



AUDIT REPORT

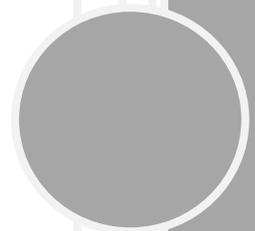
DALLAS COUNTY

Year End Inventory - Road & Bridge District #3 - FY2022

Darryl D. Thomas
Dallas County Auditor

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Year End Inventory - Road & Bridge District #3 - FY2022

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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 "Year End Inventory - Road & Bridge District #3 - FY2022" Report. In order to reduce paper usage, a hard copy will not be sent through in house mail except to the auditee.

In 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,

Darryl D. Thomas

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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. 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, 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.

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

Summary of Significant Observations

1. A shortage of 1,220 gallons were noted for a total of \$2,928 on the November 2021 diesel monthly usage report when compared to the diesel stock card monthly total.

A diesel shortage of 4,634.70 gallons were noted for a total of \$11,114.41 on the diesel store card balance compared to the physical measurement on August 16, 2022 and September 7, 2022.

Repeat Observations from Previous Audits

1. All findings 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

This audit covered the period of August 15, 2021 through August 16, 2022. Report reflects unaudited inventory counts provided Road & Bridge 3.

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



DETAILS

Tire Review

A review of all tire stock card inventory purchases and issuances during fiscal year 2022 revealed tire quantity issued on two stock cards 98027 and 98048 do not agree to the quantity listed on the work order totaling \$543.72.

Best practices require separation of duties, documented procedures, and immediate reconciliation and updates 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 inventory counts should be performed during the fiscal year to update inventory records for all stock card items with current unit prices and quantities on hand. A lack of supervisory review of store card entries and data entry errors have resulted in inaccurate financial records due to inventory items being recorded for incorrect amounts which could result in inventory overstock or shortages.

Recommendation

Tire Review

Management should establish written inventory procedures that include:

1. Performing periodic inventory reviews to identify variances between inventory records and inventory on hand with supervisory review evidenced by initials or signature.
2. Timely updating stock card inventory items issued based on the checkout logs.
3. Making inventory adjustments or corrections that are properly documented and referenced.

Management Action Plan

1. No response received

Auditors Response

1. N/A

Diesel Activity Review

A comparison of the Monthly Diesel Usage reports from August 2021 through November 2021 to the diesel stock card activity revealed diesel usage of 1,220 gallons more on the November 2021 diesel stock card. The variance resulted in an understatement on the Monthly Diesel Usage report totaling \$2,928. A physical inventory of the diesel fuel on hand on August 16, 2022 and September 7, 2022 revealed a shortage of 4,634.70 gallons totaling \$11,114.41 compared to the diesel store card balance. Per Department, the diesel pumps have not been utilized since December 2021 due to



unresolved issues with the underground tank. **Status:** Per department, county vehicles are currently using the diesel pumps at ASC.

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 stock card items with current unit prices and quantities on hand. Manual fuel tickets should be issued in numerical order and usage reports should completely account for all ticket used. A lack of consistent supervisory review and incomplete stock card and reporting has resulted in inaccurate and incomplete diesel card balances and increases the risk that the misappropriation of diesel fuel could go undetected.

Recommendation

Diesel Activity Review

Management should:

- Establish written inventory procedures that detail the recording and reporting of usages and purchases.
- Perform a final review of the daily fuel sheets and monthly diesel reports comparison to store card and prior to submission to Financial Audit who records to accounting records.
- Install cameras to monitor diesel usage.
- Install a valve shut-off at the diesel pump.
- Consider upgrading pumps that allow access by unique employee code or badge.

Management Action Plan

- We just want it to be known that the UST pump stopped at the noted number. however, we continued to fuel our equipment and vehicles from the fuel tanker (Fuel Truck). That's why there were more than one thousand gallons difference with tickets for November, 2022.

Auditors Response

- None

cc: Darryl Martin, Commissioners Court Administrator