



AUDIT REPORT

DALLAS COUNTY

ROAD & BRIDGE DISTRICT #3 INVENTORY - FY2023

Wessen B. Stefanos

First Assistant County Auditor

ISSUED: 11/1/2023

RELEASED: JANUARY 31, 2024

Road & Bridge District #3 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

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 - 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 Stefanos

Wessen Stefanos
First Assistant County Auditor

EXECUTIVE SUMMARY

The District 3 Road and 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. As of 2020, District 3 was responsible for 101.787 road miles in addition to 5.398 road miles maintained on behalf of District 2 (excludes 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.

This report is intended for the information and use of management. A summary of significant observations is listed below:

Summary of Significant Observations

Three instances in which diesel was not recorded on the District 3 Road and Bridge's stock card resulting in an understatement of 489.48 gallons.

Repeat Observations from Previous Audits

- Diesel stock card not accurately updated.

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, 2022 through August 15, 2023.

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

**DETAILS****Battery Inventory**

Best practices require: separation of duties, documented procedures, and immediate reconciliation and updates for transactions. 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 inventory purchases and usage. Periodic inventory counts should be performed during the fiscal year to update inventory records for all store card items with current unit prices and quantities on hand.

A review of all battery store card inventory purchases and work orders issued during the audit period revealed:

- Three work orders with the incorrect amount totals causing inventory to be understated by \$245.68.

Inconsistent supervisory review and clerical errors have resulted in inaccurate work order records which increased the likelihood for inventory overstocks and shortages.

Recommendation

Battery Inventory

Management should:

- Establish written inventory procedures.
- Perform periodic inventory reviews to identify variances between inventory records and inventory on hand with supervisory review evidenced by initials or signature.
- Make inventory adjustments or corrections that are properly documented and referenced.

Management Action Plan

- In response to the results of the FY23 audit, staff are doing a quarterly audit at Road and Bridge #3 and will periodically review to ensure all entries are made correctly.

Auditor's Response

- None

Tire Inventory

Best practices require: separation of duties, documented procedures, and immediate reconciliation and updates for transactions. 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 inventory purchases and usage. Periodic inventory counts should be performed during the fiscal year to update inventory records for all store card items with current unit prices and quantities on hand.

A review of all tire store card inventory purchases and issuances during audit period revealed:

- One instance in which the invoice was not listed on the store card for a total of \$511.76.

Inconsistent supervisory review and clerical errors have resulted in inaccurate store cards which increase the likelihood for inventory overstocks and shortages.

Recommendation

Tire Inventory

Management should:

- Establish written inventory procedures that detail the recording and reporting of usages and purchases.
- Perform periodic supervisory review to ensure the store card matches the invoices.

Management Action Plan

- In response to the results of the FY23 audit, staff are doing a quarterly audit at Road and Bridge #3 and will periodically review to ensure all entries are made correctly.

Auditor's Response

- None

Diesel Inventory

Best practices require: separation of duties, documented procedures, and immediate reconciliation and updates for transactions. Inventory control procedures should include timely verification and follow-up on all variances. 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. Periodic inventory counts should be performed during the fiscal year to update inventory records for all store card items with current unit prices and quantities on hand.

A comparison of the Fuel Master Report for August 2022 through August 2023 to the diesel store card activity revealed:



- Three instances in which diesel was not recorded on the store card resulting in an understatement of 489.48 gallons.

Inconsistent supervisory review and clerical errors have resulted in inaccurate diesel store card balances.

Recommendation

Diesel Inventory

Management should:

- Establish written inventory procedures that detail the recording and reporting of usages and purchases.
- Perform periodic supervisory review to ensure the store card matches the Fuel Master report.

Management Action Plan

- In response to the results of the FY23 audit, staff are doing a quarterly audit at Road and Bridge #3 and will periodically review to ensure all entries are made correctly.

Auditor's Response

- None

cc: Darryl Martin, Commissioners Court Administrator