

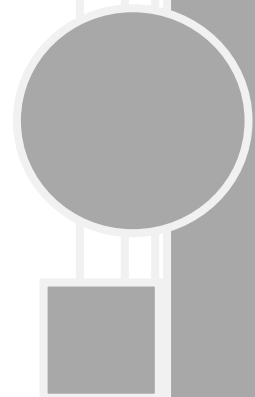


# AUDIT REPORT

DALLAS COUNTY

ROAD & BRIDGE DISTRICT #3 INVENTORY - FY2020

Darryl D. Thomas  
Dallas County Auditor  
ISSUED: October 06, 2020  
RELEASED: November 10, 2020



# ROAD & BRIDGE DISTRICT #3 INVENTORY - FY2020

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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**

Honorable Commissioner John Wiley Price  
Dallas County Commissioner, District 3  
Dallas, Texas

Attached is the County Auditor's final report entitled "**Road & Bridge District #3 Inventory - FY2020**" 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,

A handwritten signature in blue ink, reading "Darryl D. Thomas".

Darryl D. Thomas  
County Auditor

## **EXECUTIVE SUMMARY**

The District 3 Road & Bridge Service Center is located at 1506 E Langdon Rd, Dallas, Texas 75241. Principal areas of responsibility include maintenance and repair of Dallas County's roads and bridges. During fiscal year 2018, District 3 was responsible for 101.787 road miles in addition to 5.398 road miles maintained on behalf of District 2, excluding the miles maintained under contract with other municipalities. Management of Road and Bridge 3 is overseen by Commissioner John Wiley Price. Staff consists of two administrative assistants, a road superintendent, and an office manager.

Due to the health and safety recommendations related to the Covid-19 pandemic, the Auditor's Office did not perform a physical count of the inventory of Dallas County Road and Bridge District No. 3's storeroom supplies, fuel and lube, and road materials. The attached report represents the unaudited counts provided by Road & Bridge 3 personnel. This report is intended for the information and use of management. A summary of significant observations is listed below:

### **Summary of Significant Observations**

- None identified

### **Repeat Observations from Previous Audits:**

- Fuel tickets not issued in sequential order
- Quantity variances between invoices/work orders

**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

This audit covered the period of August 16, 2019 through August 15, 2020. Report reflects unaudited inventory counts provided Road & Bridge 3.

The attached report represents the unaudited counts provided by Road & Bridge 3.

## DETAILS

### **Diesel Fuel Tickets**

Review of the Daily Fuel Activity report tickets issued August 13, 2019 through August 14, 2020 revealed a consecutive series of 50 fuel tickets were used out of date sequence. Specific practices related to inventory control and record-keeping indicate inventory records should be updated timely and accurately. Operational practices and review steps relevant to inventory should include procedural controls that provide reasonable assurance of accurate record-keeping for diesel fuel purchases and usage. Additionally, manual fuel tickets should be issued in numerical order and usage reports should completely account for all tickets used. Inconsistent supervisory review and clerical errors have resulted in inaccurate and incomplete diesel fuel records.

### **Recommendation**

#### **Diesel Fuel Tickets**

Management should:

- Develop a systemic process to issue diesel tickets in sequential order and maintain a complete and accurate issuance record.
- Periodically review manual fuel tickets to ensure all tickets are accounted for and issued in numerical sequence.
- Perform a review of the daily fuel sheets to minimize and/or eliminate recorded ticket number errors.
- Pursue implementation of a computerized ticket system to replace manual fuel tickets.

### **Management Action Plan**

We accept the audit.

### **Auditors Response**

None

### **Battery Inventory**

On August 14, 2020, Dallas County Road and Bridge District No. 3 provided a physical inventory of their storeroom supplies, diesel fuel and lube, and road materials with a count balance of \$103,054.79.

A review of the battery stock card inventory purchases and issuances revealed the stock card quantity for one product was overstated by three batteries with a valuation of \$120.72 when compared to the invoice quantity and the stock card quantity as compared to the work order was overstated by one battery valued at \$137.68.

Specific practices related to inventory control and record-keeping indicate inventory records should be immediately reconciled and updated for transactions. Operational practices and review steps relevant to

inventory should include procedural controls that provide reasonable assurance of accurate record-keeping for inventory purchases and usage. Periodic review and updates to inventory records for all stock card items with current unit prices and quantities on hand. Inconsistent supervisory review and clerical errors on stock card records have resulted in inaccurate inventory quantities/valuations which may cause inventory overstocks or shortages.

**Recommendation**

**Battery Inventory**

Management should establish written inventory procedures that include:

- Performing periodic stock card reviews to identify variances between invoice amounts received.
- Timely updating stock card issuances based on the work orders quantities.

**Management Action Plan**

We accept the audit.

**Auditors Response**

None

cc: Darryl Martin, Commissioners Court Administrator