



DALLAS COUNTY COUNTY AUDITOR

Memorandum

TO: Honorable Lupe Valdez
Dallas County Sheriff

FROM: Virginia A. Porter *Virginia Porter*
Dallas County Auditor

SUBJECT: Print Shop Inventory – FY 2014

DATE: Issued: October 3, 2014
Released: December 30, 2014

SCOPE

As a part of ongoing reviews of county departments and testing year end financials, we performed a physical inventory on August 20, 2014 of the Dallas County Print Shop located at 133 N. Riverfront Blvd. for Fiscal Year ended 2014.

BACKGROUND

The Sheriff's Dallas County Print Shop began printing operation in June 2012. The lab is managed by two civilian employees and operated by inmates through the work program. Jail commissary funds were used for the Print Shop start-up costs. Revenues produced by the Dallas County Print Shop are re-invested in the Inmate Work Program.

Print Shop production costs include labor costs for two employees, equipment leasing costs, miscellaneous supply costs, and paper costs including a 10% allocation for waste. Prices charged to other county departments and outside agencies are based on costs plus 43% and 100%, respectively.

The Dallas County Purchasing department compares costs to print items between external vendors and the Sheriff Print Shop with the work awarded to the lowest priced.

Inventory is stored in a secure room with access restricted to the two Print Shop employees. Once an order is submitted by a department/outside agency, it is reviewed by the Print Shop operations manager. After review, an email is sent back with a price quote for the job. The department/agency must send an email accepting the price quote before a job is put in to production.

On the 20th of every month, billings are aggregated and sent to the Sheriff's Department Chief Financial Officer (CFO). The CFO uploads the information into an Excel spreadsheet, verifies that Dallas County departmental accounting codes and billed amounts match production jobs, and submits the information to Financial Audit for processing. Financial Audit creates a journal entry to book revenues to the Print Shop general ledger accounts (GL) and to expense the charges to various Dallas County departments. Outside agencies/entities must pay for jobs from the Dallas County Print Shop in advance before a job is produced. Countywide Receipting (CWR) will be used to record Print Shop revenue for all jobs produced for outside agencies/entities.

PROCEDURES

Review procedures included but were not limited to:

- Perform physical count
- Compare unit prices per inventory spreadsheet to price lists and invoices
- Review revenue and expense amounts per GL

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- Document inventory control and billing/receivable procedures

ACCOUNT ANALYSIS

- Exhibit A: Revenues vs. Expenses
- Exhibit B: Inventory Count

FINDINGS

1. The Print Shop inventory ledger count of 4,695.2 was over the auditor's physical inventory count of 4,553.7 by 141.6 units. The Print Shop does not maintain complete financial inventory values preventing a comparison to the auditor's physical inventory calculated value of \$34,993.97.

Response: A new employee has been assigned to keep the inventory list.

2. The Print Shop offers bulk quantity discounts on large orders, which were not included on the price sheet provided. Since many of the invoices sampled were subject to the bulk quantity discounts, we were unable to verify item unit prices to invoices.

Response: Will be reviewed and corrected.

RECOMMENDATIONS

1. Adjustments {for unit prices and quantities over (under)} should be made to the Print Shop inventory records based on the physical inventory count of August 20, 2014. Perpetual inventory records should be established with complete details including: descriptions; unit prices; quantities received, issued, and on hand; unit of measurement; and financial values of each item and total inventory value. Records should be updated timely and accurately as new purchases occur and inventory is used.
2. Price sheets should be updated to reflect tiered pricing for bulk quantity discounts.
3. Performance measures and goal progress reports should be completed and evaluated annually to determine if project costs are justified.

Response: Recommendations will be reviewed and implemented.

SUMMARY

This report is intended to support management of this office in evaluating internal controls over inventory records and billing procedures. Incomplete inventory values and bulk order items on price sheets resulted in a limited review of internal controls and financial records. It is the responsibility of the department to establish and maintain effective internal control over inventory records and billing procedures and compliance with the requirements of laws, regulations, and contracts applicable to the department.

Highest area of risk which needs to be addressed includes: lack of perpetual inventory control records.

Cost controls and performance reviews should strengthen departmental processes. Consideration of all issues and weaknesses should be incorporated by the department as a self-assessment tool. Adherence to and follow-through with recommendations should strengthen internal controls and compliance with Dallas County's policies and procedures.

cc: Darryl Martin, Commissioners Court Administrator
Ryan Brown, Director - OBE

**DALLAS COUNTY
SHERIFF DEPARTMENT PRINT SHOP
REVENUES VS. EXPENSES**

October thru August

Revenue per GL on 08/31 Cash Receipts (532.0.45325.0.0.94602)
 Revenue per GL on 08/31 Cash Receipts (532.0.45326.0.0.94602)

Total Print Shop Revenue Recorded to General Ledger thru 8/31

Print Shop Inventory Value as of August 20, 2014 Per Audit

Expenses per GL on 8/31 Payroll Expenses (Proj 94602 #1020 thru 1190)
 Expenses per GL on 08/31 Office Supplies (532.0.2160.0.0.94602)
 Expenses per GL on 08/31 Maintenance (532.0.2640.0.0.94602)
 Expenses per GL on 08/31 Photo Supplies (532.0.2930.0.0.94602)
 Expenses per GL on 08/31 Equipment Rental (532.0.7020.0.0.94602)

Total Print Shop Expenditures Charged to General Ledger thru 8/31
 (Operations began in June 2012)

	2012 (A) *	2013	2014
Revenue per GL on 08/31 Cash Receipts (532.0.45325.0.0.94602)	\$ 11,995.11	\$ 117,545.59	\$ 90,165.86
Revenue per GL on 08/31 Cash Receipts (532.0.45326.0.0.94602)	\$ 26,302.56	\$ 216,849.00	\$ 123,361.22
Total Print Shop Revenue Recorded to General Ledger thru 8/31	\$ 38,297.67	\$ 334,394.59	\$ 213,527.08
Print Shop Inventory Value as of August 20, 2014 Per Audit	\$ 15,037.62	\$ 39,253.62	\$ 34,993.97
Expenses per GL on 8/31 Payroll Expenses (Proj 94602 #1020 thru 1190)	\$ -	\$ -	\$ 104,224.22 (B)
Expenses per GL on 08/31 Office Supplies (532.0.2160.0.0.94602)	\$ 38,445.11	\$ 6,789.71	\$ 28,257.52
Expenses per GL on 08/31 Maintenance (532.0.2640.0.0.94602)	\$ -	\$ 3,733.60	\$ 3,998.00
Expenses per GL on 08/31 Photo Supplies (532.0.2930.0.0.94602)	\$ -	\$ 85,595.55	\$ 11,181.45
Expenses per GL on 08/31 Equipment Rental (532.0.7020.0.0.94602)	\$ 1,866.79	\$ 56,681.30	\$ 94,547.14
Total Print Shop Expenditures Charged to General Ledger thru 8/31 <i>(Operations began in June 2012)</i>	\$ 40,311.90	\$ 152,800.16	\$ 242,208.33

(A) = FY2012 Only includes months June 2012 - September 2012 due to start of operations

(B) = FY2014 Payroll expenditures partially corrected in September 2014 for months prior

* = Does not include equipment purchases and other expenditures paid directly from the Commissionary account as part of start-up costs

Inventory Item*	Supplier	Location	Unit	Unit Price Per Lastest Invoice	Print Shop Count as of 8/20/2014	Auditor Count on 8/20/2014	Auditor Count Over (Under) Print Shop Count	Value on Hand Per Audit
Paper Inventory								
#10 Regular Envelopes (5 boxes per case); item #177242	Western BRW	3 East	Box	\$18.18	41.00	41.00	-	\$ 745.38
#10 Standard Window Envelopes (5 boxes per case); item #186348	Western BRW	3 East	Box	\$18.90	51.00	51.00	-	\$ 963.90
Buff Cards (1,000 sheets per case)	Western BRW	3 East	Case	\$225.60	-	-	-	\$ -
2 Part NCR - 8.5" x 14" (10 reams per case); item #36491	Western BRW	3 East	Ream	\$9.58	178.50	178.50	-	\$ 1,709.14
2 Part NCR - 8.5" x 11" (10 reams per case); item #36486	Western BRW	3 East	Ream	\$6.22	113.00	108.00	(5.00)	\$ 671.22
2 Part NCR - 11" x 17"; item #38061 (2500 sheets per case & \$43.30M per vendor)	Western BRW	3 East	Ream	\$21.65	1.90	1.90	-	\$ 41.14
3 Part NCR - 8.5" x 11" (10 reams per case); item #36489	Western BRW	3 East	Ream	\$7.00	297.00	254.50	(42.50)	\$ 1,781.50
4 Part NCR - 8.5" x 11" (10 reams per case); item #9763	Western BRW	3 East	Ream	\$7.86	220.00	40.50	(179.50)	\$ 318.13
5 Part NCR - 8.5" x 11" (10 reams per case); item #38072	Western BRW	3 East	Ream	\$8.14	245.00	246.50	1.50	\$ 2,005.28
6 Part NCR - 8.5" x 11" (10 reams per case); item #92432	Western BRW	3 East	Ream	\$13.88	115.00	125.50	10.50	\$ 1,741.94
20# 11" x 17" Canary Paper (5 reams per case); item #81009	Western BRW	3 East	Ream	\$7.73	32.50	32.50	-	\$ 251.23
20# 11" x 17" Pink/Rose paper (5 reams per case); item #81011	Western BRW	3 East	Ream	\$7.73	53.50	58.50	5.00	\$ 452.21
67# 11" x 17" Pink/Rose Paper (4 reams per case); item #81007	Western BRW	3 East	Ream	\$9.25	13.01	13.01	-	\$ 120.38
20# 11" x 17" Orchid Paper (5 reams per case); item #81013	Western BRW	3 East	Ream	\$7.73	42.50	23.00	(19.50)	\$ 177.79
20# 11" x 17" Blue Paper (5 reams per case); item #81012	Western BRW	3 East	Ream	\$7.73	13.00	13.00	-	\$ 100.49
60# 11" x 17" Green Text Paper (5 reams per case); item #81024	Western BRW	3 East	Ream	\$10.91	77.00	77.00	-	\$ 840.07
90# 11" x 17" Index Green Text (1000 sheets per box)	Western BRW	3 East	Box	\$48.10	6.00	5.25	(0.75)	\$ 252.53
67# 11" x 17" Creme Paper (4 reams per case); item #82509	Western BRW	3 East	Ream	\$9.25	19.50	19.50	-	\$ 180.38
65# 11" x 17" White Cover Paper (5 reams per case); item #632621	Western BRW	3 East	Ream	\$10.17	74.00	71.00	(3.00)	\$ 722.07
26# 11" x 17" White Paper (4 reams per case); item #85311	Western BRW	3 East	Ream	\$9.91	16.00	15.00	(1.00)	\$ 148.65
20# 8.5" x 11" White Plain Paper (10 reams per case); item #FWHRCY11; #3646	Western BRW	3 East	Ream	\$3.24	425.00	422.00	(3.00)	\$ 1,367.28
20# 8.5" x 11" Golden Rod Paper (10 reams per case); item #81203	Western BRW	3 East	Ream	\$3.83	219.00	219.00	-	\$ 838.77
20# 8.5" x 11" Green Pastel Paper (5 reams per case); item #490936	Staples	3 East	Ream	\$4.92	9.00	9.00	-	\$ 44.28
20# 8.5" x 14" White Plain Paper (10 reams per case); item #3162	Western BRW	3 East	Ream	\$4.29	-	-	-	\$ -
80# 11" x 17" Gloss Book Text (4 reams per case); item #K11943; FLO31D	Western BRW	3 East	Ream	\$11.50	73.00	73.00	-	\$ 839.50
100# 8.5" x 11" White Cover (8 reams per case); item #630900	Western BRW	3 East	Ream	\$6.04	60.00	117.00	57.00	\$ 706.68
100# 11" x 17" White Cover (750 sheets per box - pkg in bid); item #509000	Western BRW	3 East	Box	\$44.55	9.30	-	(9.30)	\$ -
100# 11" x 17" Gloss Text (3 reams per case); item #K11944; FLO39D	Western BRW	3 East	Ream	\$14.47	44.00	57.00	13.00	\$ 824.60
100# 11" x 17" Manila Tag (1,000 sheets per box - pkg in bid); item #81163	Western BRW	3 East	Box	\$47.70	-	-	-	\$ -
110# 11" x 17" White Cover (4 reams per case); item #81208	Western BRW	3 East	Ream	\$13.10	36.00	38.00	2.00	\$ 497.80
125# 11" x 17" Manila Tag (1,000 sheets per box)	Western BRW	3 East	Box	\$58.70	6.00	6.00	-	\$ 352.20
20# 11" x 17" White Plain Paper (5 reams per case); item #3163	Western BRW	3 East	Ream	\$7.08	158.00	155.00	(3.00)	\$ 1,097.40
24# 11" x 17" White Plain Paper (5 reams per case); item #3612	Western BRW	3 East	Ream	\$8.50	12.00	12.00	-	\$ 102.00
80# 11" x 17" White Cover Paper (4 reams per case); item #632622	Western BRW	3 East	Ream	\$11.91	13.00	13.00	-	\$ 154.83
9 pt. 11" x 17" White Card Stock (3 reams per case); item #K11946	Western BRW	3 East	Ream	\$15.21	40.00	40.00	-	\$ 608.40
5 1/2 Bar 4 3/8" x 5 3/4" White Opaque Text Envelopes (10 boxes per case); item #89323	Western BRW	3 East	Box	\$8.40	8.00	8.00	-	\$ 67.20
6 Bar 4 3/4" x 6 1/2" Natural Opaque Text Envelopes (10 boxes per case); #55845	Western BRW	3 East	Box	\$10.43	9.00	9.00	-	\$ 93.83
6 Bar 6 1/4" x 9 1/4" Natural Opaque Text Paper (10 boxes per case); #01570	Western BRW	3 East	Box	\$12.86	9.00	9.00	-	\$ 115.70
80# 8.5" x 11" Red Fluorescent (per thousand)	Western BRW	3 West	Ream	\$15.40	14.00	14.00	-	\$ 215.60
80# 8.5" x 11" High Gloss Permanent Adhesive	Western BRW	3 West	Ream	\$11.44	15.00	14.00	(1.00)	\$ 160.16
Laminate Material 1.5 Mil (each) (2 rolls per box); item #33045-01	Professional Binding Products	3 West	Each	\$35.75	4.00	4.00	-	\$ 143.00
Laminate Material 3.0 Mil (each) (2 rolls per box); item #33040-03	Professional Binding Products	3 West	Each	\$31.95	-	-	-	\$ -
Miscellaneous								
NCR Fan-Apart Glue (12 quart bottles per case) SMC-Q	Unisource Worldwide Inc.	3 West	Each	\$15.26	32.00	32.00	-	\$ 488.32
Packing Tape (12 rolls per pack, \$20.21 per pack) Item# 338207 STP-21680, Heavy	Staples	3 West	Each	\$1.68	6.00	6.00	-	\$ 10.08
Duty Storage Tape Size: 1.88" x 54.6yd	Unisource Worldwide Inc.	3 West	Each	\$9.86	10.00	9.00	(1.00)	\$ 88.74
Padding Adhesive Glue - SPAQW (quart bottles each)	Alternative Mailing	3 West	Each	\$151.76	3.00	9.00	6.00	\$ 1,365.84
Drum for MPS-9650C - Yellow (each); item #42918193	Alternative Mailing	3 West	Each	\$151.76	3.00	9.00	6.00	\$ 1,365.84
DP 4000 Magenta Drum (each); item #SCW-42918194	Alternative Mailing	3 West	Each	\$151.76	3.00	9.00	6.00	\$ 1,365.84

Inventory Item*	Supplier	Location	Unit	Unit Price Per Lastest Invoice	Print Shop Count as of 8/20/2014	Auditor Count on 8/20/2014	Auditor Count Over (Under) Print Shop Count	Value on Hand Per Audit
DP 4000 Black Drum (each); item #42918196	Alternative Mailing	3 West	Each	\$68.40	3.00	9.00	6.00	\$ 615.60
DP 4000 Cyan Drum (each); item #42918195	Alternative Mailing	3 West	Each	\$151.76	3.00	8.00	5.00	\$ 1,214.08
Toner for MPS-9650C - Magenta (each); item #43837126	Alternative Mailing	3 West	Each	\$196.00	1.00	7.00	6.00	\$ 1,372.00
Toner for MPS-9650C - Yellow (each); item #43837125	Alternative Mailing	3 West	Each	\$196.00	4.00	9.00	5.00	\$ 1,764.00
Toner for MPS-9650C - Cyan (each); item #43837127	Alternative Mailing	3 West	Each	\$196.00	3.00	9.00	6.00	\$ 1,764.00
DP 4000 Black Toner (each); item #43837128	Alternative Mailing	3 West	Each	\$62.70	3.00	9.00	6.00	\$ 564.30
Transfer Belt for MPS-9650C (each); item #57106401	Alternative Mailing	3 West	Each	\$259.12	5.00	5.00	-	\$ 1,295.60
Fuser Unit for MPS-9650C (each); item #57106101	Alternative Mailing	3 West	Each	\$164.00	3.00	3.00	-	\$ 492.00
Rubber Bands Premium 1 lb #19	Staples	3 West	Bag	\$1.73	2.00	2.00	-	\$ 3.46
Shrinkwrap 16" x 3500 ft. (per pack) #SFHQ7516CF; item #S14998	Uline	3 West	Each	\$110.00	5.00	5.00	-	\$ 550.00
Plastic Coil 6MM (100 per box)	CFS Products Inc.	3 West	Each	\$0.05	1,146.00	1,152.00	6.00	\$ 55.18
Plastic Coil 8MM (100 per box)	CFS Products Inc.	3 West	Each	\$0.06	487.00	486.00	(1.00)	\$ 27.65
Plastic Coil 16 MM (100 per box)	CFS Products Inc.	3 West	Each	\$0.15	49.00	48.00	(1.00)	\$ 7.20
Plastic Coil 25 MM (100 per box)	CFS Products Inc.	3 West	Each	\$0.28	90.00	76.00	(14.00)	\$ 21.65
Round Die for Hole Punch Machine; Model #000902		3 West	Each		1.00	1.00	-	\$ -
Comb Die for Hole Punch Machine; Model #000905		3 West	Each		1.00	1.00	-	\$ -
Square Die for Hole Punch Machine; Model #000907		3 West	Each		1.00	1.00	-	\$ -
Cutting Sticks 22-7/16" 14MM; item #PCSTR1227/16 (12 per case \$4.47 per case)	Unisource Worldwide Inc.	3 West	Each	\$0.37	22.00	24.00	2.00	\$ 8.94
Scotch Permanent Mounting Tape 3/4" x 36 yds (2 per pack)	Staples	3 West	Each	\$10.11	4.00	4.00	-	\$ 40.44
Index Dividers - 8 Tabs (5 sets per pack); item #257352; model #11437	Staples	3 West	Each	\$3.25	11.00	11.00	-	\$ 35.71
DP 4000 Waste Toner Units; item #57106501	Alternative Mailing	3 West	Each	\$8.82	6.00	6.00	-	\$ 52.92
Brushes - 2" Padding	Unisource Worldwide Inc.	3 West	Each	\$1.88	7.00	7.00	-	\$ 13.16
Chipboard 11" x 17"	Western BRW	3 East	Case	\$28.23	11.50	11.50	-	\$ 324.65
					4,695.21	4,553.66	(141.55)	\$ 34,993.97

*Assumption that all reams are 500 sheets per ream unless otherwise noted.
New items added

Total Print Shop Inventory Value as of 8/20/2014

\$ 34,993.97