

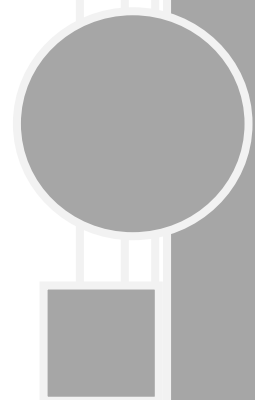


# AUDIT REPORT

DALLAS COUNTY

SHERIFF PRINT SHOP INVENTORY - FY2018

Darryl D. Thomas  
Dallas County Auditor  
ISSUED: October 04, 2018  
RELEASED: November 09, 2018



# SHERIFF PRINT SHOP INVENTORY - FY2018

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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 Marian Brown  
Dallas County Sheriff  
Dallas, Texas

Attached is the County Auditor's final report entitled "**Sheriff Print Shop Inventory - FY2018**" 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**

As a part of ongoing reviews of county departments and testing year end financials, we performed a physical inventory on August 2, 2018 of the Dallas County Print Shop located at 133 N. Riverfront Blvd. for Fiscal Year ended 2018. The Print Shop inventory count of 7,124 units agreed to the auditor's physical inventory count of 7,124 units. However, we were not able to compare the auditor's physical inventory valuation calculated at \$48,040 to the Print Shop's inventory records.

### **Summary of Significant Observations:**

- Noticed two revenue transactions posted incorrectly.

### **Repeat observations from Previous Audits:**

- Management does not record and track the value of inventory on hand.

## **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 October 1, 2017 through August 31, 2018.

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
- Document inventory control and billing/receivable procedures

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## DETAILS

### **Revenue**

One job order for \$90.70 was recorded to Print Shop revenue in error and one job for \$9.80 was recorded to the incorrect Print Shop revenue code (**Status: Internal Audit submitted a journal entry to correct both transactions on 09/18/18**). According to the Sheriff's 2017 General order and Code of Conduct Manual, "The Financial Service unit is responsible for auditing all Department receipts and any fiscal, cash, or credit transactions and maintaining a record of all Department purchases and expenditures, and all accounts over which the Sheriff's Department has control." These instances were caused by manual entry error and omission and were not detected by management. As a result the Print Shop's revenue was overstated.

### **Recommendation**

#### **Revenue**

Management should implement procedures to ensure revenue is recorded to the correct account and department and that Print Shop Billings are appropriately reviewed for accuracy and completeness.

### **Management Action Plan**

Revenue coding will be reviewed with receipting clerks to reduce coding errors as well as additional reviews of postings. We agree with your recommendation.

### **Auditors Response**

None

### **Physical Count**

The Print Shop inventory count of 7,124 units agreed to the auditor's physical inventory count of 7,124 units. However, we were not able to compare the auditor's physical inventory valuation calculated at \$48,040 to the Print Shop's inventory records. Additionally, the Print Shop does not maintain, record and track changes in inventory (additions and usage). According to Dallas County policy Section 90-371(6), "It is the sole responsibility of the elected official/department head to which property is assigned to maintain a proper accounting of all property through proper inventory records." These instances occurred because the Print Shop does not record and track the value of inventory on hand. As a result, the Print Shop cannot determine the value of their inventory and track inventory changes on demand.

### **Recommendation**

#### **Physical Count**

Perpetual inventory records should be established to allow for immediate tracking of inventory levels, point in time inventory value, sales, and expenses. This system should detail: item descriptions, unit prices, quantities received, quantities issued, quantities on hand; a consistent unit of measurement for inventory, 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.

### **Management Action Plan**

Quarterly physical inventory counts are in place but will be enforced with more efficient

updating. Additional staffing is being considered to accommodate immediate tracking and value of inventory. We agree with your recommendation.

**Auditors Response**

None

cc: Darryl Martin, Commissioners Court Administrator