AUDIT REPORT

DALLAS COUNTY

SHERIFF PHOTO LAB INVENTORY - FY2023

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First Assistant County Auditor/Interim County Auditor

ISSUED: 2/19/2024
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Sheriff Photo Lab 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 Marian Brown
Dallas County Sheriff
Dallas, Texas

Attached is the County Auditor's final report entitled "**Sheriff Photo Lab 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,

Wendwessen Stefanos

Wendwessen Stefanos, CPA
First Assistant County Auditor/Interim County Auditor

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EXECUTIVE SUMMARY

The Dallas County Digital Imaging (Photo) Lab is operated by the Sheriff's Office and supported by Dallas County IT Services. The lab is managed and staffed by civilian employees. The lab is responsible for providing most of the digital imaging (photographic) needs of Dallas County and other outside law enforcement agencies.

As a part of ongoing reviews of county departments and testing year-end financials, we performed a physical inventory on August 9, 2023 of the Dallas County Digital Imaging (Photo) Lab located at 2121 French Settlement for fiscal year 2023.

Summary of Significant Observations:

- None identified.

Repeat observations from Previous Audits:

- The Photo Lab did not consistently maintain, record, or track changes in inventory.

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.

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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, 2022 through August 31, 2023.

The audit procedures will include interviews with key process owners, observation of transactions processing, data analysis and sample testing of transactions. The main system used will also be reviewed and incorporated as part of the testing of transactions.

DETAILS

Inventory Count

Criteria

Per Dallas County Code Section 90-373, "All department heads and elected officials are responsible for maintaining property assigned to their department, proper inventory records, and making appropriate reports as required."

Standard internal control procedures require that a physical inventory count is performed periodically and inventory records are complete and accurate.

Review

A physical count of inventory performed on August 9, 2023 revealed:

- Four inventory items counted by the Auditor's Office were not listed on the Sheriff Photo Lab's inventory spreadsheet.
- The department does not maintain, record, or track inventory and/or changes in inventory.

Cause/Effect

Lack of an inventory management system and procedures resulted in inaccurate inventory records. Incomplete recording of cost resulted in the department's inability to provide the total value of the department's inventory.

Recommendation

Inventory Count

Management should:

- Update records timely and accurately as new purchases occur and as inventory is used.
- Ensure records include current costs for purchased inventory items.
- Establish perpetual inventory records 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 as well as the total inventory value.
    -

Management Action Plan

The audit report recommendations are noted. The Photo Lab doesn't have employees with accounting background to keep up with accounting numbers. Besides, the lab is currently producing pictures, videos, etc. mainly for the Dallas County District Attorney and Medical Examiner's Offices without billing them. We are not allowed to bill these entities according to the OBE's instructions; hence no revenues are coming into this operation. So, adding an accountant or an accounting clerk is not cost-efficient for the unit. However, there are ways to find the cost of items in the supply inventory from the Fiscal Office. Photo Lab doesn't keep invoices for the supplies they receive but keeps a good count of what they have. Establishing a perpetual inventory system will cost the county more with the addition of an accountant.

Auditor's Response

Maintaining accurate updated inventory records and associated purchase costs does not require accounting experience.

cc: Darryl Martin, Commissioners Court Administrator

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