.00	
4120	TONER LASER HP C4127X MAX4000	EA	0	24.4900		0.00	0	0.00	0	0.00			0	0.00	0	0.00	
4130	TONER LASER HP C4096A	EA	0	25.1502		0.00	0	0.00	0	0.00			0	0.00	0	0.00	
4140	TONER LASER HP C4092A	EA	0	15.9500		0.00	0	0.00	0	0.00			0	0.00	0	0.00	
4160	TONER C8061X 4100	EA	0	27.9900		0.00	0	0.00	0	0.00			0	0.00	0	0.00	
4170	TONER C7115A 1200	EA	0	21.9902		0.00	0	0.00	0	0.00			0	0.00	0	0.00	
4180	TONER C4129X 5000	EA	0	59.0000		0.00	0	0.00	0	0.00			0	0.00	0	0.00	
4190	TONER C4182	EA	0	39.9900		0.00	0	0.00	0	0.00			0	0.00	0	0.00	
4191	TONER, HP Q1338-A	EA	0	78.1500		0.00	0	0.00	0	0.00			0	0.00	0	0.00	
6010	INKJET HP 51645A BLACK	EA	0	9.2000		0.00	0	0.00	0	0.00			0	0.00	0	0.00	
6020	INKJET HP C6578DN COLOR	EA	0	12.0000		0.00	0	0.00	0	0.00			0	0.00	0	0.00	
F1	REQUISITION ON PURCHASING DEPT	PKG	194	0.9067		175.90	194	175.90	0	0.00			194	175.90	0	0.00	
F10	RECORD OF MATERIAL RECEIVED	PKG	349	2.1547		751.99	348	749.84	0	0.00			349	751.99	(1)	(2.15)	2 pkg off per M. Luster
F254	REPORT OF TRAVEL EXPENSES	PAD	61	3.6285		221.34	61	221.34	0	0.00			61	221.34	0	0.00	
F255	REQUEST FOR PAYMENT	PKG	151	2.8948		437.11	134	387.90	15	43.42			136	393.69	(2)	(5.79)	2 pkg off per M. Luster
F26	MATERIAL RETURN VENDOR	PKG	32	0.6106		19.54	29	17.71	1	0.61			31	18.93	(2)	(1.22)	2 pkg off per M. Luster
F4	REQ ON STOREKEEPER-OFFICE SUPPLIES	BK	70	6.4558		451.91	68	438.99	2	12.91			68	439.00	0	(0.01)	rounding
F44-A	RECEIPT BOOK, SMALL	BK	119	3.0779		366.27	119	366.27	0	0.00			119	366.27	0	0.00	
F44	RECEIPT BOOK, NUMBERED, LARGE	BK	141	6.8347		963.69	138	943.19	3	20.50			138	943.19	0	0.00	
F5	REQ ON STOREKEEPER-JANITOR	BK	34	3.9769		135.21	34	135.21	0	0.00			34	135.21	0	0.00	
F6-2	COURT ORDER-NEW EMPL/POSN CHANGE	BAN	89	0.1505		13.39	89	13.39	0	0.00			89	13.39	0	0.00	
F6-4	NOTICE EMPLOYEES WARNING	PKG	175	3.7008		647.64	169	625.44	5	18.50			170	629.14	(1)	(3.70)	1 pkg off per M. Luster
F6-5	NOTICE EMPLOYEES SEPARATION	PKG	146	1.8741		273.62	146	273.62	0	0.00			146	273.62	0	0.00	
F6A	PERSONNEL ACTION	BAN	230	0.1605		36.92	230	36.92	0	0.00			230	36.92	0	0.00	
F98	SUMMARY OF CASH RECEIPTS	PKG	28	22.5811		632.27	28	632.27	0	0.00			28	632.27	0	0.00	
FD-3	DAILY TIME & EQUIPMENT REPORT	PKG	0	2.7330		0.00	0	0.00	0	0.00			0	0.00	0	0.00	
	TOTALS		2,864			8,269.57	8,846	14,483.37	4,008	4,650.85	10,500	11,340.00	9,356	14,958.72	(510)	(475.35)	