



COLLIN COUNTY

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Date: October 1, 2012
To: Jon Kleinheksel, Director of Public Works
From: Jeff May, County Auditor 
Subject: Update on Inventory Controls for Road Materials and Culverts – Final

We want to recognize the assistance of the Public Works Department in continuing to refine the controls and procedures to ensure the book inventory of road materials and culverts is as accurate as possible. This is a difficult task, as there is at this time, an inventory system that relies upon manual inputs to both add and remove materials required for road construction. The inherent inaccuracies of the manual input will continue to require adjustments between the physical inventory and the book inventory. In prior years, quarterly adjustments between physical and book inventory tended to cause fluctuations in the annual budgeted expenditures for road materials and culverts.

During the current year fiscal year (2011), we determined materials requisitioned for a job site may not all be used on the job and are returned to the stockpile, but the books are not adjusted. In other words, material delivered to a job and not used is not adjusted in the book inventory when the material is added back to the stockpile. Without a perpetual inventory, which would be difficult for road materials, adjustments will continue to be necessary to accurately record inventory.

Prior to the FY 2010 changes to the way in which inventory was charged and credited, the net physical inventory to book inventory adjustment was more than \$1.1M. In FY 2011, the net physical to book inventory adjustment was less than \$104,000.

