



Audit Report
STOCKPILE / CULVERTS INVENTORY
OCTOBER 1, 2012 – SEPTEMBER 30, 2013
Status: Final

For action:

Jon Kleinheksel

Director of Public Works

For information:

Jeff May

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County Auditor

Second Assistant Auditor

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Report Summary

As part of the End of Year procedures, an inventory audit of the Stockpile/Culverts was conducted.

The overall objective of the audit was to provide assurance that county assets were intact and accounted for and that internal controls are in place to ensure:

- Inventory recorded in the financial records exist, is accurately reported, and adequately safeguarded
- The operations of the office conform to prescribed procedures
- Exposure to potential risk is minimized

The audit scope included a count of all inventory on hand at the end of the fiscal year and a review of inventory procedures and internal controls.

Refer to the Observations and Recommendations section for the results of the audit.

This review was not intended to provide absolute assurance on all procedures, activities, or controls. We will continue to examine aspects of the office in compliance with County policies or state statutes and to provide reasonable assurance that County assets are safeguarded and appropriately managed.

An exit conference with the Assistant Director was held on Monday, June 16, 2014 to discuss this report.

The time and assistance provided by the Director and the staff during this engagement is greatly appreciated.

Observations and Recommendations

Observation	Recommendation	Management Response
<p><u>Condition:</u> The following internal control weaknesses were identified:</p> <ul style="list-style-type: none"> • The Farmersville Public Works location was unlocked with keys, equipment, and fuel tanks available for anyone coming into the gate to use or remove from the premises. There was no one at the location (in the office, warehouse or stockpiles) from approximately 8:30 am until 9:30 am on September 27, 2013. • The key safes hanging on the wall on the back of the warehouse were left open at the Farmersville Public Works location. <p><u>Effect:</u> There is an increased risk of loss due to possible theft of County property.</p> <p><u>Cause:</u> Adequate procedures are not in place to ensure that the facility is properly secured.</p> <p><u>Criteria:</u> Strong internal control procedures should be in place to reduce the risk of possible unauthorized entry, mishandling and possible theft of County property.</p>	<p><u>A. Transaction Required</u> None</p> <p><u>B. Internal Control Change</u> Internal control procedures should be strengthened to ensure that the County facility is properly secured to prevent the risk of loss of County property.</p>	<p><u>A. Response:</u> While we acknowledge that the security status of the Farmersville Stockpile is not ideal, we have implemented steps to improve the situation with more scheduled in the near future. For example, the two key boxes in the barn are now locked when unattended. The stockpile gate is also locked with a heavy, steel lock and chain during non-business hours. However locking the gate during business hours would be impractical due to the nature of our operations. The stockpile receives near constant traffic throughout the workday in the form of Public Works personnel arriving and leaving, Sheriff's Deputies and other County vehicles refueling, and deliveries from vendors.</p> <p><u>Status of Recommendation:</u> To reconcile this, PW is entertaining the idea of budgeting for an Automated Gate. In addition, Public Works recently installed a key management solution at the Service Center for department vehicles. The system is scalable which would allow PW to purchase an expansion key box and link it to the master or parent box in McKinney over the County's TCP/IP network. Finally, at least 2 security cameras have been earmarked for Farmersville as part of a Countywide security project coordinated by IT. These cameras would be installed within the next 2 years and be monitored by the Facilities Control Room.</p>

