

DEKALB COUNTY, GEORGIA



PUBLIC WORKS – FLEET MANAGEMENT

AUDIT REPORT

2013 PUBLIC WORKS – FLEET MANAGEMENT - INVENTORY

PREPARED BY
INTERNAL AUDIT DIVISION

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Internal Audit & Licensing

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DATE: January 27, 2014

TO: Greg Brake, Associate Director - Fleet Management

FROM: Cornelia Louis, Interim Deputy Director of Finance - Internal Audit & Licensing

SUBJECT: Public Works Fleet Management (FM) Inventory

RE: Inventory Report - 2013

General Information

The Fleet Management (FM) division of DeKalb County Public Works department is responsible for the repair and maintenance of County vehicles. As such, FM responsibilities include the purchase of parts, tires, fuel, and other lubricants.

To properly account for the purchases and subsequent use of these items, FM maintains a perpetual inventory system (FASTER) using the weighted average method of unit costing.

Fleet Management's physical parts and fuel inventories were conducted on December 4, 5, & 6th 2013, at Warren Road, Memorial Drive, and various locations throughout the County. Internal Audit judgmentally selected samples for review.

Purpose and Scope

The purpose of our audit was to confirm the physical existence and proper valuation of inventories, and to ascertain whether inventories were properly accounted for in the perpetual records of FM and the County's general ledger.

Our examination included 1) observing the physical counts, 2) examining purchases and withdrawals, and 3) analyzing data and reports generated by the perpetual inventory system.

Opinion

In our opinion, the ending physical inventory was satisfactory as to the quantity and, we do not express an opinion as to the value.

Significant Deficiency I – Mechanic's Parts Request Form(s)

Fleet Management (FM) Mechanic's Parts Request form allows mechanics to request parts as needed. The form identifies the mechanic, the vehicle, the date the work was performed, along with the quantity, number and description of the requested part(s). Internal Audit noted at least two instances where parts were removed from inventory and the Mechanic's Parts Request form was not available. In other instances, some forms were incomplete. During the review, Internal Audit learned that some Mechanic's Parts Request forms issued during the evening shifts were completed but not forwarded to the FM Parts Technicians for removal of the requested item(s)

from the FASTER system. As a result, the FASTER system was not updated; the physical inventory and computer system (FASTER) did not agree. The FASTER system overstated the inventory available on hand.

Recommendation I

Internal Audit recommends that Mechanic's Parts Request forms be completed for all parts when removed from inventory, despite the urgency of request or dollar value. Forms should be submitted to the FM staff so that items are removed from the FASTER system in a timely manner. Also, all categories on the forms are to be completed properly. Should discrepancies arise, this control allows management to quickly identify errors, make required adjustments, and determine the cause of the discrepancy. Mechanic Parts Request forms should be initialed by the FM Parts Technician who removed the item from the FASTER system, along with the date of the entry. This provides support for all items removed from inventory.

Comment I – Misplaced Items

During the audit, we found a difference existed between the physical count and the FASTER system for an alternator and five (5) AC compressors. Internal Audit requested documentation to support the discrepancy. FM staff informed Internal Audit that the items were found in the wrong location after completion of the audit.

Also, there were at least six (6) white element parts that were not available during the review. FM staff indicated that the items were adjusted in the FASTER system to account for the actual part(s) on hand. FM personnel attribute some portion of the discrepancies to new personnel arranging items in the shop. Monthly cycle counts are now being performed to ensure technicians are familiar with the products.

Comment II – Location Error

Prior to commencement of the audit, FM staff provided Internal Audit with an inventory count sheet. Upon completion of the audit and review of the final inventory report, we noted twelve (12) Firestone Precision tires on the final report but not on the inventory count sheet. The FM staff informed Internal Audit of a location error that occurred and confirmed the physical existence of the tires.

Observation I - Equipment

While performing inventory counts for various fire stations, we noticed that a few fuel dispensers were old and need to be replaced. Numbers on some totalizers were hard to read. The totalizer keeps a running total of fuel dispensed.

Also, measuring sticks are used to determine the level of the fuel. At a few stations, it was difficult to read the numbers on the measuring stick due to wear and tear over time. The worn-out sticks should be replaced. Illegible numbers could result in the reporting of inaccurate data.

Observation II – Oils

Prior to the audit, the Sanitation South Lot experienced an oil spill, as a result, they no longer have motor oils or hydraulic oils. A tarp currently covers the tanks.



Cornelia Louis

CL/CCH

cc: Zachary Williams, Executive Assistant/Chief Operating Officer
Gwen Brown-Patterson, Interim Chief Financial Officer/Finance Director
Morris Williams, BOC Chief of Staff/Interim Deputy COO for Infrastructure
Vernetha Halls, Administrative Operations Manager – Fleet Management