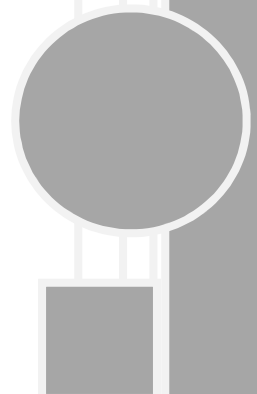




AUDIT REPORT

DALLAS COUNTY
FY2021- Sheriff's Print Shop Inventory

Darryl D. Thomas
Dallas County Auditor
ISSUED: 11/9/2021
RELEASED: JANUARY 24, 2022



FY2021- Sheriff's Print Shop Inventory

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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 "FY2021- Sheriff's Print Shop Inventory" 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

Darryl D. Thomas
County Auditor

EXECUTIVE SUMMARY

We did not performed the annual physical inventory of the Sheriff's Print Shop due to work place social distancing mandated by the State of Texas for FY 2021. We solely rely on the department record and physical count to evaluate and report the financial record of Sheriff's Print Shop.

Summary of Significant Observations

- No Significant Observations

Repeat observations from Previous Audits:

- The Print Shop does not record the cost of orders and track the value inventory on hand.

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 requirements2. Evaluate internal controls3. Verification of accuracy and completeness of reporting4. Review controls over safeguarding of assets

This audit covered the period of October 1, 2020 through August 31, 2021.

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

Revenue Coding Errors

We reviewed revenue and billings by account code from October 2020 to August 2021 and identified six Print Shop jobs were billed to the incorrect GL code. **Status: As of 9/29/2021 two journal entries were submitted to the Sheriff Department.**

Per Dallas County Sheriff's Department General Orders the Financial Services Unit (Fiscal) is responsible for performing billing functions for the Sheriff's Department and keep conditions of accounts payable. This occurred due to errors made when recording revenue from billings. As a result "Print Shop revenue" and "revenue other fund" totals were incorrect, but each offset by \$144.98

Recommendation

Revenue Coding Errors

Management should make the following corrective actions:

- Code Print Shop revenue to code 45325 from job tickets initiated from departments 3140-3155.
- Code Print Shop revenue other funds to code 45326 from job tickets initiated from all other county departments.
- Review print Shop billings for coding accuracy and completeness.

Management Action Plan

- Findings are noted and Print Shop is now in compliance.

Auditors Response

- None

Inventory

We reviewed the Print Shop's inventory on 8/31/2021 and identified:

- Nine duplicate item types were added in the Print Shop's count by the department. **Status: These were removed by Internal Audit on 9/24/2021.**
- The Print Shop does not record the cost of inventory and thus, we were not able to compare the 2021 auditor's inventory valuation calculated at \$53,735.90 to the Print Shop's inventory records.
- The Print Shop does not maintain, record and track changes in inventory levels (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 only counts the number of items in inventory once a year. 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 maintained to allow for immediate tracking of inventory levels, point in time inventory value, sales, and expenses. The inventory 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. Item types should only be added to inventory once.

Management Action Plan

- Recommendations are noted. It's not practical to implement perpetual inventory system in Print Shop as the shop is operated by 2 Detention Service Officers with law enforcement background and do not have accounting experience to keep perpetual inventory. Section tries its best to keep inventory count and there are ways to find cost of inventory. Main purpose of operating Print Shop is training of trustees and it assist other County sections with their printing needs.

Auditors Response

- None

cc: Darryl Martin, Commissioners Court Administrator