FI

AUDIT REPORT

DALLAS COUNTY

SHERIFF PRINT SHOP INVENTORY - FY2023

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First Assistant County Auditor/Interim County Auditor

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Sheriff Print Shop 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 Print Shop 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

As a part of ongoing reviews of county departments and testing year-end financials, we performed a physical inventory on August 2, 2023 of the Dallas County Print Shop located at 133 N. Riverfront Blvd. for fiscal year 2023.

Summary of Significant Observations:

- None identified.

Repeat observations from Previous Audits:

- **Inventory Count:** The Print Shop does not record the cost of orders or track the value of 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.

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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 2, 2023 revealed:

- The departmental inventory count the Auditor's Office received prior to the onsite audit was incomplete. The current costs were not recorded for any of the inventory items on the departmental inventory count documents received August 1, 2023.
- The department does not maintain, record, or track additions, usage, or current cost.

Cause/Effect

A lack of inventory control procedures resulted in the department not performing inventory counts periodically and incomplete inventory records. Since the department did not record the current unit cost of inventory, the total current value of inventory could not be determined without additional research by the Auditor's Office.

Recommendation
Inventory Count

Management should:

- Update records timely and accurately as new purchases occur and 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.

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- 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

Auditor's Office recommendations are noted. It's not practical and cost efficient to implement perpetual inventory systems as the Print Shop is operated by two Detention Service Officers with law enforcement experience and no accounting experience. This shop is mainly maintained to train trustees and to assist other county departments with their printing needs. This department is not meant to be a revenue maker.

Auditor's Response

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

Expense Coding Error

Criteria

Dallas County Sheriff's Department General Orders state "The Financial Services Unit is responsible for managing the Sheriff Department's financial operations and budget; approving all requisitions issued for expenditures authorized by the Sheriff or designee upon the determination that the funds have been appropriated and are available for the prescribed expenditure, and processing the proper forms for
such; to perform purchasing activities and ensure the legitimacy of all expenditures; and to maintain all department credit cards, accounts, expenditures and payments."

Review

A review of all revenue and general ledger expenses by account code from October 2022 to August 31, 2023 revealed:

- One Print Shop expense in the amount of $1,099 was incorrectly coded to License and Permit Fees (Account #62150) instead of the Maintenance/Labor on Building/Office Equipment (Account #62640).

Cause/Effect

Management oversight in reviewing expenditures and comparing them to the budget prior to payment resulted in posting errors to the Dallas County's general ledger.

Recommendation

Expense Coding Error

Management should:

- Adhere to the Dallas County Sheriff's Department's General Orders and Code of Conduct Manual.
- Review expenditures and transactions for sufficient authorization, accuracy, and appropriate general ledger coding.
- Perform regular reconciliations and review Dallas County's general ledger to ensure transactions are authorized, reasonable, allowable, and within approved amounts.

Management Action Plan

Auditor's Office recommendations are noted and will be followed. The department will pay more attention when selecting codes. Code descriptions can be so close, and the chances are that one closest available code may have been used for the expense.

Auditor's Response

cc: Darryl Martin, Commissioners Court Administrator

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